19th Annual Report 2018-19
Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

BOARD OF DIRECTORS

Sh. Anurag, *Chairman*
Sh. S. K. Mohanty
Sh. Abhijit Narendra
Sh. S.C. Jain (Ceased to be Director w.e.f. 04.06.2019)
Sh. Hari Mohan Gupta (Appointed as Director w.e.f. 04.06.2019)
Smt. Anju Ranjan (Ceased to be Director w.e.f. 27.07.2018)
Sh. A.K. Srivastava (Appointed as Director w.e.f. 27.07.2018)
Smt. Roopa Srinivasan (Ceased to be Director w.e.f. 14.06.2019)
Sh. Prateek Goswami (Appointed as Director w.e.f. 14.06.2019)
Capt. Padminikant Mishra
Sh. Keld Pedersen
Sh. Santosh Breed
Sh. S. C. Mittal
Sh. Sanjiv Garg (Appointed as Managing Director w.e.f. 06.02.2019)

Company Secretary
Ms. Leena Narwal

Chief Financial Officer
Sh. Vinod Kumar

Statutory Auditors
M/s. P. K. Chopra & Co.
Chartered Accountants, New Delhi

C & AG Auditor
Principal Director of Audit
Railway Commercial, New Delhi

Bankers
State Bank of India
IDBI Bank Limited
Union Bank of India
Punjab National Bank

Registered & Corporate Office :
B-1202, (B-wing), 12th Floor, Statesman House
148, Barakhamba Road
New Delhi - 110 001

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

19th ANNUAL REPORT

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

NOTICE

Notice is hereby given that the 19th Annual General Meeting of the Members of Pipavav Railway Corporation Limited will be held **on Tuesday, the 25th June, 2019 at 3.00 p.m. at Committee Room No. 237, 2nd Floor Railway Board, Rail Bhavan, Ministry of Railways, New Delhi** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2019 containing Balance Sheet as at 31st March, 2019, Statement of Profit and Loss, Statement of Change in Equity, Statement of Cash Flow for the year ended 31st March, 2019, notes thereon comprising of significant accounting policies and other explanatory information, comparative information in respect of preceding year ended 31st March 2018 together with the Report of Directors and Auditors thereon.

2. To appoint a Director in place of Sh. S.K. Mohanty, who retires by rotation, and being eligible, offers himself for reappointment.

3. To appoint a Director in place of Capt. P.K. Mishra, who retires by rotation, and being eligible, offers himself for reappointment.

4. To consider fixation of remuneration for the year ending 31st March, 2020 payable to the Statutory Auditors to be appointed by Comptroller & Auditor General of India (C&AG) and to authorize Board of Directors to fix such remuneration for the financial year 2019-20. Pursuant to the provisions of Section 139 of the Companies Act, 2013, the appointment of Statutory Auditors, for the year 2019-20 will be made by C&AG. Section 142 of the Companies Act, 2013 provides that general meeting of the Company is empowered to fix the remuneration in such manner as it may determine. The following resolution is placed before the shareholders for their approval:

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

   "**RESOLVED THAT** appointment of Statutory Auditors will be made by Comptroller & Auditor General of India (C&AG) under Section 139 of the Companies Act, 2013 for the financial year 2019-20 be noted and the Board of Directors of the Company be and are hereby authorized to fix the remuneration payable to them as per Section 142 of the Companies Act, 2013."

SPECIAL BUSINESS:

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

   "RESOLVED THAT the nomination of Sh. Anurag, (DIN: 08166301) made by Ministry of Railways vide its letter dated 21st August, 2018 and who was appointed as a Nominee Director and Chairman of the Company pursuant to the provisions of Section 161 (3) of the Companies Act, 2013 read with clause 6.1.3 and 6.1.4 of the Shareholders Agreement and Articles of Association of the Company be and is hereby noted by the Shareholders of the Company."

6 **To approve declaration of interim dividend to all the shareholders for the FY 2019-20**

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

   "RESOLVED THAT pursuant to the provisions of Section 123 and 124 of the Companies Act, 2013 ("the Act") and all other applicable provisions, if any, of the Act read with the Articles of Association of the Company, consent of Shareholders of the Company be and is hereby accorded to pay an interim dividend for the FY 2019-20 @ 5% (₹ 0.5 per share) ₹ 9,80,00,010 out of the profits of the Company to those shareholders whose names appear on the register of members of the Company on 24th June, 2019.

   RESOLVED FURTHER THAT record date to ascertain the eligibility of members to receive interim dividend be fixed as 24th June, 2019.

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

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

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

7. **To approve allowances, perquisites and other benefits for Sh. Sanjiv Garg, Managing Director**

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

"RESOLVED THAT in continuation of the earlier resolution passed by the Shareholders of the Company on 06.02.2019 for appointing Sh. Sanjiv Garg as new Managing Director of the Company, consent of shareholders of the Company be and is hereby accorded to approve the following perquisites, allowance, benefits including Post Retirement Benefits for Sh. Sanjiv Garg, Managing Director w.e.f. the date of his appointment i.e. 06.02.2019:

(i) Leased Residential Accommodation:-

Leased accommodation limit of 40% of maximum of the pay scale for Managing Director. For this, the Company shall execute lease agreement with the Lessor, pay 3 months security deposit and 3 months advance rent, brokerage, if any, and all other standard terms and conditions of Lease. Also, recovery of 7.5% of basic pay towards house rent recovery, in terms of DPE guidelines will be made and Managing Director/PRCL is authorized to finalize the Lease Agreement to be executed by the Company in such cases.

(i) Hard & Soft Furnishing Allowance

An amount of ₹ 5,00,000/- (Rupees five lakhs only) will be paid to the Managing Director, once in his tenure, towards Hard & Soft Furnishing Allowance.

(ii) Limits for Mobile Phone and Brief case

The limits of Mobile Phone and Brief case provided to Managing Director are increased to ₹ 35,000 and ₹ 15,000 respectively. All other rules i.e. its 3 years codal life, etc., on the subject shall remain the same.

(iii) Club Membership

The limit of club membership for two clubs provided to Managing Director is increased to ₹ 50,000/- for 2 clubs. However, if any corporate membership is required, then the approval of Board of Directors will be taken separately.

(iv) Contribution to National Pension Scheme

Managing Director is included in the National Pension Scheme (NPS) as maximum age of joining NPS has increased from the present 60 years to 65 years vide Pension Fund Regulatory Development Authority vide circular No. PFRDA/2017/35/PD/1 dated 1st November 2017. Contribution, from employee and employer, of 10% of basic pay plus dearness allowance will be made from April 2019, as is being done in the case of all PRCL employees.

FURTHER RESOLVED THAT Company Secretary of the Company be and is hereby authorized to file necessary e-forms with the Registrar of Companies in compliance of the provisions of Companies Act, 2013.

RESOVED FURTHER THAT the Chairman of the Board or Chairman of Sub-Committee on HR or Company Secretary 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."

By order of the Board
For Pipavav Railway Corporation Limited

Sd/-

Leena Narwal
Company Secretary
Membership No.: A20516

Place : New Delhi
Date : May 9, 2019

Notes:

1. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business as per Item No. 5 to 7 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. 5

Sh. Anurag, Additional Member (Traffic), Railway Board (DIN: 08166301) was appointed as Nominee Director and Chairman by Ministry of Railways on the Board of Directors of the Company in accordance with provisions of Section 161 (3) of the Companies Act, 2013 read with clause 6.1.3 and 6.1.4 of the Shareholders Agreement and Articles of Association of the Company w.e.f. 5th September, 2018.

The Board of Directors recommend passing of resolution as set out under item No. 5.

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

Item No. 6

The Board of Directors in their meeting held on 9th May, 2019 accorded its consent to declare interim dividend for the FY 2019-20 @ 5% (₹ 0.5 per share) amounting to ₹ 9.80 crore plus dividend tax out of profits of the Company. As per Articles of Association of the Company, approval of shareholders in general meeting is required for paying dividend to all members. Accordingly, approval of shareholder is being taken. Record date to ascertain the eligibility of members to receive interim dividend be fixed as 25th June, 2019. All the money towards dividend will be deposited in a separate bank account opened in the name of Company with Sate Bank of India at its Branch at Rail Bhawan.

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

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

Item No. 7

Shareholders of the Company in their meeting held on 06.02.2019 approved the appointment of Sh. Sanjiv Garg as Managing Director of the Company for a period of three years i.e. from 6th February, 2019 to 5th February, 2022, which can be extended by two years subject to a maximum age limit of 65 years. It was also approved that the remuneration will be calculated on the basis of Pay Scale of Director of Schedule 'A' CPSE Company along with the applicable perquisites.

Accordingly, the Board of Directors in their meeting held on 9th May, 2019 accorded its consent to recommend to the Shareholders allowances, perquisites and other benefits relating to Leased Residential Accommodation, Hard & Soft Furnishing Allowance, Limits for Mobile Phone and Brief case, Club Membership and Contribution to National Pension Scheme for Sh. Sanjiv Garg, Managing Director of the Company with effect from the date of his appointment i.e. 06.02.2019.

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. Sanjiv Garg is concerned / interested in the said resolution.

By order of the Board
For Pipavav Railway Corporation Limited

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

Place : New Delhi
Date : May 9, 2019

DIRECTORS' REPORT

To

The Members

Your Directors take pleasure in presenting the 19th Annual Report on the working of your Company, along with Audited Annual Accounts for the financial year ended 31st March, 2019.

FINANCIAL SUMMARY OR HIGHLIGHTS/ PERFORMANCE OF THE COMPANY :

(Amount in ₹ Lakhs)

	2018-19	2017-18
Income from Operations (including Contract Revenue from Service Concession Arrangement and Other Operating Income)	**29,109.31**	20,135.37
Other Income	**2,258.88**	1,648.25
Total Income	**31,368.19**	21,783.62
Less: Employee benefits, Operating, CSR and Other expenses	**(21,041.75)**	(12,975.32)
Less: Impairment loss on Intangible assets	**-**	-
Profit /(Loss) before Interest and Depreciation/ amortization	**10,326.44**	8,808.30
Less: Interest and Financial Cost	**(165.31)**	(106.47)
Less: Depreciation and amortization	**(925.02)**	(924.28)
Net Profit/ (Loss) before Tax and Exceptional items	**9,236.11**	7,777.55
Add/(Less): Exceptional items	**0.00**	0.00
Profit/ (Loss) before Tax	**9,236.11**	7,777.55
Add/(Less): Taxes (net of credit)	**(674.72)**	(259.96)
Net profit after tax	**8,561.39**	7,517.59
Other Comprehensive Income (net of taxes)	**0.20**	(6.06)
Total Comprehensive Income carried to Balance Sheet	**8,561.59**	7,511.53

The Central Government has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 on 28th March 2018 and made them applicable from the 1st day of April, 2018. Pursuant to said Amendments Rules, the Company has implemented Indian Accounting Standard - 115 (Ind AS 115) on "Revenue from Contracts with Customers" in the preparation of the financial statements of the Company for the FY 2018-19.

DIVIDEND

The Company had already paid an interim dividend for the FY 2018-19 @ 5% (₹ 0.5 per share) out of profits of the Company which may be treated as final dividend.

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

During the financial year 2018-19, the Company has carried 8.24 MT of cargo on the PRCL line and earned revenue of ₹ 227.65 crore from its freight operations as compared to 7.31 MT of cargo moved and revenue earned of ₹ 201.01 crore during 2017-18 indicating a growth of 13% approx. in revenue and volume. The revenue for the current FY 2018-19 is under reconciliation with Western Railway.

RECENT DEVELOPMENTS

1. During the current year, loading of fertilizer from Pipavav Port has been started in open BOXN/ BOXNHL from January 2019.
2. During the financial year 2018-19, the loading of Fertilizer train is 419 numbers as compared to 298 numbers indicating 41% growth in numbers of train from last year.
3. New traffic stream of Inward Molasses from Harinagar (HIR) has commenced from March, 2019.
4. During the financial year 2018-19, the loading of Double stack container train is 1601 numbers as compared to 1174 numbers indicating 36% growth in numbers of train from last year.
5. During the financial year 2018-19, the loading of TEU's is 326690 numbers as compared to 279789 numbers i.e 17% growth in TEU's from last year.

Electrification of adjoining areas of PRCL section is under progress being feeder route to Western Dedicated Freight Corridor. After completion of electrification works, it will provide seamless connectivity of PRCL Section with Western Dedicated Freight Corridor. Central Organization for Railway Electrification, an agency of Indian Railway for

Rail Electrification was engaged to carry out rail electrification works on PRCL section. Execution of the work is in progress and CORE has kept a target for completion of the work by December, 2019.

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, 2019 is ₹ 1,96,00,00,200/-.

RESERVES

No amount is proposed to carry to Reserve.

FIXED DEPOSITS

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

PARTICULARS OF CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

FOREIGN EXCHANGE EARNINGS & OUTGO

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

EXTRACTS OF ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section 3 of Section 92 of the Companies Act 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return in Form No. MGT-9 as at March 31, 2019 forms part of this report as **Annexure-A** and web address of the Company on which annual return is being placed is www.pipavavrailway.com.

DETAILS OF BOARD OF DIRECTORS/ MANAGEMENT OF THE COMPANY – APPOINTMENT AND RESIGNATION

During the year under review, Sh. S.K. Mohanty and Capt. P. K. Mishra, Directors retire by rotation at the 19th Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Since the last Annual General Meeting of shareholders, Sh. Anurag was appointed as Nominee Director and Chairman by Ministry of Railways in place of Sh. R.D. Sharma as per the provisions of Section 161 (3) of the Companies Act, 2013.

DETAILS OF APPOINTMENT AND RESIGNATION OF KEY MANAGERIAL PERSONNEL (KMP)

During the Year under review, all the personnel appointed/ designated under the head "Key Managerial Personnel (KMP)" as per the provisions of Companies Act, 2013 remained the same except Sh. Amitabh Lal, the then Managing Director whose term expired on 30.07.2018. Thereafter, Sh. Ashok Kumar, Senior Vice President of the Company was designated as Key Managerial Personnel under the head Manager for the period 24.01.2019 till 05.02.2019. Further, Sh. Sanjiv Garg was appointed as Managing Director of the Company w.e.f. 06.02.2019.

Presently, the following persons are the designated Key Managerial Personnel of the Company as on 31.03.2019:

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

NUMBER OF MEETINGS OF THE BOARD & ITS COMMITTEES:

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

In the Year 2018-2019, the Board met 6 (six) times on 24.04.2018, 30.07.2018, 16.08.2018, 27.11.2018, 24.01.2019 and 13.03.2019. The maximum interval between any two board meetings did not exceed 120 (one hundred and twenty) days.

Additionally, six committee meetings were held during the year viz; meetings of Sub- Committee of Board of Directors' to review financial statements of the Company, Corporate Social Responsibility Committee, Share Allotment and Transfer Committee.

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

S. No.	Name of Director	Designation	Board of Directors Meeting						Remarks
			24.04.2018	30.07.2018	16.08.2018	27.11.2018	24.01.2019	13.03.2019	
1.	Sh. R.D. Sharma	Chairman	Attended	Attended	Not attended	Not applicable	Not applicable	Not applicable	Ceased as Chairman w.e.f. 5.09.2018
2	Sh. Anurag	Chairman	Not Applicable	Not Applicable	Not Applicable	Attended	Attended	Attended	Appointed as Chairman w.e.f. 5.09.2018
3	Ms. Anju Ranjan	Director	Attended	Not Applicable	Not Applicable	Not applicable	Not Applicable	Not Applicable	Ceased as Director on 27.7.2018
4.	Sh. Ajeet Kumar Srivastava	Director	Not Applicable	Attended	Not Attended	Attended	Attended	Attended	Appointed as Director on 27.7.2018
5.	Sh. S.K. Mohanty	Director	Attended	Attended	Attended	Attended	Attended	Attended	
6.	Sh. Abhijit Narendra	Director	Attended	Attended	Attended	Attended	Attended	Attended	
7.	Sh. S. C. Jain	Director	Attended	Attended	Not Attended	Not Attended	Not Attended	Attended	
8.	Ms. Roopa Srinivasan	Director	Attended	Attended	Attended	Not Attended	Not Attended	Attended	
9.	Sh. S.C. Mittal	Director	Attended	Not Attended	Not Attended	Not Attended	Attended	Not Attended	
10.	Sh. Keld Pedersen	Director	Attended	Not Attended	Not Attended	Attended	Attended	Attended	
11	Sh. Santosh Breed	Director	Attended	Attended	Not Attended	Attended	Attended	Attended	
12.	Capt. Padminikant Mishra	Director	Not Attended	Attended	Attended	Attended	Attended	Attended	
13.	Sh. Amitabh Lal	Managing Director	Attended	Attended	Not Applicable	Not Applicable	Not Applicable	Not Applicable	The term of Sh. Amitabh Lal as Managing Director expired on 30.07.2018
14	Sh. Sanjiv Garg	Managing Director	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Attended	Appointed as Managing Director w.e.f. 06.02.2019

Meeting of Sub- Committee to review Financial Statements

S.no.	Name of Director	Designation	Audit Committee / Sub-Committee to review Financial Statements		
			10.08.2018	26.11.2018	07.03.2019
1.	Sh. S.C. Mittal	Chairman	Attended	Attended	Attended
2.	Sh. A.K. Srivastava	Member	Attended	Attended	Not attended
3.	Sh. Santosh Breed	Member	Not Attended	Attended	Attended

Corporate Social Responsibility Committee Meeting

S. no.	Name of Director	Designation	Corporate Social Responsibility Committee Meeting	Remarks
			12.03.2019	
1.	Sh. Sanjiv Garg	Chairman	Attended	Committee re-constituted upon appointment of Sh. Sanjiv Garg
2.	Capt. Padminikant Mishra	Member	Attended	
3.	Sh. Abhijit Narendra	Member	Attended	

Share Allotment and Transfer Committee Meeting

S. no.	Name of Director	Designation	Share Allotment and Transfer Committee Meeting		Remarks
			25.06.2018	09.07.2018	
1.	Sh. Abhijit Narendra	Chairman	Attended	Attended	
2.	Sh. Suresh Chand Mittal	Member	Not Attended	Not Attended	
3.	Sh. Amitabh Lal	Member	Attended	Attended	The term of Sh. Amitabh Lal as Managing Director expired on 30.07.2018

BOARD EVALUATION

Based on the reviews received from all the directors individually, the Board has carried out an Annual Performance Evaluation of its own performance and that of its committees and the Directors.

PARTICULARS OF EMPLOYEES

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

SUB-COMMITTEE TO REVIEW THE FINANCIAL STATEMENTS:

Board of Directors in their meeting held on 27.11.2018 finalized and approved that the Company is a Joint Venture Company and accordingly, provisions relating to appointment of Independent Directors, constitution of Audit Committee and Nomination and Remuneration Committee are not applicable on the Company in terms of MCA notification dated 5th and 13th July, 2017 and further clarification dated 5th September, 2017.

However, the Board of Directors in their meeting held on 30.07.2018 has constituted a sub-Committee to review the financial statements of the Company from time to time including auditors' report thereon, all the accounting related financial systems and procedures etc. consisting of following members:

1) Sh. S.C. Mittal (DIN: 02607734), Nominee Director from IL&FS as the Chairman of the Committee;
2) Sh. A.K. Srivastava (DIN: 08187918), Nominee Director from MOR as the member of the Committee;
3) Sh. Santosh Breed (DIN:08011070), Nominee Director from GPPL as the member of the Committee.

VIGIL MECHANISM- WHISTLE BLOWER POLICY

The Company is committed to best corporate practices based on the principle of transparency, accountability, fairness and integrity to create long term sustainable value. The Company has implemented a Whistle Blower Policy pursuant to which Whistle Blowers can raise concerns relating to reportable matters as defined in the policy.

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

NOMINATION AND REMUNERATION COMMITTEE

Board of Directors in their meeting held on 27.11.2018 finalized and approved that the Company is a Joint Venture Company and accordingly, provisions relating to appointment of Independent Directors, constitution of Audit Committee and Nomination and Remuneration Committee are not applicable on the Company in terms of MCA notification dated 5th and 13th July, 2017 and further clarification dated 5th September, 2017.

SUB-COMMITTEE ON HR

Board of Directors in their meeting held on 13.03.2019 has constituted a Sub-Committee of the Board of Directors to consider and review Pay Scales, allowances and other HR related matters consisting of following members:

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE AND POLICY

In terms of provisions of Section 135 (1) of the Companies Act, 2013 read with Section 37 of Companies Amendment Act, 2017 and MCA notification dated 5th and 13th July, 2017, Corporate Social Responsibility Committee of the Board shall consist of two or more Directors. CSR Committee was re-constituted upon joining of Sh. Sanjiv Garg, Managing Director. Presently, CSR Committee comprises of following members as at 31st March, 2019:

1. Sh. Sanjiv Garg, Managing Director/PRCL (DIN: 00682084) as Chairman of the Committee;
2. Sh. Abhijit Narendra, Nominee Director from Ministry of Railways (DIN: 07851224) as Member of the Committee;
3. Capt Padminikant Mishra, Nominee Director from Gujarat Pipavav Port Limited (DIN:07335316) as Member of the Committee;

A Corporate Social Responsibility statement is required to be annexed along with the Board's report for the FY 2018-19 as per the provisions of section 134(3)(o) read with Companies (CSR Policy) Rules, 2014 will be signed and submitted to the Shareholders on behalf of the Board of Directors.

Pursuant to sub-section 3(o) of Section 134 and Section 135 of the Companies Act, 2013 read with Rule 8 (1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the reasons for not spending the amount and the details about the policy developed and implemented by the Company on Corporate and Social Responsibility initiatives taken during the year forms part of this report as **Annexure-B and C respectively.**

SHARE ALLOTMENT AND TRANSFER COMMITTEE

The Share Allotment and Transfer Committee comprises of following members as at 31st March, 2019:

1. Sh. Abhijit Narenda, Nominee Director from Ministry of Railways (DIN: 07851224) as Chairman of the Committee
2. Sh. S.C. Mittal, Nominee Director from IL&FS (DIN:02607734) as Member of the Committee

*term of Sh. Amitabh Lal as Managing Director of the Company expired on 30th July, 2018.

LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES

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

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

INTERNAL CONTROL SYSTEMS AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

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

SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

Pursuant to section 204 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed M/s. Vinod Kumar & Co., Company Secretaries, New Delhi as its Secretarial Auditor to conduct the Secretarial Audit of the Company for the Financial Year 2018-19. The Company has provided all assistance to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2018-19 is annexed to this report as **Annexure-D.**

ETHICS AND COMPLIANCES - CODE OF ETHICS:

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
2. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
3. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the directors had prepared annual accounts on a going concern basis;
5. the directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

As per the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Act") and Rules made thereunder, your Company has constituted Internal Complaints Committee (ICC) 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. Sivasubramanian, AVP (HR & Admin)/PRCL -Member
3. Ms. Nishi Chandwani, AM(CC)/ PRCL - Member
4. Sh. Kamal Ahuja* - Member

*Sh. Kamal Ahuja is an outside expert having knowledge of law, civil, criminal and/or working for the upliftment and welfare of women. He was the member of the Committee as on 31.3.2019.

BRANCH OFFICE

1. Ms. Leena Narwal, Company Secretary/ PRCL - Presiding Officer
2. Sh. Arvind Pathak, Executive /PRCL - Member
3. Sh. Harshad C. Jadav, Executive / PRCL - Member
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.

During the year under review, no case is reported.

STATUTORY AUDITORS

M/s. P.K. Chopra and Co., Chartered Accountants were appointed as Statutory Auditors of the Company for the financial year 2018-19 by the Comptroller & Auditor General of India (C&AG). Statutory Auditors for the FY 2019-20 will be appointed by the C&AG.

COMMENTS ON AUDITORS' REPORT

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

APPRECIATION AND ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board of Directors

Sd/-

Anurag
(DIN: 08166301)
Chairman

Date : 29.05.2019
Place : New Delhi

Annexure - A

EXTRACT OF ANNUAL RETURN
As on financial year ended on 31st March 2019
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	:	U45200DL2000PLC151199
Registration Date	:	30/05/2000
Name of the Company	:	PIPAVAV RAILWAY CORPORATION LIMITED
Category / Sub-Category of the Company	:	PUBLIC LIMITED COMPANY
Address of the Registered office and contact details	:	B-1202 (B WING), 12TH FLOOR, STATESMAN HOUSE, 148, BARAKHAMBA ROAD, CONNAUGHT PLACE, NEW DELHI- 110001
Whether listed company	:	NO
Name, Address and Contact details of Registrar and Transfer Agent, if any:	:	Karvy Computershare Private Limited, Karvy Plaza, 46 Avenue 4, Street No.1, Banjara Hills, Hyderabad 500 034

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

i. Category-wise Share Holding:

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

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

ii. SHAREHOLDING OF PROMOTERS:

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

(iii) Change in Promoters' Shareholding

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

(iv) Shareholding Pattern of top ten Shareholders:

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

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

iii. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

II INDEBTEDNESS:

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

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

III REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

(in ₹)

Sl. No.	Particulars of Remuneration	Managing Director		Manager	Total Amount
		01.04.2018 to 30.7.2018	6.2.2019 to 31.3.2019	24.1.2019 to 5.2.2019	
1	Gross salary (in ₹) (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	**2,886,967**	**586,572**	**104,978**	**3,578,517**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission - as % of profit - others, specify				
5	Others, please specify *(Company's Contribution towards PF and NPS)*				
6.	Provident Fund (Employer Contribution)	68,570	42,805	8,168	119,543
	Total (Rs.)	**2,955,537**	**629 ,377**	**113,146**	**3,698,060**

B. *Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD*

(in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		28,27,785	28,66,555	56,94,340
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
	- others, specify				
5	Others, please specify (Company's contribution towards PF and NPS)		3,10,906	3,11,655	6,22,561
	Total		**31,38,691**	**31,78,210**	**63,16,901**

PENALTIES / PUNISHMENT/COMPOUNDING OF OFFENCES:

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

Annexure B

CSR Statement as per Section 134 (o) of the Companies Act, 2013

CORPORATE SOCIAL RESPONSIBILITY STATEMENT REQUIRED TO BE ANNEXED ALONG WITH THE BOARD'S REPORT FOR THE FY 2018-19 AS PER THE PROVISIONS OF SECTION 134(3)(O) READ WITH COMPANIES (CSR POLICY) RULES, 2014

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

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

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

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

2. **The composition of the CSR committee as on 31.03.2019**

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

   ii. Sh. Abhijit Narendra, Nominee Director from Ministry of Railways (DIN: 07851224) as Member of the Committee;

   iii. Capt. P. K. Mishra, Nominee Director from Gujarat Pipavav Port Limited (DIN:07335316) as Member of the Committee;

3. **Average net profit of the Company for last three financial years - ₹ 86,69,54,850/-**

4. **Prescribed CSR Expenditure (two per cent of the amount as in the item 3 above). - ₹ 1,73,39,097/-**

5. **Details of CSR spent during the financial Year - 2018-19**

   (a) Total amount to be spent for the financial year – ₹ 4,16,23,496/- [i.e. ₹ 1,73,39,097/- for FY 2018-19 **plus** unspent of ₹ 2,42,84,399 /- brought forward from previous year)

   (b) Amount unspent, if any - ₹ 3,10,05,010 /- (including previous year unspent)

   (c) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken**	***Amount Outlay (budget) Project or Programwise**	**Amount spent on the projects or program Subhead during FY 2018-19 (1) Direct Expenditure on projects or programs (2) Overheads**	**Cumulative expenditure upto to the 31.03.2019**	**Amount spent Direct or through implem-enting agency**
1.	Project for providing shelter and capacity building of young girls in the shelter home and educates and develops vocationals skills among street children.	Setting up homes and hostels for women and orphans and measures for reducing inequalities faced by socially and economically backward groups	Allahabad, Uttar Pradesh This is an ongoing Project, extended up to 31st March, 2019 only	₹ 84,96,464/- (includes fresh allocation of ₹ 67,58,000/- during the current year and brought forwarded unspent amount of ₹ 17,38,464/- for FY 2017-18)	Direct Expenditure on projects or programs- ₹ 57,48,642/- Indirect Expenditure ₹ 1,03,161/-	₹ 58,51,823/-	NGO - SAHYOGG Allahabad

CSR Statement as per Section 134 (o) of the Companies Act. 2013

2.	Project for developing day care centre for senior citizens and measures for reducing inequalities.	Setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	Lucknow, Uttar Pradesh This is an ongoing project, extended upto 31st March 2019 only	₹ 30,52,765/- (includes fresh allocation of ₹ 20,00,000/- during the current year and brought forwarded unspent amount of ₹ 10,52,765/- for FY 2017-18)	Direct Expenditure on projects or programs- ₹ 26,76,004/- Indirect Expenditure ₹ 2,40,611/-	₹ 29,16,615/-	NGO - Richmond Fellowship Society
3.	Rural development Project – Raska	Rural development Project- "Raska village,	Limbdi, Taluka Distt. Surendranagar, Gujarat	₹ 35,00,000/-	-	-	NGO - Community Friendly Movement
4.	Running of shelter home for street children	Setting up homes and hostels for women and orphans, day care centres and measures for reducing inequalities faced by socially and economically backward groups	Guwahati, Assam The project was up to 30th September 2018 only	₹ 11,00,000/-	Direct Expenditure on projects or programs- ₹ 9,44,395/- Indirect Expenditure ₹ 90,470/-	₹ 10,34,865/-	NGO - Amateurs Society of Creature view
5.	5% of the total allocated fund of ₹ 1,73,39,097/- during the current year 2018-19 for capacity building including expenditure on administrative overheads.			₹ 8,66,955 /-	₹ 5,35,183/-	₹ 5,35,183/-	
6.	Unallocated balance amount of funds for current FY 2018-19.			₹ 31,14,142/-	₹ 2,80,000/- (Amount spent on exploring new projects	₹ 2,80,000/-	
	Total			**₹ 2,01,30,326/-**	**₹ 1,06,18,486/-**	**₹ 1,06,18,486/-**	

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

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

After review, Company has decided to undertake CSR activities only on its Operational area and accordingly Projects based at Guwahati (Assam), Lucknow & Allahabad (Uttar Pradesh) were reviewed. The project at Guwahati was closed on 30th September, 2018 and and projects at Lucknow and Allahabad were closed on 31st March 2019. Further, the Company has explored new Projects on its section and accordingly initiated Projects worth Rs 90 lakhs (approx.) in Raska since January 2019 and had already taken up Projects worth Rs 2.75 crore (approx.) in the beginning of April 2019. In addition, detailed studies pertaining to other new Projects are under way for its execution.

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

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

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

Sd/-
Sanjiv Garg
(Din 00682084)
Chairman/CSR Committee

Date : 09.05.2019
Place : New Delhi

Annexure C

PIPAVAV RAILWAY CORPORATION LIMITED (PRCL)

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY
23rd January, 2015

1.0 POLICY STATEMENT

For achievement of its mission :

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

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

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

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

2.0 PRCL'S APPROACH TOWARDS CORPORATE SOCIAL RESPONSIBILITY

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

3.0 AIMS AND OBJECTIVES

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

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

4.0 ACTIVITIES UNDER CORPORATE SOCIAL RESPONSIBILITY

4 1 PRCL would endeavor to adopt an integrated approach to address the community, societal & environmental concerns by taking up a range of the following activities, which shall be taken up strategically, in project mode, in a focused manner to the extent possible, in line with the law:-

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

   i. Eradicating extreme hunger and poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;

   ii. Promotion of education; including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;

iii. Promoting gender equality and empowering women; setting up homes and hostels for women and orphans, setting up old age homes, day care centres, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintain of quality of soil, air and water.
v. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts;
vi. Measures for the benefits of armed forces veterans, war widows and their dependents;
vii. Training to promote rural sports, nationally recognized sports and paraolympic sport and Olympic sports;
viii. Contribution to the Prime Minister's National Relief fund or any other fund set up by the Central Government or the State Government for socio-economic development and relief and welfare of the Scheduled castes, Scheduled Tribes, other backward classes, minorities and women;
ix. Contribution or funds provided to technology incubators located within academic institution which are approved by the Central Government.
x. Rural development projects;
xi. Slum area development.

3. The CSR Committee shall frame rules or issue directives with regard to monitoring of the CSR projects or programmes or activities.

4. The Board of Directors of the Company may on the recommendations of the CSR Committee decide to undertake CSR projects or programmes or activities by the Company itself directly or through a registered trust or a registered society or a Company or an associate Company established by PRCL or other wise (implementing Agency) provided that if such trust, society or Company is not established by the Company or its holding or subsidiary or associate Company, it shall have an established track record of three years in undertaking similar programs or projects complying with the provision related to companies (Corporate Social Responsibility) Rules, 2014.

5. While undertaking CSR projects or programmes or activities, preference shall be given to the local area or area of operation of the Company. Such area of operation for any identified project or programme or activity shall be finalized by the Board of Directors upon recommendation of CSR Committee.

6. In the initial years of CSR activity, Company will focus on girl child education; health care / hygiene; skill development; eradicating extreme hunger, poverty and malnutrition; protection of fauna; animal welfare; promotion of employment; enhancing vocational skills; livelihood enhancement projects and rural development projects. The focus and coverage of area will be decided on year after year basis and approved by the Managing Director/PRCL.

5.0 PROHIBITED ACTIVITIES UNDER CSR

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

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

6.0 CSR COMMITTEE

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

a) Formulate and recommend to the Board, the CSR Policy and any amendments thereof;
b) Recommend the amount of expenditure to be incurred on the activities as per CSR Policy;
c) Be responsible for implementation and monitoring of CSR projects or programmes or activities of the Company.

6.2 The CSR Committee shall meet as and when deemed necessary and quorum of meeting of CSR Committee shall be one third of the total strength or two directors, whichever is higher.

6.3 The CSR Committee may invite Specialists, Executives, Advisors, representatives of Social Organizations, Auditors of the Company and such other person(s) as it may deem necessary to attend the meeting.

6.4 The CSR Committee may by resolution delegate or entrust any of the function, acts, deeds or things, etc. as may be required to be performed or complied by it, whether under Companies Act, 2013 or rules made there under or otherwise to any person, whether in employment of the Company or otherwise, and any such functions, acts, deeds or things etc., performed by such person pursuant to such resolution shall have effect, as if the same has been performed by the Committee itself.

7.0 QUANTUM OF INVESTMENT

7.1 The Company shall spend, in every financial year, at least 2% of the average net profits of the Company made during the immediately 3 preceeding financial years. Net profit in such case will have the meaning as stated under Rule 2 (f) of the Companies (Corporate Social Responsibility) Rules, 2014.

7.2 CSR Expenditure shall include all expenditure including corpus for project or programme relating to CSR activities approved by the Board on recommendation of CSR committee. However, the same will not include expenditure on any item not in conformity or in line with the activities stated under Schedule VII of the Companies Act, 2013.

7.3 CSR project or programme or activities undertaken in India only shall be considered as CSR Expenditure.

7.4 Projects or programme or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities.

7.5 Contribution of any amount directly or indirectly to any political party shall not be regarded as a CSR activity.

7.6 Any expenditure incurred for building CSR capacity, whether own or that of eligible Implementing Agency, shall not exceed five percent of total CSR Expenditure, in one particular financial year.

7.7 Surplus arising out of CSR projects or programmes or activities shall not form part of the business profit of the Company.

7.8 If the Company fails to spend, the amount stated hereinabove, then reason for not spending shall be stated in the Directors Report.

8.0 MONITORING AND EVALUATION

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

9.0 POST IMPLEMENTATION IMPACT ASSESSMENT

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

10.0 ALLOCATION OF FUNDS

10.1 A total allocation of amount as prescribed and approved by the Board will be earmarked every year for implementation of CSR programmes.

10.2 Subject to 7.1 above, the said amount shall be transferred to the account of PRCL CSR Fund.

10.3 The un-utilized amount, if any, will not lapse, if not spent that year and will be carried over to the next year which may accumulate.

10.4 The allocation of funds may vary depending on the need and requirement and provision for the national calamity in the respective year and will be decided on year to year basis.

11.0 AMENDMENTS TO THE POLICY

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

Sd/-	Sd/-	Sd/-
Amitabh Lal	**Prakash Tulsiani**	**Manoj Kumar Srivastava**
(Managing Director/PRCL & Member of the Committee)	(Director/PRCL & Member of the Committee)	(Director/PRCL & Member of the Committee)

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

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

Annexure D

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

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

CIN:- U45200DL2000PLC151199

NOMINAL CAPITAL:- ₹ 2,000,000,000

To,

The Members,
PIPAVAV RAILWAY CORPORATION LIMITED
B-1202 (B-WING), 12TH FLOOR, STATESMAN HOUSE,
148, BARAKHAMBA ROAD, CONNAUGHT PLACE
NEW DELHI - 110001

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and the representation made by the Company, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records made available to me and maintained by Company for the financial year ended on 31st March, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; - Not Applicable

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; - Not Applicable

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment : - Not Applicable

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; - Not Applicable
   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; - Not Applicable
   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - Not Applicable
   (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; - Not Applicable
   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - Not Applicable
   (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - Not Applicable
   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - Not Applicable and
   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - Not Applicable

VI. Other Laws as are and to the extent applicable to the Company as per the management representation made by the Company.

(a) The Employees Provident Funds and Miscellaneous Provision Act, 1952

(b) Applicable Local/Municipal Laws

(vii) I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with... Stock Exchange(s), Not Applicable;

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

1. The provisions of Corporate Social Responsibility (CSR) are applicable to the Company. However, Company has not spent the entire amount of 2 percent of the average net profits during three immediate proceeding financial years in 2018-19. The management has briefed that as required under the Act, the Board will in its report made under clause (o) of sub-section (3) of Section 134 specify the reasons for shortfall in spending towards Corporate Social Responsibility as keeping in view the CSR Policy, CSR management concept and to priortize local.area development, the Board is of the view that the amount should be spent in a productive manner in sustainable projects.
2. Further, the renewal of the terns of Independent directors was kept on hold as the Status of Company "whether it is Joint Venture Company or not" is not clear according to MCA Notification dated 05th July, 2017 and MCA General Circular dated 05th September, 20l7. The Board in its meeting held on 30.07.2018 has constitued the Committee to decide upon the status of the Company whether it is a Joint Venture (JV) or not. The Committee in its 2nd meeting held on 26.11.2018 finalized and approved the status of the Company as Joint Venture Company and put its recommendation to Board. The Board in its 87th Meeting held on 27.11.2018 approved the recommendation of Committee that Company is a Joint Venture Company and accordingly provisions relating to appointment of Independent Director, Constitution of Audit Committee and Nomination and Remuneration Committee are not applicable on the Company in terms of MCA notification dated 5th and 13th July 2017 and further circular dated 5th September, 2017.
3. The Company has filed all the necessary documents with the Concerned Authorities for Dematerialisation of Securities of the Company in accordance with the provision of the Depositories Act, 1996 as per the Rule 9 and 9A of the Companies (Prospectus and Allotment of Securities) Rules issued by the Ministry of Corporate Affairs.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Diectors and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

However, the Company has received a letter vide No. 08(P)/225/2018/CSR/15-16 for call of information on CSR which was replied by the Company within time prescribed in the letter.

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

For **VINOD KUMAR & CO.**
COMPANY SECRETARIES
Sd/-
CS VINOD KUMAR ANEJA
(CP 5740 FCS 5740)

Place: New Delhi
Date: 09.05.2019

'Annexure 'A"

To,

The Members,
PIPAVAV RAILWAY CORPORATION LIMITED
B-1202 (B-WING), 12TH FLOOR, STATESMAN HOUSE,
148, BARAKHAMBA ROAD, CONNAUGHT PLACE
NEW DELHI - 110001

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the conectness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. I further report, that the compliance by the Company of applicable financial laws like Direct and Indirect tax laws has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.
6. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **VINOD KUMAR & CO.**
COMPANY SECRETARIES
Sd/-
CS VINOD KUMAR ANEJA
(CP 5740 FCS 5740)

Place: New Delhi
Date: 09.05.2019

Annexure E of the Director's report

Company's remarks on the observations of the statutory auditors' report on the financial statements of the Company for the financial year 2018-19

Sr. No.	Ref. No. of Audit Report	AUDITOR'S OBSERVATIONS	MANAGEMENT'S REPLIES
1.	Point no.6(a) of the"Emphasis of Matter" of the Auditor's Report	Note No. 39 - Railway freight collection is controlled by Indian Railways on daily basis through an integrated online system developed by Central Rail Information System (CRIS), a railway organization. The system generates freight receipt (RR) for movement of container and bulk traffic from first mile to last mile destination. These transactions are initiated, recorded, processed, corrected as necessary and transferred to PRCL through dedicated online portal for arriving at the share of freight, as apportionment of income to PRCL, which books the monthly share of freight as trade receivables and as trade debtors (WR) in their accounts and reported in the Financial Statements. This procedure and system are relied upon by PRCL as user entity. CRIS has provided certificate for complying with their reporting information as per SA 402.	Under the O&M agreement, WR is required to keep record of the freight trains operation on PRCL section, and makes apportionment of the freight earnings to the Company based on record so maintained, as per the Indian Railways' Financial Adjustment Rules. However, in order to ensure the correct apportionment of the freight earning by WR for all the freight trains run on PRCL section, the Company also maintains parallel records of the freight trains movement on its section. For this purpose, the Company extracts the data from the Freight Operating Information System (FOIS) maintained by Centre for Railway Information Systems (CRIS) of Indian Railways, as per the arrangement with them. On the basis of the data, revenue is reconciled with WR. The Company has made appropriate disclosures with respect to revenue recognition & reconciliation at note no. 39 of the financial statements.
2.	Point no.6(b) of the"Emphasis of Matter" of the Auditor's Report	Note no. 27 - The Corporate Social Responsibility Policy (CSR Policy) of PRCL dated 23.01.2015 states the company shall spend, in every Financial Year, at least 2% of the average net profits of the company made during the immediately 3 preceding Financial Years and the said amount shall be transferred to the account of PRCL Fund". The unutilized amount, if any, will not lapse, if not spent in that year and will be carried over to next year which may accumulate. The above CSR fund and the accumulated unspent amount of ₹ 310.05 Lakhs as on 31st March 2019 are now reflected in terms of the revised CSR policy which has not made mandatory to transfer allocated CSR amount in a sperate bank account.	The Board of Directors of the Company in their 87th meeting held on 27.11.2018 has approved amendment in the Company's Corporate Social Responsibility (CSR) Policy by deleting the clause 10.2 of CSR Policy and renumbered the other clause accordingly. Therefore, the CSR Policy stands amended. On deletion of clause 10.2, the amended CSR policy does not require to transfer the allocated CSR amount in a separate account. The Company recognises CSR amounts in the books in the period in which amounts are actually spent /incurred on the CSR activities. This is in conformity with the laid down principle of accrual accounting and is also in line with the extant guidelines on Accounting for Expenditure on CSR activities issued by the Institute of Chartered Accountants of India (ICAI), which require that expenditure on CSR should be recognised when the expenditures on CSR are actually incurred. The Guidelines clarify that no provision for expenditure on CSR activities is to be made in

Company's Remarks on the Observations of the Statutory Auditors Report...Contd.

Sr. No.	Ref. No. of Audit Report	AUDITOR'S OBSERVATIONS	MANAGEMENT'S REPLIES
			respect of the unspent CSR amounts and the amounts actually spent on CSR activities at the end of a reporting period are to be recognized in the financial statements. Therefore, accounting treatment of CSR expenditure is in order.
3.	Point no.6(c) of the "Emphasis of Matter" of the Auditor's Report	Note no. 4 - The physical verification of the intangibles (amortizable) railway assets of PRCL is conducted by the Bhavnagar division of Western Railways who are the custodian of these assets as per railway rules and regulations. The quantitative details of these assets are maintained in the computerized system of accounting for fixed assets and it is relied upon. PRCL maintains the book value of these assets in its accounts. Reconciliation of these two records based on capitalization of Projects Assets mainly Permanent Ways, Formation, Bridge & Buildings and Plant & Machinery is incomplete to the extent that the impact of the project assets which are partly capitalized and as reflected in the Fixed Asset Register. The assets register does not contain the cost wise break up of individual assets.	On completion of the Project Railway in 2003, the Company capitalized the construction cost of Project Railway and recognised the same in the books as Project assets of the Company in four major heads (i.e. Formation, Plant & Machinery, Permanent ways and Bridges & Buildings). The capitalized expenditures were reconciled with WR. After initial recognition, the Company has been capitalizing the cost of capital works incurred on Project assets. The cost is capitalized and added to the cost of Project assets in the period in which the capital work is completed. The Company capitalizes the cost of works as per the advices collected/ received from Railways. The final cost incurred on the work is ascertained by Railways after the completion of the work. Therefore, on receipt of the advices of final expenditures incurred on the work, the carrying amount of project assets representing the cost of that work is adjusted. There are certain works which Railway has completed, but final amount spent on the work is to be advised & settled by Railways. The Company has continuously been pursing with Railways for final settlement. Therefore, carrying amounts of works included in the project assets will be adjusted on final settlement of the expenditure of works. Since, the Company has capitalized the cost incurred on project assets in four major heads, cost wise breakup of the individual items is not available. The Company receives physical verification report of project assets from Railways every year, which contains quantitative information of the project assets. Since, WR is custodian of Project assets, the breakup of the individual items of the Project asset is maintained by WR. The Company obtains the Project assets report from WR every year whcih contains the details break up of the individual items of the Project assets.

Company's Remarks on the Observations of the Statutory Auditors Report...Contd.

Sr. No.	Ref. No. of Audit Report	AUDITOR'S OBSERVATIONS	MANAGEMENT'S REPLIES
4.	Point no.6(d) of the "Emphasis of Matter" of the Auditor's Report	Note no. 39- Recovery an account of route diversion of ₹ 1320.37 Lacs is the difference of share of freight between the booked route basis and the carried route basis. The terms of agreement for apportionment of freight is stipulated as per Indian Railways Financial Adjustment Rules but there is no mention to recover the diverted route recovery. In some cases, the diverted distance is lesser than the booked route distance which results in increase in freight has since been considered by Railways in the apportionment of freight. Attention is drawn to the minutes of the meeting of Audit Committee dated 17.04.2017 item no. 9, the decision of the chairman that the company to legally examine the terms of Concession Agreement and pursue with the Railways taking suitable action in the best interest of the company to stop for recoveries on account of route diversion.	The Operation & Maintenance agreement provides for apportionment of freight by WR to the Company as per Indian Railways' Inter-Railways Financial Adjustments Rules (IRFA rules). These Rules provide for the apportionment of freight earning based on the actual carried distance. In view of this, Western Railway makes apportionment of freight earnings to the Company based on the carried route (whereas, the freight is charged & collected by Railway on booked route basis). This position has been advised to the Audit. Though Railways makes apportionment the freight earning as per IRFA rules (on carried route basis), but the diversion of the freight train takes place outside PRCL section. Hence, the Company does not agree with reduction in the PRCL's share of freight earning by WR on account of running of the freight trains by diverted route, which is longer than the booked route (i.e. the distance for which Indian Railways charges freight to the customers), since Indian Railways diverts the route(s) to run the freight train to suite its operational requirement. However, Indian Railways has not agreed with the Company's contention. Further, WR has also not accepted the Company's claim of additional apportioned freight of ₹ 48.61 lakhs for current year (Previous Year ₹ 40.33 Lakhs), which has arisen in case, where freight trains have run via shorter route than the booked route. Pending WR's acceptance, the same have not been recognized in the books in line with Ind AS 115. However, WR has started giving the credit arising on account of running of the freight train via shorter route from current year The above facts have appropriately been disclosed at note no. 39 of the financial statements. This issue will further be pursued with Railways for necessary direction/ clarification.

Company's Remarks on the Observations of the Statutory Auditors Report...Contd.

Sr. No.	Ref. No. of Audit Report	AUDITOR'S OBSERVATIONS	MANAGEMENT'S REPLIES
5.	Point no.6(e) of the "Emphasis of Matter" of the Auditor's Report	Note no. 36 (ii) (b)- PRCL is registered under GST Act for its registered office at New Delhi and registered for its office at Bhavnagar. GST Returns are filed as recipients under GST Rules for both offices. We find that GST Returns do not contain the taxable or taxed portion of freight received from Railways as turnover of the month. As per the information provided by PRCL, there is no obligation to pay GST because apportionment of freight is already taxed in the hands of WR. The share of freight whether taxable in the hands of PRCL is a matter of incidence of GST Law and dependent upon the orders of GST authorities, which is awaited. In that event, of such levy, liability that may arise to PRCL. The company has represented again to the Ministry of railway vide the representation dated 19th March 2019. There is no significant progress in getting the exemption in GST for the revenue apportionment to PRCL by western railway during the year. In case the exemption is denied it will result in additional liability of demand for GST from 01st July 2017 which is not quantifiable.	In the service tax regime, the Company received the show cause notices from the tax department for the period 1st April 2009 to 30th June 2017 with respect to applicability of service tax on apportioned freight earnings received by the Company. The Company did not accept the contention of service tax department and submitted the detailed replies to the show cause notices. The matter is pending with the Adjudicating authorities for decision. On subsuming the service tax by newly introduced Goods and Service Tax (GST) with effect from 1st July 2017, the Company has the maintained the same stand, as was taken in the matter of service tax, with respect to applicability of the taxes on the share of the freight earnings received by the Company from Railways and the Operation & Maintenance costs recovered by Railways from the Company. Further, Ministry of Railways has also taken up the issue with Finance Ministry for issuing clarification/ exemption. However, response from Ministry of Finance is awaited. These facts have been appropriately been disclosed at note no. 36 (ii) (c) of the financial statements. The above stand has been taken based on the opinion of the Tax Expert engaged by the Company, that apportionment of freight earnings by Railways to PRCL is not an independent service and no tax liability is appeared on Company's part with reference to apportionment of freight by Railways. In view of the stand taken that no supply is involved in the arrangement between PRCL & Railways with respect to apportionment of freight earning and costs, the point of furnishing the particulars for the same in GST returns does not arise. The stand so taken is same as was in case of furnishing of the returns of service tax under earlier law. Therefore, in view of the reasons as explained, particulars of apportionment of freight earnings & costs by Railway are not being provided in the GST Returns. During the year, the Company has also written to MOR to get this issue resolved with its conformity in the best interest of both Railways and SPVs at the earliest as sufficient time has elapsed since implementation of the Goods and Service Tax. However, MOR's response is awaited.

Company's Remarks on the Observations of the Statutory Auditors Report...Contd.

Sr. No.	Ref. No. of Audit Report	AUDITOR'S OBSERVATIONS	MANAGEMENT'S REPLIES
6.	Point no.6(f) of the "Emphasis of Matter" of the Auditor's Report	Note No. 9- (i) There is an outstanding of ₹ 2938.73 Lacs receivable from Western Railways as on 31.03.2019 which is overdue for recovery on which an interest about ₹ 240 Lacs (Provisional) as per the terms of payment stipulated in the clause 6.2 of the O & M agreement. Western Railway has not confirmed the outstanding amount of ₹ 2938.73 Lacs and interest leviable thereon. The matter still resting with the company to obtain decision from the legal point of view as per assurance given to audit in the 51st Meeting of the Audit Committee of the board vide item 3(a) dated 28.07.2017. As such the recovery of interest as applicable, inclusive of previous years, have not been reflected in the Financial Statements. (ii) The charging of variable cost for operation of the section which is calculated on Gross Tone Kilometers (GTKM) basis including the operation of the empty runs of the wagons in case of Bulk cargoes results in loss of revenue to PRCL which is not quantifiable.	Point wise remarks are as under: (i) Under the O&M agreement, interest is payable by WR to PRCL in case of event of WR's default. The event of WR's default is defined as under as "The non-payment of dues by WR to PRCL, in accordance with the terms of this agreement for three consecutive months" {Article No 8.1(III)}. During the period under consideration, there was no occasion of non-payment by WR for consecutively three months as WR has been making apportionment of freight earnings every month on provisional basis. In absence thereof, the Company is unable to invoke the relevant clause(s) of the agreement to realize interest from WR. In this regard, the Company has requested WR to offer their response to the Audit observation. WR's response on the same is awaited. Therefore, no adjustment has been made in the books of accounts. It is mentioned that WR makes provisional payment to the Company against its monthly dues of apportioned freight earnings. Balance amount of apportioned earnings (which is not paid by WR) gets accumulated month over month and WR makes payment of these balance amounts after end of financial year. The outstanding dues as on 31st March 2019 also includes these balance amounts besides the dues accrued during Feb-19 & March-19. It is also mentioned that, out of ₹ 2938.73 lakhs as on 31st March 2019, the Company has subsequently received ₹ 2779.34 lakhs from WR and as per the position as on 9th May 2019, ₹ 1.59 crore is to be received from WR being the outstanding dues of apportioned freight earnings for FY 2018-19. Since, there is delay in timely settlement of the balance amount of the monthly dues by Railways, this issue will further be pursued with Railways for timely settlement of outstanding dues of apportioned freight earnings as per the terms of the agreement. The reconciliation of PRCL's apportioned freight earning is under process with WR, therefore confirmation has not been received from WR. (ii) The O&M agreement/JPO provides for charging of various components of variable costs for accrual of GTKMs, wagon days, wagons hours, NTKMs etc., on PRCL section. Since movement of empty bulk on PRCL section also accrues GTKMs etc., therefore, costs incurred on account of accrual of GTKMs etc., for running of empty trains, is also charged by WR to PRCL.

Company's Remarks on the Observations of the Statutory Auditors Report...Contd.

Sr. No.	Ref. No. of Audit Report	AUDITOR'S OBSERVATIONS	MANAGEMENT'S REPLIES
7.	Point no.6(g) of the "Emphasis of Matter" of the Auditor's Report	Note no. 9 - GPPL has given confirmation of ₹ 34.91 Lakhs receivables on account of Manpower provided at their Port as on 31st March 2019. Railways have not confirmed the outstanding dues payable/receivable with reference to the transactions with PRCL during the year.	1. The Company has not received confirmation from GPPL in respect of the dues, which were subject matter of One Time Settlement between PRCL and GPPL. At present, the Conciliation between PRCL and GPPL is in progress. The appropriate disclosures have been made at note no. 39.3 of the financial statements. 2. The Company's apportioned freight earning is under the reconciliation with WR. In view of this, confirmation has not been received from WR.
8.	Point no.6(h) of the "Emphasis of Matter" of the Auditor's Report	Note no. 5- We have made such enquiries as we consider necessary for the purpose of appropriately informing us about the contract procedure followed by PRCL in implementing the Railway Electrification project of Pipavav lines approved by Railway Administration. The documents relating to specifications, cost estimate, tender documents, letter of awards etc. are prepared by Central Organization for Railway Electrification (CORE), Allahabad and Ahmedabad divisions, which we have inspected and enquired with the concerned offices of CORE that these are authentic documentary evidences of following the compendium of tender and contracts issued by Railway Board. The letter of awards to Kalpatharu and others were issued by CORE on behalf of PRCL. The latest cost estimate concurred by Finance Division of CORE is ₹ 28947.23 Lacs on which the award is based. The source and terms of financing the project is not yet firmed up by PRCL but utilizing the internal resources/fund available with company to meet payments for invoices of electrification project.	The Company has awarded the Rail electrification works of PRCL section to CORE/ ALD, an integral part of Indian Railways for Rail Electrification of Indian Railways' networks. The Company has decided to fund this project from its own funds & earnings. Accordingly, the Company manages the funding of the project from its own funds & earnings. This fact has appropriately been disclosed at note no. 36 of the financial statements. It is mentioned that PRCL's Board has sanctioned the cost of Electrification of PRCL line and authorised the Managing Director to incur the expenditure thereon. In view of the authorization, expenditure is being incurred.

Company's Remarks on the Observations of the Statutory Auditors Report...Contd.

Sr. No.	Ref. No. of Audit Report	AUDITOR'S OBSERVATIONS	MANAGEMENT'S REPLIES
9.	Point no.6(i) of the "Emphasis of Matter" of the Auditor's Report	Note no. 38- The insurance claim for loss of project assets of PRCL section of ₹ 636.12 Lacs, against the policy issued by the United India Insurance Company, is still pending since 2015 for settlement. PRCL has complied with all the required documents connected with the claims. As per the claim procedure under IRDA (Protection of Policy Holder Interest) Regulations, 2017 "If there is delay on the part of the Insurer beyond the time lines, the insurer shall pay interest at a rate which is 2% above the bank rate from the last filed documents". The interest on account of delay has not been accounted for and there is no confirmation from insurance company about final payment of claim.	The Company has furnished all the requisite information to the Insurance Surveyor based on the inputs collected from WR in order to get insurance claims settled. It is clarified that ₹ 636.12 lakhs as observed by the audit is including transport cost of ₹142.39 lakhs. The claim submitted by the Company was of ₹ 493.73 Lakhs (i.e. excluding transportation cost). The Company has been continuously pursuing with InsuranceCompany/ surveyor to settle the claim at the earliest. As mentioned in the note no. 38.1(ii), pending the settlement of claim by Insurance company, no adjustment has been made in the books during the year in this regard.
10.	Point no.6(j) of the "Emphasis of Matter" of the Auditor's Report	Note No 15: - On 25th July 2018, the company has registered the transfer of its equity shares of 1,20,00,000 having face value ₹ 10/- per share (distinct numbers from 132000021 to144000020) held in the name of IL&FS Transportation Networks Limited (ITNL) (Transferor) to IL&FS Financial Services Limited. ITNL has transferred these shares for a consideration of ₹ 54,00,00,000 against the Face value of ₹ 12,00,00,000. The required documents for transfer of theabove shares have been executed by the Company on request from ITNL. In the Statement of change in Equity for the period ended 31st March 2019, the change has been notified and the Face value of the Transferred shares remained at ₹ 10 per share in the financials of PRCL.	This is a statement of facts, as mentioned in the financial statements, which are reproduced as under: During the current financial year, one of the shareholders M/s IL&FS Transportation Networks Limited has transferred all the 120 Lakhs Equity shares (of face value of ₹ 10 /- each) held by it in the Company to M/s IL&FS Financial Services Limited for a consideration of ₹ 5400 Lakhs. Accordingly, the Company has taken effect of transfer in the shareholders' register and has made endorsement in the share certificate. As a result of this, there is no impact on the financial statements of the Company. Further, there is no change in the total equity shares of the Company during the current year.

Company's Remarks on the Observations of the Statutory Auditors Report...Contd.

Sr. No.	Ref. No. of Audit Report	AUDITOR'S OBSERVATIONS	MANAGEMENT'S REPLIES
11.	Point no.6(k) of the"Emphasis of Matter" of the Auditor's Report	Note no 4- The PRCL assets which were existing at the time of entering into Public to Private Services Concession Agreement,i.e. meter gauge railway line (including Land) were leased by MOR to PRCL. Railway is charging annual lease rental to the company for leased assets which will revert back to MOR without any financial consideration at the end of the concession period. The western railway operates passenger trains on the leased railway lines for which no revenue on account of passenger freight is specified, except fixing an upper limit for railway coaches/wagons that will be deployed on this line leased to PRCL. During the year, Railways have added more passenger coaches beyond the excess upper limit mentioned in the Agreement. However, PRCL has not raised bill for expenditure incurred and also the portion of passenger freight collected by railways receivable for operating the leased lines. The impact of the unrealized freight is not determined and accounted for during the year.	Clause 4.4 of Concession Agreement entered between MOR and PRCL provides that MOR shall be entitled to run on the Project Railway, the equivalent of passenger services that already operate on MG track in the project area without paying any access charges to PRCL. Provided, however that any new passenger service in the project area shall be commenced only with the prior written consent of PRCL. In this context, the Company has taken up the issue with WR that, introduction of additional passenger trains on PRCL section in excess of the upper limit prescribed under the Concession Agreement has the adverse effects on the working of PRCL and is causing loss of freight train paths and detention to goods trains. Further, MOR has given instruction to WR to review the matter and adhere to the concession agreement, issue instructions for operation of passenger trains on PRCL section as per the guidelines laid down in concession agreement. In view of the above, pending the resolution and the calculation methodology to claim Access Charge, no claim has been raised during the year by the Company on Railways.
12.	Point no.6(l) of the"Emphasis of Matter" of the Auditor's Report	Note No 39.3: - PRCL raised a claim of ₹ 6463.37 Lacs to GPPL for non - performance of obligation to meet minimum guarantee shortfall, which was put up as recommended, to Onetime settlement committee of BOD. Out of the above amount, ₹ 1890.19 Lacs has been accounted and balance of ₹ 4573.18 Lacs is unaccounted in the books. The settlement Committee and the good faith negotiation committee of BOD formed later have not reached a conclusive settlement of the claims. Moreover, an amount of ₹1890.19 Lacs accounted for in the books was considered as doubtful. Thereafter, BOD has approved Conciliation Proceeding and Arbitration Proceedings by appointing an Arbitrator at the level of retired Chief Justice of India and to proceed with the settlement of the claims in tandem. BOD also resolved in 84th meeting held on 24th April 2018 that "all amounts are due as per the provisions of the agreement and	It is mentioned that the Conciliation is going on between PRCL and GPPL. The Board opined that the dues are payable by GPPL, however, the matter is still not resolved with its finality which depends on the outcome of the Conciliation being in process. Pending the decision on the issue with its finality, no financial adjustments has been made in the books with respect of the above dues. This has appropriately been discussed at note no 39.3 of the financial statements of the company.

Company's Remarks on the Observations of the Statutory Auditors Report...Contd.

Sr. No.	Ref. No. of Audit Report	AUDITOR'S OBSERVATIONS	MANAGEMENT'S REPLIES
		GPPL is liable to pay the same. Thus, Board desired the MD to represent the company in the Conciliation Meetings accordingly". Consequent to the above directives, the decision of the board during one-time settlement in the year 2015, an amount of ₹ 4573.18 Lacs unaccounted so far shall become receivable from GPPL and hence, the same should have been accounted for in the books which has not been done. The amount of ₹1890.19 Lacs accounted and also considered doubtful is required to be reviewed keeping in view GPPL has made a provision of ₹ 1570.40 Lacs in their books. The above claim and its proceedings and the accounting of the receivables currently under conciliation proceedings are of transaction of circular nature and invokes conflict of interest within the group.	
13.	Point no.6(m) of the "Emphasis of Matter" of the Auditor's Report	Note No 5: - PRCL is formed as Public to Private Service Joint Sector Company of MOR and conferred with the rights of "Railway Administration" under the Railway Act and is bound under the service concession Agreement with the MOR for broad gauge Railway line from Surender Nagar to Pipavav Project Railway. Upon expiry of the concession agreement in the year 2033, all the assets created in the project area shall be returned back to MOR as per the terms & conditions of the Agreement. These assets are considered as intangible assets as per Railway code of life of assets and the assets to be maintained at serviceable level during the operation by providing for replacements. MOR controls the residual interest of the assets of the project Railway at the end of the concession Agreement. PRCL during the year has started the implementation of the project electrification of the railway lines of 289	It is submitted that: 1. Purpose of the Electrification of PRCL Line is to provide seamless operation from Pipavav Port to rest of the Indian Railway Network. For this purpose, PRCL decided to convert the PRCL (which is a diesel line) rail into electrified line. 2. After electrification, new items emerged from the electrification will get merged with Project Railway and the PRCL line will get upgraded as electrified line. 3. Since the operating costs on the electric traction are less than the cost on diesel traction, therefore, on conversion of PRCL line into electrified line, saving on account of decrease in operating cost are expected and accordingly, it is likely that there would be economic inflow to the company in form of cost saving as result of electrification work. 4. Under the Concession Agreement, (i) PRCL has been conferred, a right amongst others, by MOR, to develop additional Facilities in the Project Area,

Company's Remarks on the Observations of the Statutory Auditors Report...Contd.

Sr. No.	Ref. No. of Audit Report	AUDITOR'S OBSERVATIONS	MANAGEMENT'S REPLIES
		Km as per orders of Ministry of Railway dated 28th November 2016. The work in progress completed at an estimated value of ₹ 6315.27 lacs as per the Technical Report submitted by project authorities is accounted for under the category of Intangible assets. However, the work in progress which will be the property of PRCL, as Property Plant and Equipment category, the company did not account for the same. The project is fully financed by PRCL and Public to Private Service participation is not specified in the concession agreement for electrification of the Railway lines of PRCL, considering the work in progress as Intangible Assets is not in order. As a result of the above, the depreciation chargeable as Intangible Assets and as Property Plant & Equipment Assets category will have varying effect on the Financial of the company.	which are in the interest of Project, whether in terms of additional stations and freight handling facilities, crossing stations, or any other facility for the purpose [clause 4.2(f)]. Further, additional facility has been defined as the facilities which PRCL may provide or procure for the benefit of the users of Project Railway and which are in addition to the facilities planned in project estimates prepared by Western Railway and sanctioned by Railway Board. (ii) Clause 8.1 of the Concession agreement provides that, upon expiry of the agreement all the assets created by PRCL within the Project area shall; revert back to MOR for a consideration equivalent to the Depreciated Replacement Value (DRV) of these assets. Therefore, as a result of electrification work, PRCL line will get upgraded which will flow economic benefit to the Company in form of cost saving and also DRV on revert back of Project assets to MOR. **Accounting Treatment of Electrification work** Para 11 of the Appendix D to Ind AS 115 provides that infrastructure within the scope of Appendix (i.e. Service Concession Arrangement) **shall not be recognised as property, plant and equipment of the operator** because the contractual service arrangement does not convey the right to control the public service infrastructure to the operator. The operator has access to operate the infrastructure to provide the public service on behalf of the grantor in accordance with the terms specified in the contract. Infrastructure developed/constructed under the Service Concession Arrangement gives right to the operator to reap financial returns therefrom. Appendix D to Ind AS 115 requires the operator to recognise this right as **"Intangible Assets"** and not **property, plant and equipment.** The Company has treated its arrangement with Indian Railways with respect to Project Railway as the Service Concession Arrangement (as per Appendix D to Ind AS 115). Under this

Company's Remarks on the Observations of the Statutory Auditors Report...Contd.

Sr. No.	Ref. No. of Audit Report	AUDITOR'S OBSERVATIONS	MANAGEMENT'S REPLIES
			arrangement, the cost incurred by the company during the development / upgradation of the Project Railway is recognised as "Intangible Assets under Development". On completion of the work, same is reclassified as Intangible assets. **Since, cost of electrification work will result into upgradation of the Project Railway (i.e. from diesel line to electric line), same accounting treatment has been applied for the cost of electrification as being applied in case of other development & upgrading activities on Project Railway. Accordingly, the Company has recognised the cost of electrification work as "Intangible assets under development". On completion of the work, the cost of Electrification will be recognised as Intangible (as part of the cost of the project Assets) in line with Appendix D to Ind AS 115.** **Hence, the above accounting treatment is in conformity with provision of Indian Accounting Standards (Ind AS).**
14.	Point no.6(n) of the"Emphasis of Matter" of the Auditor's Report	Our opinion is according to information and explanation given to us by the management and on the basis of Report on Internal Control Over Financial Reporting (IFCS) issued by Internal Auditors appointed for the purpose of reporting on the Ind AS financial statements. Internal controls are generally commensurate with the size of the Company and nature of its business. However, in certain areas of transactions with Western Railway, according to our opinion, internal control as a continuous process needs further strengthening monitoring and reconciliation of traffic and its diversion. The rationalization of O & M cost, determining the unpaid dues beyond the due dates; the technical verification of estimates; the advance made to Railways for various works and settlement by Western Railway needs improvement.	The following control measures are exiting in the Company. 1. Parallel maintenance of revenue record/ data and reconciliation of revenue with Railways' records to put a check on revenue leakage and to ensure that there is no short payment. 2. Pursual on a continuous basis with the Railways for timely realization of the dues of apportioned freight earnings of the Company. 3. Jointly assessment of the Fixed Cost (Material) both by Railways and PRCL. 4. A process of cross checking of the bills of staff cost by obtaining details of railway staff working on PRCL section. 5. Reconciliation of operating data used in billing of operating costs by WR to the Company on monthly basis to ensure that there is no excess billing by WR to the Company. As a result, the billing process has been improved to a great extent over the years by continuous perusal with railways.

Company's Remarks on the Observations of the Statutory Auditors Report...Contd.

Sr. No.	Ref. No. of Audit Report	AUDITOR'S OBSERVATIONS	MANAGEMENT'S REPLIES
			6. Reconciliation of dues payable to WR for O&M cost based on a regular basis. 7. A system of the periodical status of various deposits works from Railways. 8. A process has been brought in place to seek confirmation to ensure the due diligence carried by railways for their various work proposals. The control measures have been evolved with a rigorous effort made by the company. However, as an ongoing process, the Company has been pursuing with Railway authorities at various levels for its various concerns & issues such as unilaterally deductions/recoveries made by WR e.g. on account of route diversion. However as suggested, necessary steps will further be taken in consultation with railways to further strengthening the control system.
15.	Point no.(i) of Annexure A (CARO Report) to the Auditor's Report	a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. b. The Fixed Assets of the Company have been physically verified by the management and as certified by the Western Railway for the Projects Assets as on 31st March, 2019, no material discrepancies were noticed on such physical verification. c. The title deeds of Immovable Property held in the name of the Company is certified by the management and the intangible assets held in the name of the Company as certified by the management is in terms of the Service Concession Agreement between Ministry of Railways and the Company. According to the information provided to us by GPPL, the Land value aggregating to ₹ 14.70 lacs was registered in the name of the PRCL for getting the rail connectivity from nearest station up to the Pipavav port boundary for which no valid registration document and title to this land has not been made available and hence we have not verified the title to the same.	The audit observation with respect to land value ₹ 14.70 lakhs is based on the disclosure contained in the annual report of GPPL for FY 2017-18. There is no source document available with PRCL evidencing the registration of land in its name which was acquired by Railway for getting the rail connectivity to Pipavav Port. Further, PRCL has been paying lease rent to MOR as per lease agreement between PRCL and MOR for leasing the existing assets (and new land by MOR) to PRCL construction of broad-gauge railway line. Also, GPPL has been requested to examine the same. **In view of the above, there is no implication of the above in the financial statements of the Company.**

Company's Remarks on the Observations of the Statutory Auditors Report...Contd.

<table>
<tr><th>Sr. No.</th><th>Ref. No. of Audit Report</th><th>AUDITOR'S OBSERVATIONS</th><th>MANAGEMENT'S REPLIES</th></tr>
<tr>
<td>16.</td>
<td>Point no. (vii) of Annexure A (CARO Report) to the Auditor's Report</td>
<td>(a). The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues like payment of GST under section 9(3) on RCM basis only to the appropriate authorities and there are some slight delay in few cases of filing GST returns. There are no undisputed amounts outstanding for a period of more than six months from the date they became payable.
(b). According to the information and explanation given to us and records of the company examined by us, there are demands shown on TDS of ₹ 1290/- for the Financial Year 2008-09 and ₹ 26800 for the financial year 2010-11 which is due to error on record pending for rectification. The matter has been taken with relevant authority for rectification which is pending.
(c). There are no cases of dues of Income-tax or sales-tax or service-tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute except the dispute in respect of service tax as under:
<table>
<tr><th>Name of Statute</th><th>Disputed Amount and nature of dues</th><th>Forum where Dispute is pending</th><th>Period to which amount relates to</th></tr>
<tr><td>Service tax</td><td>₹ 7639.48 lakhs</td><td>Principal Commissioner of Service Tax, New Delhi (against Show Cause Notice)</td><td>FY 2009-10 to FY2013-14</td></tr>
<tr><td>Service tax</td><td>₹ 2800.51 lakhs</td><td>Principal Commissioner of Service Tax, New Delhi (against Show Cause Notice)</td><td>FY 2014-15</td></tr>
<tr><td>Service tax</td><td>₹ 7418.19 lakhs (against Show Cause</td><td>Commissioner of Central Tax, Central Excise & Service Tax, Delhi-South Notice)</td><td>April 2015 to June 2017</td></tr>
</table>
</td>
<td>It is submitted that:
1) With respect to amounts of Rs. 1290/- (FY 2008-09) & Rs. 26800 (FY 2010-11), it is mentioned that said amounts are being shown by TRACES system of the tax department, which has arisen due to error in updating information by the TRACES system. The Company has submitted its reply to the department and requested to rectify the error in order to remove the discrepancy. The discrepancies are yet to be removed by the TRACES system. Therefore, factually no demand exists on the Company. This will be further pursued for resolution.

2) With respect to disputed amounts under Service tax, it is submitted that the Company has received Show Cause Notices (SCNs) from service tax authorities in the matter of applicability of service tax on the Company in respect of apportioned freight received by the Company from Railway. Company has not agreed with the department's contention and submitted the detailed reply to SCNs received and requested the adjudicating authorities to withdraw said SCNs. The Company has not received any adjudication order in the matter. Further, the issue was also referred to Ministry of Railways for taking up the case with the Finance Ministry. These facts have been disclosed appropriately at note no 36 in the financial statements of the Company.</td>
</tr>
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INDEPENDENT AUDITORS' REPORT (REVISED)

TO
THE MEMBERS OF
M/s. PIPAVAV RAILWAY CORPORATION LIMITED

This report, revised consequent upon observation of Comptroller and Auditor General of India during the course of their supplementary audit of the financial statements of PIPAVAV RAILWAY CORPORATION LIMITED conducted u/s 143(6)(a) read with section 143(5) of the Companies Act, 2013 ("the Act") for the year ended 31st March 2019, supersedes our earlier report dated 9th May 2019 issued u/s 143 of the Companies Act, 2013.

1. Opinion

We have audited the standalone financial statements of **PIPAVAV RAILWAY CORPORATION LIMITED** ("the Company"), which comprise the balance sheet as at 31st March 2019, Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit/loss, (changes in equity) and its cash flows for the year ended on that date.

2. Basis for Opinion

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

3. Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

4. Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

5. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing (SAs)will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

6. Emphasis of Matters

Attention is drawn to:

(a) Note No. 39 - Railway freight collection is controlled by Indian Railways on daily basis through an integrated online system developed by Central Rail Information System (CRIS), a railway organization. The system generates freight receipt (RR) for movement of container and bulk traffic from first mile to last mile destination. These transactions are initiated, recorded, processed, corrected as necessary and transferred to PRCL through dedicated online portal for arriving at the share of freight, as apportionment of income to PRCL, which books the monthly share of freight as trade receivables and as trade debtors (WR) in their accounts and reported in the Financial Statements. This procedure and system are relied upon by PRCL as user entity. CRIS has provided certificate for complying with their reporting information as per SA 402.

(b) Note no. 27 - The Corporate Social Responsibility Policy (CSR Policy) of PRCL dated 23.01.2015 states the company shall spend, in every Financial Year, at least 2% of the average net profits of the company made during the immediately 3 preceding Financial Years and the said amount shall be transferred to the account of PRCL Fund". The unutilized amount, if any, will not lapse, if not spent in that year and will be carried over to next year which may accumulate. The above CSR fund and the accumulated unspent amount of ₹ 310.05 Lakhs as on 31st March 2019 are now reflected in terms of the revised CSR policy which has not made mandatory to transfer allocated CSR amount in a sperate bank account.

(c) Note no. 4 - The physical verification of the intangibles (amortizable) railway assets of PRCL is conducted by the Bhavnagar division of Western Railways who are the custodian of these assets as per railway rules and regulations. The quantitative details of these assets are maintained in the computerized system of accounting for fixed assets and it is relied upon. PRCL maintains the book value of these assets in its accounts. Reconciliation of these two records based on capitalization of Projects Assets mainly Permanent Ways, Formation, Bridge & Buildings and Plant & Machinery is incomplete to the extent that the impact of the project assets which are partly capitalized and as reflected in the Fixed Asset Register. The assets register does not contain the cost wise break up of individual assets.

(d) Note no. 39- Recovery on account of route diversion of ₹ 1320.37 Lacs is the difference of share of freight between the booked route basis and the carried route basis. The terms of agreement for apportionment of freight is stipulated as per Indian Railways Financial Adjustment Rules but there is no mention to recover the diverted route recovery. In some cases, the diverted distance is lesser than the booked route distance which results in increase in freight has since been considered by Railways in the apportionment of freight. Attention is drawn to the minutes of the meeting of Audit Committee dated 17.04.2017 item no. 9, the decision of the chairman that the company to legally examine the terms of Concession Agreement and pursue with the Railways taking suitable action in the best interest of the company to stop for recoveries on account of route diversion.

(e) Note no. 36 (ii) (b)- PRCL is registered under GST Act for its registered office at New Delhi and registered for its office at Bhavnagar. GST Returns are filed as recipients under GST Rules for both offices. We find that GST Returns do not contain the taxable or taxed portion of freight received from Railways as turnover of the month. As per the information provided by PRCL, there is no obligation to pay GST because apportionment of freight is already taxed in the hands of WR. The share of freight whether taxable in the hands of PRCL is a matter of incidence of GST Law and dependent upon the orders of GST authorities, which is awaited. In that event, of such levy, liability that may arise to PRCL. The company has represented again to the Ministry of Railways vide the representation dated 19th March 2019. There is no significant progress in getting the exemption in GST for the revenue apportionment to PRCL by western railway during the year. In case the exemption is denied it will result in additional liability of demand for GST from 01st July 2017 which is not quantifiable.

(f) Note No. 9- (i) There is an outstanding of ₹ 2938.73 Lacs receivable from Western Railways as on 31.03.2019 which is overdue for recovery on which an interest about ₹ 240 Lacs (Provisional) as per the terms of payment stipulated in the clause 6.2 of the O & M agreement.

Western Railway has not confirmed the outstanding amount of ₹ 2938.73 Lacs and interest leviable thereon.

The matter still resting with the company to obtain decision from the legal point of view as per assurance given to audit in the 51st Meeting of the Audit Committee of the board vide item 3(a) dated 28.07.2017. As such the recovery of interest as applicable, inclusive of previous years, have not been reflected in the Financial Statements.

(ii) The charging of variable cost for operation of the section which is calculated on Gross Tone Kilometers (GTKM) basis including the operation of the empty runs of the wagons in case of Bulk cargoes results in loss of revenue to PRCL which is not quantifiable.

(g) Note no. 9 - GPPL has given confirmation of ₹ 34.91 Lakhs receivables on account of Manpower provided at their Port as on 31st March 2019. Railways have not confirmed the outstanding dues payable/receivable with the reference to the transactions with PRCL during the year.

(h) Note no. 5- We have made such enquiries as we consider necessary for the purpose of appropriately informing us about the contract procedure followed by PRCL in implementing the Railway Electrification project of Pipavav lines approved by Railway Administration. The documents relating to specifications, cost estimate, tender documents, letter of awards etc. are prepared by Central Organization for Railway Electrification (CORE). Allahabad and Ahmedabad divisions, which we have inspected and enquired with the concerned offices of CORE that these are authentic documentary evidences of following the compendium of tender and contracts issued by Railway Board. The letter of awards to Kalpatharu and others were issued by CORE on behalf of PRCL. The latest cost estimate concurred by Finance Division of CORE is ₹ 28947.23 Lacs on which the award is based. The source and terms of financing the project is not yet firmed up by PRCL but utilizing the internal resources/fund available with company to meet payments for invoices of electrification project.

(i) Note no. 38- The insurance claim for loss of project assets of PRCL section of ₹ 636.12 Lacs, against the policy issued by the United India Insurance Company, is still pending since 2015 for settlement. PRCL has complied with all the required documents connected with the claims. As per the claim procedure under IRDA (Protection of Policy Holder Interest) Regulations, 2017 "If there is delay on the part of the Insurer beyond the time lines, the insurer shall pay interest at a rate which is 2% above the bank rate from the last filed documents". The interest on account of delay has not been accounted for and there is no confirmation from insurance company about final payment of claim.

(j) Note No 15: - On 25th July 2018, the company has registered the transfer of its equity shares of 1,20,00,000 having face value ₹ 10 per share (distinct no. from 132000021 to 144000020) held in the name of IL&FS Transportation Networks Limited (ITNL) (Transferor) to IL&FS Financial Services Limited. ITNL has transferred these shares for a consideration of ₹ 54,00,00,000 against the Face value ₹ 12,00,00,000. The required documents for transfer of the above shares have been executed by the Company on request from ITNL. In the Statement of change in Equity for the period ended 31st March 2019, the change has been notified and the Face value of the Transferred shares remained at ₹ 10 per share in the financial of PRCL.

(k) Note no 4- The PRCL assets which were existing at the time of entering into Public to Private Services Concession Agreement, i.e. meter gauge railway line (including Land) were leased by MOR to PRCL. Railway is charging annual lease rental to the company for leased assets which will revert back to MOR without any financial consideration at the end of the concession period. The western railway operates passenger trains on the leased railway lines for which no revenue on account of for passenger freight is specified, except fixing an upper limit for railway coaches/wagons that will be deployed on this line leased to PRCL. During the year, Railways have added more passenger coaches beyond the excess upper limit mentioned in the Agreement. However, PRCL has not raised bill for expenditure incurred and also the portion of passenger freight collected by railways receivable for operating the leased lines. The impact of the unrealized freight is not determined and accounted for during the year.

(l) Note No 39.3: - PRCL raised a claim of ₹ 6463.37 Lacs to GPPL for non -performance of obligation to meet minimum guarantee shortfall, which was put up as recommended, to Onetime settlement committee of BOD. Out of the above amount, ₹ 1890.19 Lacs has been accounted and balance of ₹ 4573.18 Lacs is unaccounted in the books. The settlement Committee and the good faith negotiation committee of BOD formed later have not reached a conclusive settlement of the claims. Moreover, an amount of ₹ 1890.19 Lacs accounted for in the books was considered as doubtful. Thereafter, BOD has approved Conciliation Proceeding and Arbitration Proceedings by appointing an Arbitrator at the level of retired Chief Justice of India and to proceed with the settlement of the claims in tandem. BOD also resolved in 84th meeting held on 24th April 2018 that "all amounts are due as per the provisions of the agreement and GPPL is liable to pay the same. Thus, Board desired the MD to represent the company in the Conciliation Meetings accordingly".

Consequent to the above directives, the decision of the board during one-time settlement in the year 2015, an amount of ₹ 4573.18 Lacs unaccounted so far shall become receivable from GPPL and hence, the same should have been accounted for in the books which has not been done. The amount of '1890.19 Lacs accounted and also considered doubtful is required to be reviewed keeping in view GPPL has made a provision of ₹ 1570.40 Lacs in their books.

The above claim and its proceedings and the accounting of the receivables currently under conciliation proceedings are of transaction of circular nature and invokes conflict of interest within the group.

(m) Note No 5: - PRCL is formed as Public to Private Service Joint Sector Company of MOR and conferred with the rights of "Railway Administration" under the Railway Act and is bound under the service concession Agreement with the MOR for broad gage Railway line from Surender Nagar to Pipavav Project Railway. Upon expiry of the concession agreement in the year 2033, all the assets created in the project area shall be returned back to MOR as per the terms & conditions of the Agreement. These assets are considered as intangible assets as per Railway code of life of assets and the assets to be maintained at serviceable level during the operation by providing for replacements. MOR controls the residual interest of the assets of the project Railway at the end of the concession Agreement.

PRCL during the year has started the implementation of the project electrification of the railway lines of 289 Km as per orders of Ministry of Railway dated 28th November 2016. The work in progress completed at an estimated value of ₹ 6315.27 lacs as per the Technical Report submitted by project authorities is accounted for under the category of Intangible assets. However, the work in progress which will be the property of PRCL, as Property Plant and Equipment category, the company did not account for the same. The project is fully financed by PRCL and Public to Private Service participation is not specified in the concession agreement for electrification of the Railway lines of PRCL, considering the work in progress as Intangible Assets is not in order. As a result of the above, the depreciation chargeable as Intangible Assets and as Property Plant & Equipment Assets category will have varying effect on the Financial of the company.

(n) Our opinion is according to information and explanation given to us by the management and on the basis of Report on Internal Control Over Financial Reporting (IFCS) issued by Internal Auditors appointed for the purpose of reporting on the Ind AS financial statements.

Internal controls are generally commensurate with the size of the Company and nature of its business. However, in certain areas of transactions with Western Railway, according to our opinion, internal control as a continuous process needs further strengthening monitoring and reconciliation of traffic and its diversion. The rationalization of O & M cost, determining the unpaid dues beyond the due dates; the technical verification of estimates; the advance made to Railways for various works and settlement by Western Railway needs improvement.

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

7. Other Matters

PRCL is registered as unlisted Non–Government company as per the Certificate of Registration issued by Registrar of Company, Delhi. The preparation and presentation of Standalone Ind-AS Financial Statements are in accordance with Section 133 of the Companies Act read with relevant rules issued thereunder. We invite reference to the report 2 of the Company's Secretarial Auditors for the year in their report dated 07.04.2019 which is reproduced herein:

"Further, the renewal of the terms of independent directors was kept on hold as the status of company "whether it is joint venture company or

Not" is not clear according to MCA Notification dated 05th July, 2017 and MCA General Circular dated 05th September, 2017. The Board in its meeting on 30.07.2018 has constituted the committee to decide upon the status of the company whether it is a Joint Venture (JV) or not, The Committee in its 2nd meeting held on 26.11.2018 finalized and approved the status of the company as Joint Venture Company and puts its recommendation of committee that company is a joint venture company and accordingly provisions relating to appointment of independent Director, Constitution of Audit Committee and Nomination and Remuneration Committee are not applicable on the company in terms of MCA notification dated 5th and 13th July 2017 and further circular dated 5th September, 2017.

Since Board of Directors has approved the status of company as Joint Venture, constitution of Audit Committee and Nomination Remuneration Company is not required. However, in their absence, the Board of Directors have decided to constitute similar committee viz, Sub- Committee to review the financial statements and Sub-Committee on HR.

Our opinion is not modified in respect of this matter.

8. Report on Other Legal and Regulatory Requirements

As required by Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the **"Annexure A"** statement on the matters specified in paragraph 3 and 4 of the Order.

As required by Section 143(3) of the Act, we report that:

(a). We have sought and obtained all the information and explanations which to the best of our Knowledge and belief were necessary for the purposes of our audit:

(b). In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(c). The Balance sheet, the Statement of Profit and Loss and the Statement of Cash flows and Statement of Changes in Equity dealt by this Report are in agreement with the Books of Accounts;

(d). In our Opinion, the aforesaid Standalone Ind AS financial statements comply with Accounting Standards including Ind AS 115 effective from 01-04-2018 and as specified under Section 133 of the Act, read with relevant rule issued thereunder and amended there on;

(e). On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act;

(f). With respect to adequacy of the internal financial controls over financial reporting of the Company the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**;

(g). With respect to the other matters to be included in the Auditors Report in Accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31st March 2019 on its financial position in its Standalone Ind AS financial statements. Refer Note No. 36 to the Standalone Ind AS financial statements;

ii. The Company has no long-term contracts including derivative contracts as on 31st March, 2019 and no provision as required under the applicable law or Indian Accounting Standards (Ind AS), for material foreseeable losses to the standalone Ind AS financial statements;

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

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended 31st March 2019.

(h). The Comptroller and Auditor General of India has issued revised directions indicating the areas to be examined in terms of sub section (5) of section 143 of the Companies Act, 2013, the compliance for said directions is set out in "**Annexure C".**

For **P.K. Chopra & Co.**
Chartered Accountants
(Firm's Registration No.: 06747N)

CA K.S. Ponnuswami
Partner
Membership No.: 070276

Place: New Delhi

Date: 12.06.2019

"Annexure A" to the Independent Auditor's Report referred to the members of the Company on the standalone Ind AS financial Statements for the year ended 31st March 2019

As required by Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we report that:

As per Clause 3:

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Fixed Assets of the Company have been physically verified by the management and as certified by the Western Railway for the Projects Assets as on 31st March, 2019, no material discrepancies were noticed on such physical verification.

(c) The title deeds of Immovable Property held in the name of the Company is certified by the management and the intangible assets held in the name of the Company as certified by the management is in terms of the Service Concession Agreement between Ministry of Railways and the Company.

According to the information provided to us by GPPL the Land value aggregating to ₹ 14.70 lacs was registered in the name of the PRCL for getting the rail connectivity from nearest station upto the Pipavav port boundary for which no valid registration document and title to this land has not been made available and hence we have not verified the title to the same.

(ii) The Company being an unlisted non-government company dealing in Railway Cargo Traffic with Ministry of Railways do not hold any inventory; as such this clause is not applicable.

(iii) According to the information and explanations given to us, the Company has not granted any loans secured or unsecured to any corporation, firms or other party covered in register-maintained u/s 189 of Companies Act, 2013. Accordingly, clause 3(iii) - (a), (b), (c) of the Order are not applicable.

(iv) According to the information and explanations given to us, the Company has no loans, guarantees and securities, secured or unsecured to any corporation, firms, any other party covered in the register maintained under the provision of Section 185, 186 of the Companies Act, 2013.

(v) According to the information and explanations given to us, the Company has not accepted deposits and not contravened the directives issued by the RBI covered under the provision of Section 73 to 76 or any other provisions of the Companies Act, 2013.

(vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the products/services of the Company, accordingly this clause of the order is not applicable.

(vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues like payment of GST under section 9(3) on RCM basis only to the appropriate authorities and there are some slight delay in few cases of filing GST returns. There are no undisputed amounts outstanding for a period of more than six months from the date they became payable.

According to the information and explanation given to us and records of the company examined by us, there are demands shown on TDS of ₹ 1290/- for the Financial Year 2008-09 and ₹ 26800 for the financial year 2010-11 which is due to error on record pending for rectification. The matter has been taken with relevant authority for rectification which is pending.

(b) There are no cases of dues of Income-tax or sales-tax or service-tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute except the dispute in respect of service tax as under:

Name of Statute	Disputed Amount and nature of dues	Forum where Dispute is pending	period to which amount relates to
Service Tax	₹ 7639.48 lakhs	Principal Commissioner of Service Tax, New Delhi (against Show Cause Notice)	FY 2009-10 to FY2013-14
Service Tax	₹ 2800.51 lakhs	Principal Commissioner of Service Tax, New Delhi (against Show Cause Notice)	FY 2014-15
Service Tax	₹ 7418.19 lakhs (against Show Cause Notice)	Commissioner of Central Tax, Central Excise & Service Tax, Delhi-South	April 2015 to till June 2017

viii) In our opinion and according to the information and explanations given to us, the Company has no loans as on 31st March 2019 and hence not defaulted in repayment of loans or borrowings to Financial Institutions, Bank and Government.

ix) In our opinion and according to the information and explanations given to us, there are no money raised by Initial Public Offer or Further Public Offer (Including debt instruments).

x) In our opinion and according to the information and explanations given to us, no case of any fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

xi) In our opinion and according to the information and explanations given to us, the managerial remuneration has been paid to the managing director of the Company as provided in accordance with the requisite approval mandated by the provision of section 197 read with Schedule V of the Companies Act, 2013.

xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company; and hence there is no liability as specified in the Nidhi Rules 2014.

xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013, wherever applicable and the details have been disclosed in the Ind AS financial statements as required by the Indian Accounting Standards.

xiv) In our opinion and according to the information and explanations given to us, during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transaction with directors or persons connected with him as required u/s 192 of the Companies Act, 2013.

xvi) In our opinion and according to the information and explanations given to us, the Company is not required to register u/s 45(1A) of the Reserve Bank of India Act, 1934.

For P. K. CHOPRA & Co.
Chartered Accountants
Firm's Registration No. 06747N

Sd/-
CA K.S. Ponnuswami
Partner
Membership No. 070276
Place: New Delhi
Date: 12.06.2019

"Annexure B" to the Independent Auditors' Report of even date to the members of PIPAVAV RAILWAY CORPORATION LIMITED on the standalone financial statements for the year ended 31 March 2019

Report on the internal financial control under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **PIPAVAV RAILWAY CORPORATION LIMITED** ("the Company") as of 31 March 2019 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, read with our Independent Auditor's Report, item No. 6(n) of " Emphasis of matters" of the report of even date on the standalone financial statements.

For P. K. Chopra & Co.
Chartered Accountants
Firm's Registration No. 06747N

Sd/-
CA K.S. Ponnuswami
Partner
Membership No. 070276
Place: New Delhi
Date: 12.06.2019

"Annexure C" to the Independent Auditors' Report:

Refer to Paragraph 8(h) under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of PIPAVAV RAILWAY CORPORATION LIMITED ("the Company") on the standalone Ind AS financial statements of the Company for the financial year ended on 31st March 2019

We have conducted the audit of accounts of **PIPAVAV RAILWAY CORPORATION LIMITED** for the year ended 31st March 2019 in accordance with the directions/sub directions issued by the Comptroller and Auditor General of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with all directions / sub directions issued to us. The Compliance Report on the Directions u/s 143(5) of the Companies Act, 2013 for the year ended 31st March, 2019 is submitted as under:

Sr. No.	Directions	Our Report
1	**Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.**	The Accounting software (Tally. ERP 9) is used for financial accounting. In addition, Fright Operating Information System (FOIS) maintained by Centre For Railway Information Systems (CRIS) is used under an agreement entered with CRIS to account for the apportioned freight earning of PRCL.
2	**Whether there is any restructuring of an existing loan or cases of waiver/write off of debs/loans/interest etc. made by a lender to the company due to company's inability to repay the loan? If yes, the financial impact may be stated.**	Not applicable.
3	**Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.**	Not applicable.

For P. K. Chopra & Co.
Chartered Accountants
Firm's Registration No. 06747N

Sd/-
CA K.S. Ponnuswami
Partner
Membership No. 070276
Place: New Delhi
Date: 12.06.2019

Confidential/गोपनीय

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

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

संख्या:पीडीए / आरसी / Accounts Audit/पीपावाव / 53-6 / 2019-20/138 दिनांक : 14.06.2019

सेवा में,

प्रबंध निदेशक,
पीपावाव रेलवे कारपोरेशन लिमिटेड
नई दिल्ली

विषयः 31 मार्च 2019 को समाप्त वर्ष के लिए पीपावाव रेलवे कारपोरेशन लिमिटेड के वित्तीय विवरणों पर कम्पनी अधिनियम २०१३ की धारा 143 (6)(इ) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियां ।

महोदय,

मैं, **पीपावाव रेलवे कारपोरेशन लिमिटेड** के 31 मार्च 2019 को समाप्त वर्ष के लिए **पीपावाव रेलवे कारपोरेशन लिमिटेड** के वित्तीय विवरणों पर कम्पनी अधिनियम २०१३ की धारा 143 (6)(b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियां अग्रेषित कर रहा हूँ ।

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

संलग्नः यथोपरि ।

भवदीय,

बि. आर. मं.
14/6/19
(बि. आर. मंडल)
प्रधान निदेशक / आर.सी.

4, दीनदयाल उपाध्याय मार्ग, नई दिल्ली–110002
4,DEEN DAYAL UPADHYAYA MARG NEW DELHI-110002

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF PIPAVAV RAILWAY CORPORATION LIMITED, FOR THE YEAR ENDED 31 MARCH 2019.

The preparation of financial statements of **PIPAVAV RAILWAY CORPORATION LIMITED,** for the period ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 12.6.2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **PIPAVAV RAILWAY CORPORATION LIMITED** for the period ended 31 March 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

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

Place: New Delhi
Date: 14 June, 2019

14/6/19
(B. R. Mondal)
Principal Director of Audit
Railway Commercial, New Delhi

BALANCE SHEET AS AT 31st MARCH, 2019

(Amount in ₹ lakhs)

	Particulars	Note No.	As at 31st March, 2019	As at 31st March, 2018
I.	**ASSETS**			
1	**Non-current assets**			
	(a) Property, Plant and equipment	3	**70.42**	65.49
	(b) Other Intangible assets	4	**13,881.64**	14,784.50
	(c) Intangible assets under development	5	**6,359.05**	23.48
	(d) Financial Assets			
	(i) Others	6	**12,073.83**	9,916.13
	(e) Deferred Tax Assets	7	**8,258.88**	6,951.52
	(f) Other non-current assets	8	**516.76**	514.24
2.	**Current assets**			
	(a) Financial Assets			
	(i) Trade Receivables	9	**2,979.93**	5,237.42
	(ii) Cash and cash equivalents	10	**3,607.15**	96.37
	(iii) Bank Balances other than (ii) above	11	**16,290.51**	17,125.70
	(iv) Others	12	**963.42**	801.00
	(b) Current Tax Assets (Net)	13.1	**689.58**	606.68
	(c) Other current assets	14	**766.11**	179.49
	TOTAL ASSETS		**66,457.28**	56,302.02
II.	**EQUITY AND LIABILITIES**			
1.	**Equity**			
	(a) Equity Share Capital	15	**19,600.00**	19,600.00
	(b) Other Equity	16	**37,518.15**	30,138.00
2.	**Liabilities**			
	Non-current liabilities			
	(a) Long Term Provisions	17	**3,399.76**	2,495.37
	(b) Deferred tax liabilities	13.2	**2,187.06**	2,169.78
	Current liabilities			
	(a) Financial Liabilities			
	Trade payables			
	(i) Total outstanding dues of micro enterprises and small enterprises	18.1.1	**-**	-
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	18.1.2	**2,873.68**	1,824.61
	(iii) Others	18.2	**852.33**	53.61
	(b) Other Current liability	19	**23.77**	18.38
	(c) Provisions	20	**2.53**	2.27
	TOTAL EQUITY AND LIABILITIES		**66,457.28**	56,302.02

The accompanying Notes are integral Part of Financial Statements.

As per our report of even date attached

For **P. K. Chopra & Co.**
Chartered Accountants
Firm's Regn. No.: 06747N
Sd/-
CA K. S. Ponnuswami
Partner
Membership No. : 070276

Place: New Delhi
Date: 9th May, 2019

For & on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-
Sanjiv Garg	**Santosh Breed**	**A.K. Srivastava**
Managing Director	Director	Director
DIN: 00682084	DIN: 08011070	DIN : 08187918

Sd/-
Vinod Kumar
Chief Financial Officer

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

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2019

(Amount in ₹ lakhs)

	Particulars	Note No.	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
	Revenue :			
I.	Revenue from operations	21	**29,109.31**	20,135.36
II.	Other income	22	**2,258.88**	1,648.25
III.	**Total Revenue (I + II)**		**31,368.19**	**21,783.61**
IV.	**Expenses:**			
	Operating and Other expenses	23	**20,529.91**	12,447.42
	Employee benefits expenses	24	**405.66**	377.02
	Finance costs	25	**165.31**	106.47
	Depreciation and amortization	26	**925.02**	924.28
	Corporate Social Responsibility (CSR) expenses	27	**106.18**	150.88
	Total Expenses (IV)		**22,132.08**	14,006.07
V.	**Profit/loss Before exceptional items and Tax (III - IV)**		**9,236.11**	7,777.54
VI.	Exceptional items		-	-
VII.	Profit/(Loss) before tax (V - VI)		**9,236.11**	7,777.54
VIII.	Tax expense:			
	(i) Current tax			
	- For the year	13.3	**1,964.80**	1,634.62
	- For earlier years (net)	13.3	-	-
	(ii) Deferred tax (net)	13.3	**17.28**	(5.51)
	(iii) Mat Credit Entitlement (net of reversal)	13.3	**(1,307.36)**	(1,369.15)
IX	**Profit/(loss) for the period from continuing operation (VII - VIII)**		**8,561.39**	7,517.58
X	Profit/(loss) from discontinued operations		-	-
XI	Tax Expense of discontinued operations		-	-
XII	Profit/(loss) from discontinued operations (after tax) (X-XI)		-	-
XIII	**Profit/(loss) for the period (IX+XII)**		**8,561.39**	7,517.58
XIV	**Other Comprehensive Income**			
	A. Items that will not be reclassified to profit and loss			
	Re-measurement of defined employee benefit plans [Gain/(Loss)]	28	**0.26**	(7.70)
	Income Tax relating to Items that will not be reclassified to profit and loss	13.4	**(0.06)**	1.64
	B. Items that will be reclassified to profit and loss			
	Income Tax relating to Items that will be reclassified to profit and loss		-	-
XV	**Total Comprehensive Income for the period (XIII +XIV) (Profit and Other Comprehensive Income for the period)**		**8,561.59**	7,511.52
XVI.	Earnings Per Equity Share: (For Continuing Operation)			
	(1) Basic (₹)	29	**4.37**	3.84
	(2) Diluted (₹)	29	**4.37**	3.84
XVII.	Earnings Per Equity Share: (For discontinuing Operation)			
	(1) Basic (₹)		-	-
	(2) Diluted (₹)		-	-
XVIII.	Earnings Per Equity Share: (For discontinued and continuing Operation)			
	(1) Basic (₹)	29	**4.37**	3.84
	(2) Diluted (₹)	29	**4.37**	3.84

The accompanying Notes are integral Part of Financial Statements.

As per our report of even date attached

For **P. K. Chopra & Co.**
Chartered Accountants
Firm's Regn. No.: 06747N
Sd/-
CA K. S. Ponnuswami
Partner
Membership No. : 070276

Place: New Delhi
Date: 9th May, 2019

For & on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-
Sanjiv Garg	**Santosh Breed**	**A.K. Srivastava**
Managing Director	Director	Director
DIN: 00682084	DIN: 08011070	DIN : 08187918

Sd/-
Vinod Kumar
Chief Financial Officer

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

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31st MARCH, 2019

(Amount in ₹ lakhs)

	Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax & exceptional items	**9,236.11**	**7,777.54**
	Adjustments for		
	Dividend Paid (including Dividend Distribution Tax paid thereon)	**(1,181.44)**	-
	Depreciation and amortization	**925.02**	924.28
	Finance costs	**165.31**	106.47
	Interest earned	**(2,257.69)**	(1,644.90)
	Unwinding of discount on security deposits	**(1.09)**	(1.52)
	Profit on sale of property, plant and equipment	**(0.08)**	(1.69)
	Loss on disposed/written off of sundry asset items	**0.08**	-
	Other Comprehensive Income (net of taxes)	**0.21**	(6.06)
	Operating profit before changes in operating assets and liabilities	**6,886.43**	**7,154.12**
	Adjustments for:		
	Decrease / (Increase) in Trade Receivables / Loans and Advances	**2,257.49**	1,237.42
	Decrease / (Increase) in other current financial assets	**(162.42)**	(210.96)
	Decrease / (Increase) in other current Assets	**(586.62)**	(41.34)
	Decrease / (Increase) in other non current assets	**(2.52)**	0.11
	Decrease / (Increase) in Other non current financial assets	**2.60**	(1.49)
	(Decrease) / Increase in Current Trade Payables	**1,049.06**	(181.92)
	(Decrease) / Increase in Other Financial Liabilities	**798.72**	28.15
	(Decrease) / Increase in Other Current Liabilities	**5.39**	6.13
	Changes in Long Term Provisions	**904.40**	879.67
	Changes in Short Term Provisions	**0.26**	0.59
		4,266.36	**1,716.36**
	Cash generated from operation	**11,152.79**	8,870.48
	Income Tax Paid (net of refund received)	**2,047.70**	1,841.80
	Total Cash generated from Operating Activities	**9,105.09**	**7,028.68**
B.	**Cash Flow From Investing Activities**		
	Purchase of Property plant and equipment & Intangible Assets (net after non cash adjustments)	**(6,363.37)**	(71.24)
	Sale of Property, Plant & Equipment	**0.70**	1.69
	Interest Receivable	**2,257.69**	1,644.90
	Changes in Other Bank Balances	**(1,325.11)**	(8,926.49)
	Net Cash used in Investing Activities	**(5,430.09)**	**(7,351.14)**

C.	**Cash flow from Financing Activities**		
	Finance costs (see foot note 2 below)	**(165.31)**	(106.47)
	Unwinding of discount on security deposits	**1.09**	1.52
	Net Cash generated from Financing Activities	**(164.22)**	**(104.95)**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**3,510.78**	(427.41)
	Opening Cash & Cash Equivalents	**96.37**	523.78
	Closing Cash & Cash Equivalents	**3,607.15**	**96.37**
	Closing Cash & Cash Equivalents comprises of		
	(i) Balances with banks:		
	– On current accounts	**1,606.97**	34.29
	– Deposits with original maturity of less than three months or less	**2,000.00**	62.00
	(ii) Cash in Hand	**0.18**	0.08
	Closing Cash & Cash Equivalents	**3,607.15**	**96.37**

1. The Cash Flow Statement has been prepared under the Indirect method as set out in Ind AS-7 on Cash Flow Statement notified by the Ministry of Corporate Affairs, Government of India under the Companies Act, 2013.
2. Finance cost under the head "Cash flow from financing activities" represents the provisioning of the interest to reflect increase in Resurfacing Obligations due to passage of time. Therefore, this is a non-cash financial item. There has been no material impact on the reporting of the Cash Flow Statement on adoption of the Amendment to Ind AS 7.
3. Previous year's figures are reclassified/regrouped to confirm and make them comparable with those of the current year.

The accompanying Notes are integral Part of Financial Statements.

As per our report of even date attached

For **P. K. Chopra & Co.**
Chartered Accountants
Firm's Regn. No.: 06747N
Sd/-
CA K. S. Ponnuswami
Partner
Membership No. : 070276

Place: New Delhi

Date: 9th May, 2019

For & on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-
Sanjiv Garg	**Santosh Breed**	**A.K. Srivastava**
Managing Director	Director	Director
DIN: 00682084	DIN: 08011070	DIN : 08187918

Sd/-	Sd/-
Vinod Kumar	**Leena Narwal**
Chief Financial Officer	Company Secretary
	M. No. : A20516

Statement of changes in Equity for the period ended 31st March 2018

A. Equity share capital *(Amount in ₹ Lakhs)*

Balance at the beginning of the reporting period	Change in Equity Share Capital during the year	Balance at the end of the Reporting period
19600.00	—	19600.00

B. Other Equity *(Amount in ₹ Lakhs)*

Particulars	Reserve & Surplus		Other Comprehensive Income	Total
	Depreciation Reserve Fund	Retained Earnings		
Balance at the beginning of the reporting period	**2,000.00**	**20,626.48**	**-**	**22,626.48**
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the reporting period	2,000.00	20,626.48	-	22,626.48
Profit for the year	-	7,517.58	-	7,517.58
Other Comprehensive Income (net of taxes)	-	(6.06)	-	(6.06)
Dividend (including Interim Dividend) paid during the year	-	-	-	-
Dividend Distribution Tax paid on Dividend	-	-	-	-
Transfer to Depreciation Reserve Fund	-	-	-	-
Any Other change(to be specified)	-	-	-	-
Balance at the end of the year	**2,000.00**	**28,138.00**	**-**	**30,138.00**

*Depreciated Reserve Fund represents profits allocated for replacement of project assets at the end of codal life.

The accompanying notes are integral part of financial statements.

As per our report of even date attached
For **P. K. Chopra & Co.**
Chartered Accountants
Firm's Regn. No.: 06747N
Sd/-
CA K. S. Ponnuswami
Partner
Membership No. : 070276

Place: New Delhi
Date: 9th May, 2019

For & on behalf of the Board of Directors

Sd/-
Sanjiv Garg
Managing Director
DIN: 00682084

Sd/-
Santosh Breed
Director
DIN: 08011070

Sd/-
A.K. Srivastava
Director
DIN : 08187918

Sd/-
Vinod Kumar
Chief Financial Officer

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

Statement of changes in Equity for the period ended 31st March 2019

A. Equity share capital

(Amount in ₹ Lakhs)

Balance at the beginning of the reporting period	Change in Equity Share Capital during the year	Balance at the end of the Reporting period
19600.00	—	19600.00

*During the current financial year, one of the shareholders M/s IL&FS Transportation Networks Limited has transferred all the 120 Lakhs Equity shares (of face value of ₹ 10 /- each) held by it in the Company to M/s IL&FS Financial Services Limited for a consideration of ₹ 5400 Lakhs. Accordingly, the Company has taken effect of transfer in the shareholders' register and has made endorsement in the share certificate. As a result of this, there is no impact on the financial statements of the Company. Further, there is no change in the total equity shares of the Company during the current year.

B. Other Equity

(Amount in ₹ Lakhs)

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

***Depreciated Reserve Fund represents profits allocated for replacement of project assets at the end of codal life.

The accompanying notes are integral part of financial statements.

As per our report of even date attached

For **P. K. Chopra & Co.**
Chartered Accountants
Firm's Regn. No.: 06747N
Sd/-
CA K. S. Ponnuswami
Partner
Membership No. : 070276

Place: New Delhi
Date: 9th May, 2019

For & on behalf of the Board of Directors

Sd/-
Sanjiv Garg
Managing Director
DIN: 00682084

Sd/-
Santosh Breed
Director
DIN: 08011070

Sd/-
A.K. Srivastava
Director
DIN : 08187918

Sd/-
Vinod Kumar
Chief Financial Officer

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

PIPAVAV RAILWAY CORPORATION LIMITED

NOTES FROM 1 TO 46 FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS OF THE COMPANY

1. COMPANY INFORMATION

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

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

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

The financial statements are authorized for issue in accordance with a resolution of the Board of Directors on 9th May 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

2.1.1. The financial statements for the year ended 31st March 2019 have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as "Ind-AS") as notified by the Ministry of Corporate Affairs, Government of India, pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant amendment rules issued thereafter. These financial statements for the year ended 31st March 2019 are the Ind AS compliant financial statements of the Company. The Company has adopted Ind-AS for preparation of the financial statements for the year started from 1st April, 2016 and onwards.

2.1.2. For all periods, up to and including the year ended 31st March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013 read with paragraph 7 of the Companies (Accounts) Rules, 2014 (herein after referred to as "previous GAAP"). Accordingly, financial statements for the year 31st March 2016 and the opening Balance sheet as at 1st April, 2015 (Transition Date) had been restated in accordance with Ind AS for comparative information purpose in preparation and presentation of the company's first Ind AS compliant financial statements.

2.1.3. The financial statements have been prepared ongoing concern basis and under the historical cost convention on accrual basis. However, following items are measured at fair value as required by relevant Ind-AS.

I. Defined benefit Plan and other long-term employee benefits as per Ind AS-19
II. Certain financial assets and liabilities measured at fair value.

2.1.4. Accounting policies have consistently been applied except where a newly issued accounting standard is initially adopted or a revision to existing accounting standards requires a change in the accounting policy, herein after in use.

2.1.5. **Operating Cycle:** In preparation of the financial statements of the Company, a period of twelve (12) months has been considered as normal operating cycle. Based thereon, the Company has classified assets and liabilities as current/ non-current. The assets and liabilities which are expected to be realized or settled within the operating cycle are classified as current. In case the assets/ liabilities are expected to be realized/ settled beyond the normal operating cycle are classified as non-current.

2.2 Use of Estimates

2.2.1. The preparation of financial statements in conformity with Ind AS requires management to make estimates judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets, liabilities, disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of income and expenses during the period. Such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans and estimated useful life of property, plant and equipment, provisions, contingent liabilities and assets etc. Actual results could differ from these estimates.

2.2.2. Estimates and underlying assumptions are reviewed on an ongoing basis. Future and actual results could differ due to changes in these estimates. Appropriate revision is made in these estimates considering the change in the surrounding circumstances known to management. Any revision to accounting estimates is recognized in the period in which such revision takes place.

2.2.3. All financial information are presented in Indian rupees and all values are rounded to the nearest lakh rupees with two decimal points except where otherwise stated.

2.3 Statement of Cash Flow

2.3.1. Cash flows are reported using the Indirect Method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated as per Ind AS-7.

2.3.2. For the purpose of presentation in the Statement of Cash Flow, cash and cash equivalents include cash on hand, deposits held at call with banks and financial institutions, other short term, highly liquid investment with original maturity of three months or less that are readily convertible to the known amount of cash and which are subject to insignificant risk of change in value.

2.3.3. The Company adopted the amendments to Ind AS 7 which have been effective from April 1, 2017. The amendments require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of the amendment did not have any material impact on the financial statements.

2.4 Foreign Currency

2.4.1. **Functional and presentation currency**

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

2.4.2. **Transactions and translations**

I. Transactions in foreign currencies are recorded at the rate of exchange prevailing at the time the transactions are effected. Exchange differences arising on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss.

II. Monetary items denominated in the foreign currency are stated and converted into Indian rupees using the exchange rate prevailing at the date of Balance Sheet and resulting exchange difference is recognized in Statement of Profit and Loss.

2.5 Property, Plant & Equipment and Depreciation

2.5.1. **Property plant & equipment**

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

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

III. Gains or losses are recognized in the Statement of Profit and Loss on sale or disposal of assets.

2.5.2. **Transition to Ind AS**

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

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

I. Depreciation on property, plant & equipment is provided using Straight Line Method (SLM) over the useful life of the assets as specified in Schedule II of the Companies Act, 2013. In case of addition to/transfer of asset, depreciation is charged on pro-rata basis from the date of addition/transfer.

II. Each part of an item of Property, Plant & Equipment is depreciated separately if the cost of that part is significant in relation to the total cost of the item and useful life of that part is different from the useful life of asset.

III. Depreciation method, useful life and residual value are reviewed at each reporting date. In case of revision, the un-amortized depreciable amount is depreciated on a prospective basis.

IV. The estimated useful life of assets for current and comparative period of significant items of property plant & equipment are as follows:

Particulars	**Useful Life (in years)**
Plant & Machinery (office equipment, telephone, mobile equipment)	5
Plant & Machinery (computers)	3
Vehicles	8 -10
Furniture & fixtures	10
Electrical Installation and equipment	10

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

2.6 Intangible Assets

2.6.1. **Freight Sharing Rights (Railway Line under Concession Agreement)**

I. The Company has constructed Project Railway (i.e. Broad Gauge railway line from Surendranagar to Pipavav in the State of Gujarat) under Concession Agreement which gives right of freight sharing to the Company. This right is recognized as intangible asset in accordance with Ind AS 38, as per the requirement of Appendix D to Ind AS 115.

II. These intangible assets are initially recognized at cost incurred by the Company (i.e. construction cost) which is reckoned as the fair value of the service provided including costs directly attributable to the commissioning of the project.

III. Subsequent to initial recognition, the intangible asset is stated at cost less accumulated amortization and accumulated impairment losses (if any).

IV. These assets are equally amortized prospectively (from transition date) over the remaining useful life using the Straight-Line Method. The useful life is the concession period of thirty-three years.

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

2.6.2. **Other intangible assets**

I. Other intangible assets are recognized when it is probable that future economic benefits that are attributable to asset will flow to the Company and cost of asset can be measured reliably.

II. Subsequent expenditures incurred on the asset to maintain and to restore it at its serviceable level, which do not result in capacity enhancement over assessed capacity are recognized to the Statement of Profit and Loss. Expenditures incurred to upgrade the asset which give rise to future economic benefits are capitalized as intangible asset in accordance with Ind AS 38.

III. These assets are stated at cost less accumulated amortization and impairment loss (if any). These assets are equally amortized prospectively (from transition date) over the remaining useful life using the Straight Line Method.

IV. The assets which are having definite/determinable life are amortized over the said definite/determinable life. Assets which are having indefinite life or whose life is not determinable are amortized over the maximum period of ten years.

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

VI. Non-revenue generating expenses such as website cost are charged to Statement of Profit and Loss in the year in which such expenses are incurred in accordance with Ind AS 38.

2.6.3. **Transition to Ind AS**

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

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

2.7 Intangible Assets under Development

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

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

2.8 Leases

2.8.1. **Finance Lease**

Leases which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the interest rate implicit in the lease. Finance charges are recognized as borrowing costs in the statement of profit and loss.

2.8.2. **Operating Lease**

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

2.9 Impairment of Non-Financial Assets

In accordance with Ind AS-36 on Impairment of Assets, 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 Fair Value less cost to sell and the value in use. An impairment loss is recognized in Statement of Profit and Loss whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount and such losses either no longer exists or has decreased. Reversal of impaired loss is recognized in the Statement of Profit and Loss.

2.10 Borrowing Cost

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

2.11 Revenue Recognition

I. Revenue from Contracts with Customers

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

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

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

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

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

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

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

2.12 Employee Benefits

2.12.1. **Short Term Employee Benefits**

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

2.12.2. **Post Employment Benefits**

I. **Defined Contribution Plan:**

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

II. **Defined Benefit Plans:**

a) **Gratuity**:

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

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

b) **Other Long Term Benefits:**

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

2.13 Taxes

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

2.13.1. **Current Income Tax**

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

II. The Company offsets the current tax assets and the current tax liabilities where it is legally enforceable right to set off the recognized amount and where it intends either to set off the recognized amounts and where it intends either to settle on net basis.

III. Current tax related to Other Comprehensive Income (OCI) items is recognized in Other Comprehensive Income (OCI).

2.13.2. **Deferred Tax**

I. Deferred tax assets and liabilities are recognized for all temporary differences between tax base of assets and liabilities and their carrying amount in financial statements. Deferred tax is computed using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date (reporting date).

II. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

III. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilized.

IV. Deferred tax related to Other Comprehensive Income (OCI) items is recognized in Other Comprehensive Income (OCI).

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

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

2.14 Earnings per Share

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

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

2.15 Provisions

2.15.1 Provisions are recognized when there is a present obligation, legal or constructive, as a result of a past event, that can be reliably estimated, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in accordance with Ind AS 37.

2.15.2 Contractual obligations to restore and maintain the Project Railway at its serviceability level, except for any upgrade element, is recognized and measured in accordance with Ind AS 37 (read with Appendix D to Ind AS 115).

2.15.3 Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the end of each reporting date. Where the time value of the money is material, the amount of provision is recognized at its present value; that would be required to settle the present obligation, using pre-tax discount rate that reflects the current market assessment of the time value of the money and risks specific to the liability. Time value of money for the obligations which are expected to be settled within a period of twelve months are considered immaterial.

2.15.4 Provisions are reviewed at each Balance Sheet date. The increase in the provision due to the passage of time is recognized as interest expense.

2.16 Government Grants

2.16.1 Grants from the government are recognized at their fair value where there is a reasonable assurance that grants will be received and the Company will comply with all attached conditions.

2.16.2 Grants in aid of the nature of promoter's contribution are treated as contribution from equity holder(s) and accordingly, are recognized as part of equity.

2.16.3 Government grants relating to purchase, acquisition or development of property, plant & equipment and intangibles assets are included in the non-current liability as deferred income and credited to Profit and Loss over the expected life of related assets and presented in other income.

2.16.4 Government grants relating to revenue expenditure are recognized as deferred income. The same are subsequently recognized in Profit and Loss over the period necessary to match them with the cost they are intended to compensate the expenditure and presented in other income.

2.16.5 Government grants in the form of non-monetary asset, if any are recognized at fair value and presented in Balance Sheet by setting up the grant as deferred income.

2.17 Contingent Liabilities and contingent Assets

2.17.1 Contingent Liabilities are disclosed in either of the following cases:

I. A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation; or

II. A reliable estimate of the present obligation cannot be made; or

III. A possible obligation, unless the probability of outflow of resource is remote.

2.17.2 Contingent Liabilities and Provisions needed against Contingent Liabilities and Contingent Assets are reviewed at each Reporting date. Contingent Liabilities are net of estimated provisions considering possible outflow on settlement.

2.17.3 Contingent assets are disclosed where an inflow of economic benefits is probable.

2.18 Dividend to equity holders

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

2.19 Financial Instruments

2.19.1 **Initial recognition and measurement**

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

2.19.2 **Subsequent measurement**

I. **Financial Assets**

Financial assets are classified in following categories:

a) At Amortised Cost

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

Following financial assets are measured at amortised cost:

(i) Trade receivables,
(ii) Security Deposits,
(iii) Loans & Advances,
(iv) Cash & Cash equivalents and
(v) Other Current Financial Assets.

b) Fair Value through Other Comprehensive Income

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

c) Fair Value Through Profit and Loss

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

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

II. **Financial Liabilities**

a) **Financial liabilities at Amortised Cost**

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

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

The Company has not designated any financial liabilities at FVTPL.

2.19.3 **Derecognition**

I. **Financial Asset**

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

II. **Financial Liability**

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

2.19.4 **Impairment of financial assets:**

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

2.19.5 **Financial instruments measured at Fair Value**

I. Company measures certain financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or

(b) In the absence of a principal market, in the most advantageous market for the asset or liability.

II. The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

2.20 Events occurring after Balance Sheet Date

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

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

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

If the criteria stated by Ind AS 105 “Non-current Assets Held for Sale and Discontinued Operations” are no longer met, the disposal group ceases to be classified as held for sale, are adjusted for depreciation that would have been recognized had that asset not been classified as held for sale. Non-current asset that ceases to be classified as held for sale are measured at the lower of

(i) its carrying amount before the asset was classified as held for sale and

(ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

2.22 Service Concession Arrangement

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

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

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

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

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

(i) The MOR (the grantor) controls/ regulates what services the Company (operator) should provide with the Project Railway (i.e. infrastructure) and to whom it must be provided,

(ii) MOR controls the price to be charged to the customers and

(iii) Also, MOR controls residual interest in the infrastructure at the end of the term of the arrangement.

Under the Concession agreement, the Company has freight sharing right in respect of freight earnings generated from freight operation on the Project Railway. This right is recognized as intangible asset and is amortised. The term of Concession agreement is 33 (Thirty-Three) years. In case of material breach in terms of the agreement, MOR and PRCL both have the right to terminate the agreement, if they are not able to cure the event of default in accordance with such agreement. Concession agreement also provides that, after the expiry of the concession period, if MOR opts to grant a fresh concession in respect of Project railway, PRCL shall, all other things being comparable, have the first right to be awarded new concession.

Depreciated Replacement Value (DRV):

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

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

The assets which were existing at the time of entering into Concession agreement, i.e. meter gauge railway line (including land) were leased by MOR to the Company. Railways charge annual lease rental to the Company for leased assets. Assets so leased to the Company shall revert back to MOR without any financial consideration at the end of concession period.

Concession agreement provides that, upon expiry of 33 (Thirty-Three) years of operation in case of material disruption of operation and maintenance occurred during the concession period, the Concession period shall be extended by an equal period of time which corresponds to the period for which material disruption of operation and maintenance occurred during the concession period.

In case of material breach in terms of the agreement, MOR and PRCL both have the right to terminate the agreement, if they are not able to cure the event of default in accordance with such agreement.

Resurfacing Cost:

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

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

2.23.1 **Appendix B to Ind AS 21, Foreign currency transactions and advance consideration**

On March 28, 2018, the Ministry of Corporate Affairs ('the MCA') notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment has come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

2.23.2 **Ind AS 115, Revenue from Contract with Customers:**

On March 28, 2018, Ministry of Corporate Affairs, Government of India notified the Ind AS 115- "Revenue from the Contracts with Customers". The Company has adopted Ind AS 115 in preparation of financial statements w. e. f. 1st April 2018. Ind AS 115 requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard provides a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. The revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under Ind AS 115, the Company recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

As per the transitional provisions of Ind AS 115, the either of following two methods has been given for initially application of Standard:

(a) Retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Change in Accounting Estimates and Errors. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application;

(b) Retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

In preparation of financial statements, the Company has applied the cumulative catch-up transition method and accordingly, comparatives for the year ending or ended March 31, 2018 have not been retrospectively adjusted. The Company has evaluated the impact of the standard on the financial position and results of operations. The cumulative impact of the implementation related to the period up-to 31st March, 2018, if any has been shown by way of adjustment in the opening balance of the Equity as on 1st April 2018.

The financial effect on adoption of Ind AS 115 is insignificant.

2.24. Standards issued but not yet effective upto the date of Financial Statements

The amendments to existing standards and issuance of new standards, which have not been effective up to the date of the Company's financial Statements are disclosed below. The Company intends to adopt these amendments (including new standards), to the extent applicable, when they become effective.

Ministry of Corporate Affairs (MCA), Government of India has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 and has issued the following standard:

Indian Accounting Standard (Ind AS) 116 "Leases": On 30th March, 2019, MCA has notified the Ind AS 116 "Leases". The objective of the Standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

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

I. Retrospectively to each prior reporting period presented applying Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors; or

II. Retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application

The effect on adoption of Ind AS 116 on the financial statements is under examined.

Ind AS 116 supersedes the existing Ind AS 17 "Leases" w.e.f. 1st April 2019. The effective date for adoption of Ind AS 116 is 1st April 2019. Accordingly, the Company will adopt Ind AS 116 for the financial reporting for the period from 1st April 2019 and onward in respect to the leases, to the extent applicable.

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

Particulars	Plant & Machinery	Furniture & Fixture	Vehicles	Electrical Installation & Equipment	Total
Property, Plant and Equipment					
(1st April 2017 to 31st March 2018)					
Cost					
At 1st April 2017	**19.38**	**9.98**	**83.02**	**4.37**	**116.75**
Additions	5.05	-	31.78	-	36.83
Disposals/Adjustments	(1.02)	-	(20.56)	-	(21.58)
At 31st March 2018	**23.41**	**9.98**	**94.24**	**4.37**	**132.00**
Accumulated Depreciation and impairment					
At 1st April 2017	**15.09**	**5.58**	**53.01**	**0.77**	**74.45**
Depreciation charge for the year	4.59	0.59	8.02	0.44	13.64
Impairment	-	-	-	-	-
Disposals/Adjustments	(1.02)	-	(20.56)	-	(21.58)
At 31st March 2018	**18.66**	**6.17**	**40.47**	**1.21**	**66.51**
Net book value At 31st March 2018	**4.75**	**3.81**	**53.77**	**3.16**	**65.49**
Property, Plant and equipment					
(1st April 2018 to 31st March 2019)					
Cost					
At 1st April 2018	**23.41**	**9.98**	**94.24**	**4.37**	**132.00**
Additions	1.15	-	18.24	-	19.39
Disposals/Adjustments	(2.25)	(0.08)	(0.27)	-	(2.60)
At 31st March 2019	**22.31**	**9.90**	**112.21**	**4.37**	**148.79**
Accumulated Depreciation and impairment					
At 1st April 2018	**18.66**	**6.17**	**40.47**	**1.21**	**66.51**
Depreciation charge for the year	3.08	0.59	9.37	0.44	13.48
Impairment	-	-	-	-	-
Disposals/Adjustments	(1.54)	(0.08)	-	-	(1.62)
At 31st March 2019	**20.20**	**6.68**	**49.84**	**1.65**	**78.37**
Net book value At 31st March 2019	**2.11**	**3.22**	**62.37**	**2.72**	**70.42**

Note 3.1: The Company has adopted the Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs, Government of India for reporting period (year) ended 31.3.2017 and onwards. On adoption of the Ind AS, the Company had adopted to continue with carrying value in accordance with Ind AS 101 in respect of property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS measured as per previous GAAP. As per management estimate there is no decommissioning , restoration or similar liabilities on its property, plant and equipment hence, no adjustment has been made in this regard.

Note 3.2: Property, Plant and Equipment include assets of ₹ 46.28 lakhs as at 31st March 2019 (₹ 36.79 lakhs as at 31st March 2018) which are fully depreciated but still available for use. They are recognized at nominal value of ₹1 each.

Note 3.3: Assets sold/ disposed off during the year include various office items such as mobile phones, computer/ laptop, printer etc., which were sold/disposed off as per the extent Company's policy. These items also include mobile and laptop of total net value of ₹ 0.70 lakhs (Gross value of ₹ 1.15 lakhs) sold to Mr. Amitabh Lal, Managing Director, at ₹ 0.62 lakhs on completion of his tenure.

Note 4 : Other Intangible assets

(Amount in ₹ Lakhs)

Particulars	Freight sharing rights	License fee	Others	Total
Other Intangible assets (1st April 2017 to 31st March 2018)				
At Cost				
At 1st April 2017	**34,160.10**	**1,000.00**	**21.52**	**35,181.62**
Additions	12.95	-	-	**12.95**
Disposals/Adjustments	-	-	-	**-**
At 31st March 2018	**34,173.05**	**1,000.00**	**21.52**	**35,194.57**
Amortization and impairment				
At 1st April 2017				
Amortization	18,490.27	261.91	9.15	**18,761.33**
Impairment	-	738.09	-	**738.09**
	18,490.27	**1,000.00**	**9.15**	**19,499.42**
Charged during the FY 2017-18				
Amortization	909.04	-	1.61	**910.65**
Impairment	-	-	-	**-**
Disposals/Adjustments	-	-	-	**-**
	909.04	**-**	**1.61**	**910.65**
At 31st March 2018				
Amortization	**19,399.31**	**261.91**	**10.76**	**19,671.98**
Impairment	**-**	**738.09**	**-**	**738.09**
	19,399.31	**1,000.00**	**10.76**	**20,410.07**
Net book value at 31st March 2018	**14,773.74**	**-**	**10.76**	**14,784.50**
Other Intangible assets (1st April 2018 to 31st March 2019)				
At Cost				
At 1st April 2018	**34,173.05**	**1,000.00**	**21.52**	**35,194.57**
Additions	8.68	-	-	**8.68**
Disposals/Adjustments	-	-	**-**	
At 31st March 2019	**34,181.73**	**1,000.00**	**21.52**	**35,203.25**
Amortization and impairment				
At 1st April 2018				
Amortization	19,399.31	261.91	10.76	**19,671.98**
Impairment	-	738.09	-	**738.09**
	19,399.31	**1,000.00**	**10.76**	**20,410.07**
Charged during the FY 2018-19				
Amortization	909.42	-	2.12	**911.54**
Impairment	-	-	-	**-**
Disposals/Adjustments	-	-	-	**-**
	909.42	**-**	**2.12**	**911.54**
At 31st March 2019				
Amortization	**20,308.73**	**261.91**	**12.88**	**20,583.52**
Impairment	**-**	**738.09**	**-**	**738.09**
	20,308.73	**1,000.00**	**12.88**	**21,321.61**
Net book value at 31st March 2019	**13,873.00**	**-**	**8.64**	**13,881.64**

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

Note 4.2 : The Company obtained permission to undertake container operations from MOR by paying the license fee of ₹ 1,000.00 lakhs on 20th January 2006. The Company signed the Concession Agreement on 4th January 2007 in this regard. Date of commencement of actual operation was 20th August 2009. License Fee of ₹ 1,000.00 lakhs paid to MOR has been shown as Intangible asset. The carrying amount (net after the impact of impairment) is equally amortized over the term of license in accordance with Concession agreement with MOR for container train operation.

The provision for impairment loss equal to net carrying amount of license fee (i. e. ₹ 738.09 lakhs) was already made in respect of the license fee in the earlier year, as a result of which, the carrying amount of the license had become nil in that year. Accordingly, net carrying amount of license fee is being shown at nil amount. However, in case there are the indications in the future that the impairment loss is required to be reversed considering economic performance of the Company from the use of license, the impairment loss shall be reassessed and accordingly, be reversed on the basis of re-assessment and the carrying amount of the license fee shall be increased to that extent.

Note 4.3 : The Company has adopted the Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs, Government of India for reporting period (year) ended 31.3.2017 and onwards. On adoption of the Ind AS, the Company has adopted to continue with carrying value of its intangible assets as recognized in the financial statements as at the date of transition to Ind AS measured as per previous GAAP in accordance with Ind-AS 101.

Note 5 : Intangible assets under development

(i.e. Project railway under development)

Particulars	**Amount (in ₹ Lakhs)**
Intangible Assets (i.e. Projects Railway) under development (1st April 2017 to 31st March 2018)	
Balance as at 1st April 2017	2.02
Additions	21.46
Less: Transferred to Intangible Assets	-
Balance as at 31st March 2018	23.48
Intangible assets (i.e. Projects Railway) under development (1st April 2018 to 31st March 2019)	
Balance as at 1st April 2018	23.48
Additions	6,335.57
Less: Transferred to Intangible Assets	-
Balance as at 31st March 2019	6,359.05

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

Note 5.2: During ongoing development or upgradation of Project Railway, progress of the work performed which has resulted in the Contact Assets of the Company has been recognised as "Intangible Assets under the Development". On completion of the development or upgradation work, the contract assets shown as "Intangible Assets under Development" has been re-classified as the "Intangible Assets" in the accordance with the Appendix - D to the IndAS 115.

Note 5.3:" Intangible Assets under Development" include ₹ 6357.03 Lakhs incurred by the Company during the year (last year ₹ 21.46 lakhs) in connection with Electrification of the Project Railway line. Out of this, ₹ 6315.27 Lakhs represents the cost of the Electrification work as technically assessed by the Company's Consultant and balance is towards other expenses incurred by the Company directly attributable to the Electrification work.

(Amount in ₹ Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Note 6 : Financial Assets-Non Current		
Other Financial Assets		
Security Deposits		
Considered Good	21.83	24.43
Considered Doubtful	-	-
Less : Provision for doubtful deposits	-	-
Long-term bank deposits (having maturity period of more than 12 months)	12,052.00	9,891.70
Total	12,073.83	9,916.13
Note 7 : Deferred Tax Assets		
MAT credit entitlement (Refer to Note 13.6)	8,258.88	6,951.52
Total	8,258.88	6,951.52
Note 8 : Other non-current assets		
Advances		
Advance for various capital works	514.24	514.24
Prepayments	2.52	-
Total	516.76	514.24
Note 9 : Financial Assets - Current		
Trade Receivables		
Receivables considered good - Unsecured	2,979.93	5,237.42
Receivables which have significant increase in Credit Risk	1,890.20	1,890.20
Total Trade Receivables	4,870.13	7,127.62
Less : Provision for Receivables which have significant increase in Credit Risk (Refer to Note 9.2)	(1,890.20)	(1,890.20)
Total	2,979.93	5,237.42
Note 9.1 : Break-up for related and other receivables		
Receivables from related parties (Refer to Note 9.2)	1,931.40	1,921.24
Other receivables	2,938.73	5,206.37
Total Trade Receivables	4,870.13	7,127.62

Note 9.2:

Trade receivables from related parties include receivable from GPPL. Other trade receivables include dues from WR. No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Also, no trade or other receivables are due from firm or private companies respectively in which any director is a partner, a director or member other than stated above.

(Amount in ₹ Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Note 10 : Cash and Cash equivalents		
(i) Balances with banks:		
– On current accounts	1,606.97	34.29
– Deposits with original maturity of period of three months or less	2,000.00	62.00
(ii) Cash in Hand	0.18	0.08
Total Cash and Cash Equivalent	3,607.15	96.37
Note 11 : Bank balances other than cash & cash equivalents		
Deposits with original maturity period of more than 3 months but not exceeding 12 months	16,290.51	17,125.70
Total	16,290.51	17,125.70
Note 12 : Other Current Financial Assets		
Unsecured, Considered Good		
Interest Accrued	954.96	794.74
Advance Recoverable in exchange of other financial instruments		
Advances to Employees	3.19	0.72
Other recoverable	5.27	5.54
Total	963.42	801.00
Note 13 : Income Tax		
Note 13.1 : Current Tax Assets (net)		
Advance Income Tax (Including TDS) (net of Provisions)	689.58	606.68
Total	689.58	606.68
Note 13.2 : Deferred Tax		
Deferred Tax Liabilities		
A. Deferred Tax Liabilities		
Property, Plant, Equipment and Intangibles	2,711.26	2,663.63
Total of Deferred Tax Liabilities	2,711.26	2,663.63
B. Deferred Tax Assets		
Provisions	524.20	493.85
	524.20	493.85
Deferred Tax Liabilities (Net)	2,187.06	2,169.78

In accordance with Ind AS 12 “Income Taxes” notified by Ministry of Corporate Affairs (MCA), Government of India, the Company has reassessed the deferred tax taking into consideration all the items, due to which there is temporary difference between the carrying amount of the assets and liabilities and their tax base as on 31st March 2019.

The Company has been availing the deduction u/s 80-IA of the Income Tax Act, 1961 from the Assessment Year 2014-15 in respect of Project Railway developed, due to which there is a tax holiday period of 10 years i.e. upto Assessment Year 2023-24. Therefore, deferred tax in respect of temporary differences which are likely to be reversed during the tax holiday period are not recognized to that extent.

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

(Amount in ₹ Lakhs)

Particulars	Deferred Tax Liability	Deferred Tax (Assets)	Net Deferred Tax Liability / (Assets)
	A	B	C (A-B)
Opening balance as at 1st April 2017	2,646.66	(471.37)	2,175.29
Charged/(credited) during the year 2017-18			
To Profit and Loss	16.97	(22.48)	(5.51)
To Other Comprehensive Income	-	-	-
Closing balance as at 31st March 2018	**2,663.63**	**(493.85)**	**2,169.78**
Charged/(credited) during the year 2018-19			
To Profit and Loss	47.63	(30.35)	17.28
To Other Comprehensive Income	-	-	-
Closing balance as at 31st March 2019	**2,711.26**	**(524.20)**	**2,187.06**

Note 13.3: Income Tax Expense

	As at 31st March 2019	As at 31st March 2018
a) Current Income Tax Expense		
Current Tax on profits for the years	1,964.80	1,634.62
Adjustments in respect of current income tax of previous year	-	-
Total Current Income Tax Expense	1,964.80	1,634.62
b) Deferred Income Tax Expense		
Origination and reversal of temporary differences (Liability)	17.28	(5.51)
MAT Credit Recognized during the year (Assets) (Net of reversal)*	(1,307.36)	(1,369.15)
Total Deferred Tax Expenses (Benefits)	(1,290.08)	(1,374.66)
Income tax expense attributable to continuing operations	674.72	259.96

* MAT credit recognized during the previous year includes MAT credit of ₹ 295.91 lakhs related to FY 2016-17 & 2015-16, which the Company had booked during previous year considering the probability that benefit would accrue to the Company in the future.

(Amount in ₹ Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Note 13.4 : Tax related to items recognized in OCI during the year:		
Net loss/(gain) on remeasurements of defined benefit plans	(0.06)	1.64
Income tax charged to OCI	(0.06)	1.64
Note 13.5 : Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2018 and 31st March 2019:		
Accounting profit before tax from continuing operations	9,236.11	7,777.54
Profit/(loss) before tax from a discontinued operation	-	-
Accounting profit before income tax	9,236.11	7,777.54
At India's statutory income tax rate of 21.5488% (31st March 2018: 21.3416%)*	1,990.27	1,659.85
Tax effect due to Transition to Ind-AS	(25.48)	(25.23)
Tax Effect due to non Deductible Expenses	-	-
MAT Credit Entitlement to the Company	(1,307.36)	(1,369.15)
At effective Income tax rate of 7.12% (at March 31st 2018: 3.41%)	657.43	265.47
Income tax reported in statement of Profit or Loss as current Tax (Net of MAT credit entitlement)	657.43	265.47
Add/(Less): Deferred tax reported in Statement of Profit or loss	17.28	(5.51)
Add/(Less): Tax reported in Other Comprehensive Income	0.06	(1.64)
Add/(Less): Tax expenses for previous year recognized	-	-
Income tax expense reported in the Statement of Profit and Loss	674.77	258.32

* Presently, the Company has been paying Minimum Alternate Tax (MAT) on the book profits, calculated under section 115JB of the Income Tax Act, 1961 due to availing of deduction from the taxable income under section 80-IA of the Income Tax Act, 1961. Therefore, Tax rate applicable for MAT i.e. 21.5488% for the current year (previous year 21.3416%) has been taken instead of regular rate of income tax of 34.944% for the current year (previous year 34.608%).

Note 13.6:

The Company has been claiming the deduction u/s 80-IA of the Income Act, 1961 in respect of Project Railway developed. The benefit of deduction is available for a period of ten consecutive years i.e. up to assessment year 2023-24. Therefore, there would be no tax liability on the Company under the normal provisions of the Income Tax Act, 1961 during said tax holiday period. However, the Company is liable to pay Minimum Alternate Tax (MAT) u/s 115JB of the Income Tax Act, 1961 and the tax has been provided for ₹1964.86 lakhs on total income (including Other Comprehensive Income) during the current year (Previous Year: ₹1632.98 lakhs). The credit of MAT paid has been availed and carried forward by the Company in accordance to the provisions of section 115JAA the Income Tax Act, 1961. The cumulative balance of MAT credit as per books as on 31st March 2019 is ₹ 8258.88 Lakhs (as at 31st March 2018 : ₹ 6951.52 Lakhs).

Note 14 : Other current assets *(Amount in ₹ Lakhs)*

Prepaid Expenses	15.80	8.41
Advance for various works	738.64	170.96
Advance for CSR Activities	11.67	-
Prepayments	-	0.12
Total	766.11	179.49

(Amount in ₹ Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Note 15: Equity Share Capital		
Authorised share capital		
20,00,00,000 Equity Shares of ₹ 10/- each (as at 31st March 2018: 20,00,00,000 Equity Shares of ₹ 10/- each)	20,000.00	20,000.00
Total	20,000.00	20,000.00
Issued/Subscribed and Paid up Capital		
19,60,00,020 Equity Share of ₹ 10/- each (as at 31st March 2018: 19,60,00,020 Equity Shares of ₹ 10/- each)	19,600.00	19,600.00
Total	19,600.00	19,600.00

(i) Reconciliation of the number of equity shares and share capital at the beginning and at the end of financial year 2018-19

Particulars	As at 31st March 2019		As at 31st March 2018	
	No. of shares (in lakhs)	Amount (in ₹ lakhs)	No. of shares (in lakhs)	Amount (in ₹ lakhs)
Shares outstanding at the beginning of the year	1,960.00	19,600.00	1,960.00	19,600.00
Add: Shares Issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	1,960.00	19,600.00	1,960.00	19,600.00

(ii) Details of shareholders holding in the Company

Name of the Shareholder	As at 31st March 2019		As at 31st March 2018	
	No. of shares held (in lakhs)	% holding	No. of shares held (in lakhs)	% holding
President of India (Ministry of Railways), Government of India	980.00	50.00%	980.00	50.00%
Gujarat Pipavav Port Limited (GPPL)	760.00	38.78%	760.00	38.78%
General Insurance Corporation of India (Assignee of GPPL)	50.00	2.55%	50.00	2.55%
The New India Assurance Company Limited (Assignee of GPPL)	50.00	2.55%	50.00	2.55%
IL&FS Transportation Networks Limited (Assignee of GPPL)	-	-	120.00	6.12%
IL&FS Financial Services Limited (Assignee of GPPL)*	120.00	6.12%	-	-
Total	1,960.00	100%	1,960.00	100%

*During the current financial year, one of the shareholders M/s IL&FS Transportation Networks Limited has transferred all the 120 Lakhs Equity shares (of face value of ₹ 10 /- each) held by it in the Company to M/s IL&FS Financial Services Limited for a consideration of ₹ 5400 Lakhs. Accordingly, the Company has taken effect of transfer in the shareholders' register and has made endorsement in the share certificate. As a result of this, there is no impact on the financial statements of the Company. Further, there is no change in the total equity shares of the Company during the current year.

(iii) Terms/Rights attached to Equity Shares

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

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

(iv) Aggregate no. of equity shares issued as fully paid by way of bonus during the period of five years immediately preceding the reporting date

Particulars	As at 31st March 2019	As at 31st March 2018	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015
Equity shares issued as bonus (no. in lakhs)	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

(Amount in ₹ Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Note 16 : Other Equity		
(a) Retained Earnings		
Opening Retained Earnings	28,138.00	20,626.48
Add/(Less): Cumulative Transition Impact of Ind AS 115	-	-
Add: Addition during the year	8,561.39	7,517.58
Add/(Less): Transferred from Other Comprehensive Income		
Gain/ (Loss) on remeasurement of Post-Employment benefit obligations (net of taxes)	0.20	(6.06)
Less: Interim Dividend paid during the year	(980.00)	-
Less: Dividend Distribution Tax paid on dividend	(201.44)	-
Total (a)	35,518.15	28,138.00
(b) Depreciation Reserve Fund*		
Opening Balance	2,000.00	2,000.00
Add: Transfer from surplus in statement of profit and loss	-	-
Total (b)	2,000.00	2,000.00
Total (a+b)	37,518.15	30,138.00

*Depreciated Reserve Fund represents profits allocated for replacement of project assets at the end of codal life.

(Amount in ₹ Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Cash dividend on Equity shares declared and paid		
Interim Dividend Paid during the Current Year: (₹ 0.50 per Equity Share) (Previous year ended on March 31st 2018: Nil)	980.00	-
Dividend Distribution Tax paid on above	201.44	-
	1,181.44	-
Proposed Final Dividend on Equity Shares	Nil	Nil

Note 17 : Long Term Provisions

Provision for Resurfacing obligation (Refer Note 17.1)	3,261.23	2,361.41
Provision for employee benefits		
- Gratuity (net)	26.46	35.30
- Leaves	112.07	98.66
Total	3,399.76	2,495.37

Note 17.1: In terms of Concession agreement, there is an obligation on the Company to keep the project assets in working condition, including making replacement, as per standards laid down by MOR, of all project assets whose codal life expire during the concession period. Accordingly, Company had estimated a liability of ₹ 14,141.05 lakhs in respect of replacement obligations which would be arising during the remaining concession period, as per requirement of Appendix D to the Ind AS 115. Based on said estimated liability, yearly provision of ₹ 734.52 lakhs has been made [Refer to note 23(ii)].

Interest cost of ₹165.30 lakhs has been provided during the current year (Previous year : ₹ 106.43 lakhs) to recognize the resurfacing cost at its present value (Refer to note 25). As on 31st March, 2019, the provision for Resurfacing cost includes the cumulative interest of ₹ 323.15 lakhs (Previous year : ₹ 157.85 lakhs) reflecting the time value of money.

Note 18: Financial Liability- Current

18.1: Trade Payables

18.1.1: Total outstanding dues of micro enterprises and small enterprises	-	-
Total	-	-
18.1.2: Creditors other than micro enterprises and small enterprises		
O&M Expenses Payable (Refer Note 18.1.4)	2,873.68	1,824.61
Total	2,873.68	1,824.61

Note 18.1.3: 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). 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).

Note 18.1.4: O&M expenses payable includes ₹ 2032.88 lakhs (previous year ₹ 895.01 lakhs) towards the O&M costs and ₹ 840.80 lakhs (previous year ₹ 929.60 lakhs) for various works carried out by Railways on PRCL section.

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

(Amount in ₹ Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
18.2: Others current financial liabilities		
Expense Payable*	849.55	50.83
Security deposits	2.78	2.78
Total	**852.33**	53.61

* Expenses payable includes ₹ 811.14 lakhs (Previous Year: Nil) amount provided for the expense incurred on Electrification work being carried out on PRCL line, which are expected to be paid within one year.

Particulars	As at 31st March 2019	As at 31st March 2018
Note 19 : Other Current Liability		
Statutory dues	**16.81**	12.04
Provident Fund	**4.65**	4.20
NPS Payable	**2.31**	2.13
ESI Payable	**-**	0.01
Total	**23.77**	18.38
Note 20: Provisions (Short Term Provisions)		
Provision for employee benefits		
Leaves (Refer to Note 41)	**2.53**	2.27
Total	**2.53**	2.27

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Note 21 : Contract Revenue from operations		
Operating Income from Bulk Traffic	**5,632.91**	4,342.26
Operating Income from Container Traffic	**17,132.15**	15,758.69
Total (A)	**22,765.06**	20,100.95
Contract Revenue under Service concession Arrangement (Refer note 21.2)	**6,344.25**	34.41
Total (B)	**6,344.25**	34.41
Other Contract Revenue	**-**	-
Total (C)	-	**-**
Total Revenue from operation (A+B+C)	**29,109.31**	20,135.36

Note 21.1: Revenue from operations has been calculated by the Company as per the carried route after taking the impact of route diversion based on the details collected from Western Railway (refer to note 39).

Note 21.2: The Company has recognized revenue of ₹ 6344.24 lakhs during the current year (previous year: ₹ 34.41 Lakhs lakhs) in respect of the expenditures incurred by the Company on development/ upgrading (including electrification of PRCL line) and other additions to the intangible assets (i.e. Project assets) as per Ind AS 115. The Company has also recognized Service Concession Expenses by same amount [Refer to Note 23(v)].

(Amount in ₹ Lakhs)

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Note 22: Other Income		
Interest on Deposits	2,257.69	1,644.90
Unwinding of discount on security deposits	1.09	1.52
Profit on sale of assets	0.08	1.69
Miscellaneous Income	0.02	0.14
Total	2,258.88	1,648.25
Note 23: Operating and Other Expenses		
(i) Operating and Maintenance Expense (Refer to note 38)		
(a) Fixed Costs		
Man Power Cost	4,013.38	3,624.84
Material Cost	448.95	449.15
(b) Variable Costs		
Cost of Fuel	4,834.80	3,946.13
Crew Cost	1,496.93	1,034.93
Hiring of Rolling Stock	637.95	525.44
Other costs	255.13	140.84
(c) Other Costs		
Overhead Costs	986.21	858.31
Cost for additional works [Refer to note 38.1(ii)]	277.20	567.36
Total (a+b+c)	12,950.55	11,147.00
(ii) Resurfacing cost under Service Concession Agreement (Refer to note 17.1)	734.52	734.52
(iii) Lease Rent Charges (refer to note 37.2)	233.07	231.59
(iv) Other Administrative expenses		
Repairs and maintenance for:		
Buildings	15.10	15.18
Vehicles	21.42	26.80
others	11.17	9.56
Rent (refer to note 37.1)	75.87	70.83
Insurance	31.72	24.15
Communication	6.08	6.48
Travelling and Conveyance-Directors	2.91	21.90
Travelling and Conveyance-Others	25.09	28.15
Rates, taxes & fees	0.81	0.41
Professional and consultancy fees	39.48	43.57
Sitting fees to Directors	-	11.05
Electricity and Water Charges	3.34	3.24
Advertising and Business Promotion	12.47	8.97
Loss on disposed/written off of sundry asset items	0.08	-
Printing and Stationery	3.21	3.77
Audit fees	8.47	8.88
Meetings and seminars	3.34	7.34
Membership fee to Association	3.54	3.45
Miscellaneous expenses	3.42	6.16
Total	267.52	299.89
(v) Contract Cost under Service Concession Arrangement (refer to note 21.2)	6,344.25	34.41
Total (i to v)	20,529.91	12,447.42

(Amount in ₹ Lakhs)

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Note 24: Employee Benefit expenses (Refer to note 41)		
Salaries, Wages & Benefits	346.31	318.33
Contribution to Provident and other funds	31.13	29.94
Staff Welfare	14.83	16.01
Contribution to National Pension Scheme (NPS)	13.39	12.74
Total	405.66	377.02
Note 25: Finance costs		
Interest on taxes & bank charges	0.01	0.04
Unwinding of discount on resurfacing obligations (refer to note 17.1)	165.30	106.43
Total	165.31	106.47
Note 26: Depreciation and amortization		
Depreciation on Property, Plant and Equipment	13.48	13.63
Amortization of Intangible Assets	911.54	910.65
Total	925.02	924.28
Note 27: Corporate Social Responsibility (CSR) Expenses		
Construction of Community Centre	-	38.56
Construction of Toilets	-	0.10
Other CSR Projects	96.49	104.22
Overhead and Other expenses	9.69	8.00
Total	106.18	150.88

Note 27.1: As per section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold, needs to spend at-least 2% of its average net profits made during the three immediately preceding financial years on Corporate Social Responsibility (CSR) activities. Accordingly, the Company has identified CSR activities and has been spending on CSR activities, which are specified in Schedule VII of the Companies Act, 2013.

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Note 28: Components of Other Comprehensive Income (OCI) [Refer to Note 41.5]		
(FVTOCI Reserve)		
Remeasurement of Defined benefit plans		
Gratuity actuarial Gain/ (Loss)	0.26	(7.70)
Total	0.26	(7.70)

Particulars	For the Year Ended 31st March 2019 (₹ per share)	For the Year Ended 31st March 2018 (₹ per share)
Note 29 : Earnings per share (EPS)		
Basic EPS		
From continuing operation	4.37	3.84
Diluted EPS		
From continuing operation	4.37	3.84

29.1 Basic Earning per Share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by weighted average number of equity shares outstanding during the year. The earnings and weighted average number of equity shares used in calculation of basic earning per share:-

Profit attributable to equity holders of the Company **(₹ in lakhs)**	8,561.39	7,517.58
Earnings used in calculation of Basic Earning Per Share **(₹ in lakhs)**	8,561.39	7,517.58
Weighted average numbers (in Lakhs) of shares for the purpose of basic earnings per share	1,960.00	**1,960.00**

29.2 Diluted Earning per Share

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

Profit attributable to equity holders of the company (₹ in lakhs)	8,561.39	7,517.58
Earnings used in calculation of diluted Earning Per Share from continuing operations **(₹ in lakhs)**	8,561.39	7,517.58

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

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

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

Notes 30 : Capital Management

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

Further, the Company manages its capital structure to make adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company does not have any liability towards borrowings as at 31st March 2019 and 31st March 2018 . The Company manages its working capital requirement through internal accruals.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March 2019.

Note 31 : Fair Value measurements

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

(Amount in ₹ Lakhs)

Particulars	As at 31st March 2019			As at 31st March 2018		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets						
(i) Trade Receivables	-	-	**2,979.93**	-	-	5,237.42
(ii) Cash and Cash Equivalents	-	-	**3,607.15**	-	-	96.37
(iii) Bank balances (including all deposits) (other than cash & cash equivalents)	-	-	**28,342.51**	-	-	27,017.40
(iv) Security Deposits- Non Current	-	-	**21.83**	-	-	24.43
(v) Other Current Financial Assets	-	-	**963.42**	-	-	801.00
Total Financial Assets	-	-	**35,914.84**	-	-	33,176.62
Financial Liabilities						
(i) Trade payables	-	-	**2,873.68**	-	-	1,824.61
(ii) Expense payables	-	-	**849.55**	-	-	50.83
(iii) Security Deposits	-	-	**2.78**	-	-	2.78
Total Financial Liabilities	-	-	**3,726.01**	-	-	1,878.22

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

(iii) Financial risk management

The Company's principal financial liabilities comprise of trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operation. The Company's principal financial assets include trade and other receivables, deposits with banks and cash & cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's financial risk activities are governed by appropriate policies and procedures and those financial risks are identified, measured and managed in accordance with the companies policies and risk objectives. The Board of directors reviews and agrees on policies for managing each of these risk, which are summarized below:

a) Market Risk

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

b) Interest Rate Risk

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

c) Credit risk

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

Trade Receivable

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

Financial instruments and cash deposits

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

d) Liquidity risk

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

Note 32 : Key sources of estimation uncertainty

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

a) useful lives of Intangibles

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

b) Fair valuation measurement and valuation process

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

c) Taxes

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

d) Post-retirement benefits

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

e) Useful life of property, plant and equipment

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

f) Provision for Resurfacing obligation

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

Note 33 : Construction Contracts

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

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Contract revenue recognised *(in ₹ Lakhs)*	**6,344.25**	34.41
Aggregate amount of costs incurred and recognized in profit/Loss *(in ₹ Lakhs)*	**6,344.25**	34.41

Note 34 : Contractual Commitments

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

Particulars	As at 31st March 2019	As at 31st March 2018
The amount of works to be executed on capital account and not provided for (net of advances) (₹ in lakhs) [Refer Note 36(i)]	**22,631.96**	28,947.23
Total	**22,631.96**	28,947.23

Note 35 : Related Party Disclosures

35.1: Related Parties held equity of the Company

Name	Relationship	As at 31 March, 2019		As at 31 March, 2018	
		Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Gujarat Pipavav Port Limited(GPPL)	Parties to joint venture agreement	**76,000,000**	**38.78%**	76,000,000	38.78%
General Insurance Corporation of India (Assignee of GPPL)	Parties to joint venture agreement	**5,000,000**	**2.55%**	5,000,000	2.55%
The New India Assurance Company Limited (Assignee of GPPL)	Parties to joint venture agreement	**5,000,000**	**2.55%**	5,000,000	2.55%
IL&FS Transportation Networks Limited (Assignee of GPPL)	Parties to joint venture agreement	**-**	**-**	12,000,000	6.12%
IL&FS Financial Services Ltd. (Assignee of GPPL)	Parties to joint venture agreement	**12,000,000**	**6.12%**	-	-

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

35.2: Key Managerial personnel of the entity

Name	Position
Mr. Amitabh Lal	Managing Director*
Mr. Ashok Kumar	Manager**
Mr. Sanjiv Garg	Managing Director***
Ms. Leena Narwal	Company Secretary
Mr. Vinod Kumar	Chief Financial Officer

* The term of Mr. Amitabh Lal as Managing Director ceased on 30th July 2018.

** Mr. Ashok Kumar was appointed as KMP under the head "Manager" w.e.f. 24th January 2019 & his term as Manager ceased w.e.f. 6th February 2019. However, he has continued to be the employee of the Company after cessation as Manager.

*** Mr. Sanjiv Garg was appointed as Managing Director w.e.f. 6th February 2019.

35.3: Enterprises over which Key Managerial Personnel are able to exercise significant influence:
Pipavav Railway Corporation Limited Employees' Group Gratuity Trust

35.4: Transaction with Related Parties: ***(Amount in ₹ Lakhs)***

Particulars	Transactions		Outstanding Amount	
	Year Ended March 31,2019	Year Ended March 31, 2018	Year Ended March 31,2019	Year Ended March 31, 2018
Compensation to Key Managerial person (Refer to Note 35.5)				
Mr. Amitabh Lal, Managing Director (1.4.2018 to 30.7.2018)	29.56	45.20	-	-
Mr. Sanjiv Garg, Managing Director (6.2.2019 to 31.3.2019)	6.29	-	-	-
Mr. Ashok Kumar, Manager (24.1.2019 to 5.2.2019)****	1.13	-	-	-
Ms. Leena Narwal, Company Secretary	31.39	24.98	-	-
Mr. Vinod Kumar, Chief Financial Officer	31.78	24.26	-	-
Total	**100.15**	**94.44**	-	-
****Total emoluments paid to Mr. Ashok Kumar during the year amounts to ₹ 36.08 Lakhs				
Sitting fees paid to Non-executive Directors				
Ms. Nisha Srivastava, Independent Director	-	2.43	-	-
Mr. Virendra Kumar Roy, Independent Director	-	2.70	-	-
Dr. Rabinarayan Patnaik, Independent Director	-	2.15	-	-
Mr. Rajiv Kumar Lal, Independent Director	-	2.15	-	-
Total	**-**	**9.43**	-	-
Gujarat Pipavav Port Limited				
Manpower cost charged	41.19	31.05	-	-
Equity Share Capital (760 lakhs shares of ₹ 10 each/-)	-	-	7600.00	7600.00
Trade receivable	-	-	1931.40	1921.25
Provision for Receivable	-	-	1890.20	1890.20
Pipavav Railway Corporation Limited Employee Group Gratuity Trust				
Contribution made	19.32	5.62	-	-
Others	0.12	0.12	-	-
Total	**19.44**	**5.74**	-	-

35.5 Compensation of Key Managerial Person Comprises of (including the Post Employees Benefit):

(Amount in ₹ Lakhs)

Particulars	2018-19	2017-18
Short Term Employee Benefits	92.61	94.44
Post-Employment Benefits (as per actuarial valuation)	49.73	41.68
Other-Long term benefits	-	-
Termination Benefits (Given to Mr. Amitabh Lal on completion of his tenure)	7.54	-
Share-based payment	-	-
Total	**149.88**	**136.12**

Note 36 : Capital Commitment and Contingent Liabilities

(i) Capital commitment (net of advance, if any) by the Company as on 31st March 2019 was ₹ 22,631.96 lakhs (Previous year: ₹ 28,947.23 Lakhs). Capital commitment as on 31.3.2019 represents total estimated cost of Rail Electrification work on PRCL section (as reduced by cost booked by the Company up-to 31.3.2019). The total estimate cost given by the agency for the work is ₹ 28,947.23 Lakhs, which the Company accepted. The Company manages the funding this project from its own funds & earnings.

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

a. The Company received a Show Cause Notice during financial year 2011-12 from the office of Director General of Foreign Trade under section 14 read with section 11(2) of the Foreign Trade (Development and Regulation) Act, 1992, for non-fulfillment of export obligations in respect of EPCG license issued to the Company under the Category “RAIL TRANSPORT SERVICE”. The Company has filed an application for redemption of EPCG License before DGFT. Pending the decision thereon by DGFT, the liability on this account if any, is not ascertainable and hence not been provided for.

b. The Company has received following Show Cause Notices (SCNs) from service tax authorities in the matter of applicability of service tax on the Company in respect of apportioned freight earning received by the Company from Railway:

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

The Company has not agreed with the department’s contention and submitted the detailed reply to the above SCNs requesting the adjudicating authorities to withdraw said SCNs. The Company has not received any adjudication order in the matter. Further, the issue was also referred to Ministry of Railways for taking up the case with the Finance Ministry.

With effect from 1st July 2017, service tax had been subsumed by the Goods and Service Tax (GST). The Company has maintained the same stand, as was taken in the matter of service tax, with respect to applicability of the GST on the share of the freight earning received by the Company from Railways and the Operation & Maintenance costs recovered by Railways from the Company. The Company is of the view that no supply is involved by the Company to Railways and visa-versa in sharing of freight revenue & costs by Railways with the Company. Therefore, there are no GST obligations on the Company in respect to sharing of the freight revenue & costs by Railways with the Company including furnishing of the particulars & details for the same. Ministry of Railways has also taken up the issue with Finance Ministry for issuing clarification/exemption.

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

Note 37: Obligations under Operating lease

The Company has following operating leases:

37.1 Leases of office buildings

The Company has taken its corporate office on leases on payments of monthly rental of ₹ 5.15 lakhs plus taxes, for an initial lock-in-period of three (3) years which was up to 30th April 2018. The terms of the lease agreements provide that the leases can be renewed for another two terms of three years each at the option of the lessee with increase in the rent amounts. In terms of the lease agreements, the Company has exercised the option and renewed the leases for a period of three years from 1st May 2018 to 30th April 2021 with an increase of 12% in the rent amounts w. e. f. May 2018.

37.2 Leased Assets from Ministry of Railways

In terms of the lease agreement, Ministry of Railways (lessor) has leased to the Company (Lessee) all the existing assets i.e. assets which were already existing in the Project area at the time of the grant of concession, that were required to be used for construction of Broad Gauge railway line from Surendranagar to Pipavav in the State of Gujarat and land to be newly acquired for the Project. The term of lease is co-terminus with the term of the Concession (i. e. 33 years). Under the lease agreement, annual lease rent amount was fixed at ₹ 197.52 lakhs, which was based on the percentage of the book value of the leased assets and land to be newly acquired. The percentage was taken equal to the State Bank of India's Prime Lending Rate at the time of entering into lease agreement. The book value of the existing assets and fresh land to be acquired was assessed at ₹ 14.06 crores and ₹ 2.4 crores respectively. On this value, annual lease rent was fixed as ₹ 197.52 lakhs taking State Bank of India's Prime Lending Rate. Railways recover the lease rent on quarterly basis from the Company's share of freight earnings.

37.3 The obligation under the above leases are as under:

(Amount in ₹ Lakhs)

Particulars	**As on 31st March 2019**	**As on 31st March 2018**
Payable within 1 year	266.76	266.14
Payable between 1 to 5 years	1,062.61	1,131.85
Payable beyond 5 years	1,824.22	2,021.74

Note 38: Operating and Maintenance Cost (O&M Cost)

38.1 Fixed Cost (Material)

(i) The Fixed Cost (Material), a component of O&M cost, was assessed by the Joint Survey Team, consisting representatives both from PRCL and Western Railway (WR), during the financial year 2015-16 for a period of five years. In assessment of the cost, the relevant data for financial year FY 2014-15 were used and the cost was fixed at ₹ 426.86 lakhs (previously assessed cost was ₹ 203.00 lakhs). WR has charged the Fixed Cost (Material) for FY 2018-19 to the Company based on this assessed cost after considering the impact of inflation index [Refer to Note 23(i)(a)]. WR has preferred the bill for Fixed Cost (Material) for month of March 2019 on a provisional basis pending the relevant inflation indices. The Company has booked the cost based on the provisional bill received from WR. This is however, subject to adjustment at the time of receipt actual bill from WR.

(ii) **Cost of additional works:** In addition to above Fixed Cost (Material), the Company also incurs the cost of certain works /activities, which Railways carry out on PRCL section on case to case basis as per requirement. The Company has booked net expenditure of ₹ 277.20 Lakhs during the current year (previous year ₹ 567.36 Lakhs) for such works/ activities as per the information/ advices received from Railways. The final amounts of the expenditure incurred on such works/activities are to be advised by WR. Accordingly, necessary adjustments for expenditures incurred on the works/activities will be made on receipt of final advice(s) from WR of the expenditures finally incurred on the works/activities. The Company has shown the expenditure incurred on these works/activities as "Cost for additional works" [Refer to Note 23(i)(c)].

The Company filed a revised insurance claim of ₹ 493.73 Lakhs (excluding transportation cost) in July 2016 and a claim for Loss of Profit of ₹ 1159.07 lakhs in December 2015 with the insurance company in respect of damage of a portion of the Project assets, caused by flood occurred on PRCL section in June 2015. The expenditure incurred on flood restoration works were charged to revenue as "cost of the additional works" in the earlier year(s). The claim is to be settled by the Insurance Company. Pending the settlement of claim by Insurance company, no adjustment has been made in books during the current year for the same.

38.2 Fixed Cost (Staff)

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

38.3 Variable Costs

The Company has booked the Variable Costs as per bills received from WR. In preparation of the bills of Variable Costs, WR uses the reconciled operating data (e.g. GTKM, wagon hours etc.) and applies unit costs with the reconciled operating data in computation of various components of Variable Costs.

During current financial year, WR has preferred the bill for month March 2019 on a provisional basis pending the determination of unit costs for said month. The Company has booked the variable costs for the said month after determining the same by applying latest available unit costs with the operating data compiled by it for said month. This is however, subject to adjustment at the time of receipt of the actual bill for said period from WR.

Note 39: Revenue Recognition and Reconciliation

Indian Railways collect the freight in respect of freight train operation on the Project Railway. Under the terms of the Operation and Maintenance agreement, Western Railway (WR) carries out the operation and maintenance of the Project Railway and maintains the records of freight generated from freight train operation on the Project Railway. Based on these records, WR makes apportionment of the freight earning on monthly basis and pays to the Company its share of freight earning in proportion of the distance traversed on Project Railway to the total distance traversed by the freight trains using Indian Railways' rules of financial adjustments. The Company also maintains records of freight train movement on the basis of railway receipts extracted from Freight Operating Information System maintained by Centre for Railway Information Systems (CRIS) of Indian Railways. The Company recognises its share of freight earning as Contract Revenue from Operation on the basis of records maintained by it. These records are reconciled by the Company with WR and the differences observed on reconciliation are adjusted in the books of accounts in the period of completion of reconciliation process. The reconciliation of Company's share of freight earning is under process with WR for current year.

During the current financial year, Railways has started to make apportionment of freight earnings to PRCL based on the system generated calculation of apportioned freight earnings. Railways makes apportionment of freight earning to PRCL on the basis of actual distance carried by freight trains and not on the basis of booked route distance (i.e. distance for which freight is charged by Indian Railways). The actual distance carried by freight train differs from the booked route distance where Railways run the freight trains through diverted route due to its operation requirements. The Company has booked its share of freight earnings based on diverted carried route after taking the impact of diverted route recoveries amounting to ₹ 1,320.37 lakhs (net) (Previous year: ₹ 1,087.31 lakhs). Consequently, the apportioned freight earning has come down to that extent.

Further, WR has not accepted the Company's claim of additional apportioned freight earning of ₹ 40.33 Lakhs and ₹ 48.61 lakhs for 2016-17 and FY 2017-18 respectively, which has arisen in case, where freight trains have run via shorter route than the booked route. Pending WR' acceptance, the same has not been recognized in line with Ind AS 115. However, WR has started giving the credit arising on account of running of the freight train via shorter route from current year.

The Company has been contesting for deduction/ recoveries being made by Railways which arises due to running of the freight trains via longer route (due to diversion) than the booked route.

39.1 The Company has certain issues with WR in respect to apportionment of freight earning related to earlier years e.g. downwards rounding off of the percentage of distance used by WR for apportioning Company's share of freight, nonpayment of terminal charge on traffic originated from Pipavav station, recovery of maintenance charges on higher side etc. WR had not accepted the views of the Company on disputed items related to those years. Therefore, the exact amount pending reconciliation has not been recognized by the Company in accordance with Ind AS-115-

"Revenue from Contracts with Customers". However, these issues for the subsequent years have been resolved so far except issue of recovery of maintenance charges on higher side in respect to container freight trains.

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

39.3 The following outstanding dues of the Company receivable from GPPL on account of traffic guarantee shortfall amount, interest etc., under Traffic and Transportation Agreement, Shareholders Agreement, Pipavav Port Rail Siding Agreement, are not settled by GPPL. A Committee of directors constituted by Board of Directors (BOD) for onetime settlement of the said dues submitted its final report 8th January 2015 on these dues to the Board of Directors in their meeting held on 23rd January 2015 and recommended to facilitate One Time Settlement between PRCL and GPPL. There is no change in the status of recoveries of these dues during the current year. Details of these dues as on 31st March, 2019 and the recommendations of the Onetime Settlement Committee are given below:

Sr. No.	Particulars of Dues	Amount in ₹ Lakhs
A	**Recognized in books**	
1	Additional traffic guarantee shortfall amount (due to factor of revision in tonnage of container traffic)	1,175.64
2	Additional traffic guarantee shortfall amount (due to factor of change in variable cost)	315.78
3	Interest on traffic guarantee shortfall amount for FY 2008-09 and 2009-10	361.00
4	Other miscellaneous	37.77
	Sub-total (A)	**1,890.19**
B	**Un-recognized in books**	
5	Interest on traffic guarantee shortfall amount (calculated up-to 31.3.2008 on traffic guarantee shortfall amount for FY 2003-04 to 2007-08)	2,933.71
6	Further Interest (updated up-to 1.4.2010 on traffic guarantee shortfall amount for FY 2003-04 to 2007-08 as revised from earlier amount of ₹ 1,447.93 lakhs as per Committee direction)	1,129.18
7	Interest on delayed equity contribution (Revised from earlier amount of ₹ 700.93 lakhs as per committee recommendation)	484.74
8	Other miscellaneous dues	25.55
	Sub-total (B)	**4,573.18**
	Total dues unresolved by GPPL as on 31.3.2019	**6,463.37**

Based on the recommendations of the Onetime Settlement Committee, the Board of Directors in their meeting on 23rd January 2015 decided on these dues and item wise details are given below:

a. Traffic guarantees shortfall amount of (i.e. ₹ 1,175.64 lakhs at Sr. no. 1 above) and interest thereon (i.e. ₹ 25.55 lakhs at Sr. no. 8 above) shall be finalized after a proper JPO is agreed upon by all the signatories of the Transportation and Traffic Guarantee Agreement.

b. Board of Directors had also decided that additional traffic guarantee shortfall amount (i.e. ₹ 315.78 lakhs at Sr. no. 2 above) shall be payable by GPPL after finalization of variable cost as the dispute of variable cost is still pending with WR.

c. Board of Directors accepted the recommendations of the Onetime Settlement Committee for waiver of interest on traffic guarantee shortfall amount (i. e. ₹ 2,933.71 lakhs & ₹ 1,129.18 lakhs as mentioned at Sr. no. 5 & 6 above respectively) and directed to make representation to MOR in this regard.

d. Board of Directors further decided that matter for waiver of interest on delayed payment of traffic guarantee shortfall amount (i.e. ₹ 361.00 lakhs mentioned at Sr. no. 3 above) also be referred to MOR.

e. Interest on delayed equity contribution amounting to ₹ 493.36 lakhs shall be paid by GPPL. Out of this amount, ₹ 8.61 lakhs were already recognized in earlier year and is included in other miscellaneous dues as mentioned at Sr. no. 4 above. The remaining amount of ₹ 484.74 lakhs is unrecognized (mentioned at Sr. no. 7 above).

f. Other miscellaneous dues amounting to ₹ 29.16 lakhs (included in other miscellaneous dues as mentioned at Sr. no. 4 above) shall also be paid by GPPL.

Later on, Good Faith Negotiation (GFN) under Transportation and Traffic Guarantee Agreement was initiated by GPPL with PRCL to settle to above dues. However, GFN had failed due to non-consensus between both the parties. Thereafter, PRCL and GPPL started the Conciliation under the Traffic and Transportation Agreement. Presently, the Conciliation is in process.

The Company had already recognized ₹1,890.19 lakhs, against which, provision for doubtful debt was made in earlier year(s) and ₹ 4,573.18 lakhs have not been recognized in the books pending the final decision on the items, which is contingent upon the final outcome of the conciliation proceedings.

Therefore, no financial adjustments arise during the current financial year in respect of the above dues.

Note 40: Settlement of dues with WR

WR has been recovering the O&M costs on a monthly basis by adjusting the same from the Company's monthly share of freight earning as per O&M agreement. The lease rental is recovered by WR on quarterly basis from the Company's share of freight earning of first month of the relevant quarter.

Note 41: Employee's Benefits

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

41.1 Change in the present value of the obligations:

(Amount in ₹ lakhs)

Particulars	2018-19			2017-18		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Present value of obligation as at the beginning of the Year	79.32	70.44	30.48	60.32	50.54	22.30
Interest Cost	6.12	5.43	2.35	4.51	3.78	1.67
Current Service Cost	8.02	7.90	3.12	7.13	10.34	3.28
Past Service cost including curtailment Gains/ Losses	-	-	-	0.21	-	-
Benefits Paid	-	(6.40)	(1.78)	(0.76)	(2.94)	(0.21)
Re-measurements Obligations [Actuarial loss/(gain)]	0.41	3.00	0.06	7.91	8.72	3.44
Present value of obligation at year end	93.87	80.37	34.23	79.32	70.44	30.48

41.2 Change in Fair Value of Plan Assets

(Amount in ₹ lakhs)

Particulars	2018-19			2017-18		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Fair value of Plan Assets at the beginning of the year	44.02	-	-	36.23	-	-
Expected return on Plan Assets	4.67	-	-	3.25	-	-
Employer's contribution	19.32	-	-	5.62	-	-
Fund Management Charges	(0.60)	-	-	(0.32)	-	-
Benefit Paid	-	-	-	(0.76)	-	-
Fair value of Plan Assets at the end of the year	67.41	-	-	44.02	-	-

41.3 Amount recognized in Balance Sheet

(Amount in ₹ lakhs)

Particulars	2018-19			2017-18		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Estimated Present Value of obligations as at the end of the year	93.87	80.37	34.23	79.32	70.45	30.48
Fair value of Plan Assets as at the end of the year	67.41	-	-	44.02	-	-
Net Assets/ (Net Liability) recognized in Balance Sheet	(26.46)	(80.37)	(34.23)	(35.30)	(70.45)	(30.48)

41.4 Expenditure recognized in the Statement of Profit and Loss

(Amount in ₹ lakhs)

Particulars	2018-19			2017-18		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Current Service Cost	8.02	7.90	3.12	7.34	10.34	3.28
Interest Cost	2.72	5.43	2.35	1.80	3.78	1.67
Net Actuarial (Gain) / Loss recognized in the year	-	3.00	0.06	-	8.72	3.44
Total expenses recognized in the Statement of Profit and Loss	10.74	16.33	5.53	9.14	22.84	8.39

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

Particulars	2018-19			2017-18		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Net cumulative unrecognized actuarial gain/ (loss) opening	-	-	-	-	-	-
Actuarial gain/ (loss) for the year on PBO	(0.41)	-	-	(7.91)	-	-
Actuarial gain/ (loss) for the year on the assets	0.67	-	-	0.21	-	-
Actuarial gain/ (loss) at the end of the year	0.26	-	-	(7.70)	-	-

41.6 Principal actuarial assumption at the Balance Sheet Date

Particulars	2018-19			2017-18		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Discount Rate	7.66%	7.66%	7.66%	7.71%	7.71%	7.71%
Rate of return on Plan Assets	7.59%	0%	0%	7.55%	0%	0%
Expected rate of Salary Increase	8%	8%	8%	8%	8%	8%
Method used	Projected unit credit					

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

Period	Effect on Gratuity obligation	Effect on Earned Leave	Effect on Sick Leave
April 2019 to March 2020	1.53	1.98	0.55
April 2020 to March 2021	1.56	1.55	0.66
April 2021 to March 2022	4.86	1.51	0.63
April 2022 to March 2023	1.47	1.45	0.60
April 2023 to March 2024	1.49	4.58	2.47
April 2024 to March 2025	1.49	1.23	0.50
April 2025 onwards	81.46	68.07	28.82

(Amount in ₹ lakhs)

Particulars	Change in assumptions	Effect on Gratuity obligation	Effect on earned Leave	Effect on Sick Leave
Discount Rate	+0.50 %	(6.02)	(5.81)	(2.33)
	-0.50%	6.57	8.30	3.36
Salary Growth	+0.50 %	6.51	8.21	2.29
	- 0.50 %	(6.03)	(5.82)	(3.33)

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

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

41.10 The Company has created a PRCL employees' Group Gratuity Trust which has taken a Group Gratuity Policy with Life Insurance Corporation of India for payment of gratuities. The approval of gratuity fund by Income Tax Authority is awaited.

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

41.12 The Payment of Gratuity Act, 1972 has been modified and Government has notified the increase in Maximum Gratuity Limit from ₹ 10 lakhs to ₹ 20 lakhs. No other change in benefits has been made. Accordingly, Gratuity obligation has been determined considering this limit of ₹ 20 lakhs by the Actuary in the Actuary Valuation Report during the current year as well as previous year.

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

Note 43 : Impairment of Assets

The management has carried out a review on impairment of all the assets of the Company including intangible assets in accordance with Ind AS-36 'Impairment of Assets'. On the basis of review, the management is of the opinion that the economic performance of property, plant and, equipment and intangibles, is not worse than expected and therefore, no impairment of any assets has been made as on the Balance Sheet date.

However, in case of license fee of ₹ 1,000.00 lakhs paid to MOR for obtaining license to run the container trains, the impairment loss equivalent to the net carrying amount of the license fee was already booked as expense and charged to Statement of Profit and Loss in the earlier year. The Company has reviewed the impairment test as on reporting date in respect of license fee and no further adjustment on account of impairment has been made in respect of license fee during the current year. However, in case there are the indications in the future that the impairment loss is required to be reversed considering economic performance of the Company from the use of said license, the impairment loss shall be reassessed and, accordingly be reversed on the basis of assessment at that time and the carrying amount of the license fee will be increased to that extent.

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

Note 45 : Auditors remuneration

(Amount in ₹ lakhs)

Sl. No.	Particulars	2018-19	2017-18
1	Statutory Audit	**5.00**	5.00
2	Tax Audit	**0.75**	0.75
3	Taxes [including differential of taxes for earlier year(s)]	**1.04**	1.19
4	Out of Pocket Expenses	**0.05**	0.18

Note 46: The Company has only one reportable segment viz. Operation of freight traffic. Therefore, requirement for segment reporting is not applicable.

As per our report of even date attached

For **P. K. Chopra & Co.**
Chartered Accountants
Firm's Regn. No.: 06747N
Sd/-
CA K. S. Ponnuswami
Partner
Membership No. : 070276

Place: New Delhi

Date: 9th May, 2019

For & on behalf of the Board of Directors

Sd/-
Sanjiv Garg
Managing Director
DIN: 00682084

Sd/-
Santosh Breed
Director
DIN: 08011070

Sd/-
A.K. Srivastava
Director
DIN : 08187918

Sd/-
Vinod Kumar
Chief Financial Officer

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

PIPAVAV RAILWAY CORPORATION LIMITED

CIN : U45200DL2000PLC151199
Regd. Office : B-1202, (B-WING), 12TH FLOOR, STATESMAN HOUSE
148, BARAKHAMBA ROAD, CONNAUGHT PLACE, NEW DELHI-110001

FORM NO. MGT-11

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

Name of the member(s) :

Registered Address :

E-mail Id :

Folio No./Client Id :

DP ID :

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

1. Name:...

   Address: ....

   E-mail Id: ....

   Signature.., or failing him

2. Name:...

   Address: ....

   E-mail Id: ....

   Signature.., or failing him

3. Name:...

   Address: ....

   E-mail Id: ....

   Signature..or failing him

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **19th Annual General Meeting** of the company, to be held on **Tuesday, the 25th June, 2019 at 3.00 p.m. at Committee Room No. 237, 2nd Floor, Railway Board, Rail Bhavan, Ministry of Railways, New Delhi** and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No. **1 to 7**

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

Signature of Shareholder ___________________

Signature of Proxy holder(s) _________________

Revenue
Stamp

Note:

The form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

TEAR HERE