



13th Annual Report 2012-13 Pipavav Railway Corporation Limited

BOARD OF DIRECTORS

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

Company Secretary

Ms. Leena Narwal

Sr. AVP (Finance & Accounts)

Mr. Vinod Kumar

Statutory Auditor

M/s. Bhudladia & Co.
Chartered Accountants

C & AG Auditor

*Principal Director of Audit
Railway Commercial, New Delhi*

Bankers

Punjab National Bank
HDFC Bank Limited

Registered & Corporate Office :

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

Branch Office :

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



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NOTICE

NOTICE is hereby given that the 13th Annual General Meeting of the Members of Pipavav Railway Corporation Limited will be held **on Friday, the 27th September, 2013 at 12.00 noon at Conference Hall, 2nd Floor, Railway Board, Ministry of Railways, New Delhi-110001** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March, 2013 and Statement of Profit & Loss for the year ended 31st March, 2013 together with the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. K. Vinayak Rao, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Hariharan Iyer, who retires by rotation, and being eligible, offers himself for reappointment.
4. To consider fixation of remuneration for the year ending 31st March, 2014 payable to M/s Bhudladia & Company, Chartered Accountants, Statutory Auditors appointed by Comptroller & Auditor General of India (C&AG) and to authorize Board of Directors to fix such remuneration for the financial year 2013-14. Being a Company covered under Section 619B of the Companies Act, 1956, the appointment of Statutory Auditors, for the year 2013-14 was made by the C&AG. Section 224(8)(aa) of the Companies Act, 1956 provides that the general meeting of the Company is empowered to fix the remuneration in such manner as it may determine. The following resolution is placed before the shareholders for their approval:

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

“RESOLVED THAT the Board of Directors of the Company be and are hereby authorized to fix the remuneration payable to M/s Bhudladia & Company, Chartered Accountants, Statutory Auditors of the Company appointed by Comptroller & Auditor General of India (C&AG) under Section 619 (2) of the Companies Act, 1956 for the financial year 2013-14.”

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 Mr. D. P. Pande who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

6. 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 198, 260, 269, 309 read with Schedule XIII of the Companies Act, 1956 (“the Act”) and all other applicable provisions, if any, of the Act including any statutory modification(s) or re-enactment thereof for the time being in force and subject to the limits prescribed under the Act and subject to requisite approvals of the Central Government and /or other authorities as may be required, consent of the Shareholders of the Company be and is hereby accorded to appoint Mr. Amitabh Lal as Managing Director of the Company for a period of four years which can be extended by another one year with effect from 28th January, 2014 to 27th January, 2018 and remuneration be paid on the terms and conditions detailed below:

1. Gross emoluments of ₹ 2,25,000/- (Rupees two lac and twenty five thousand) per month;

Basic Pay	:	₹ 84,375.00
House Rent Allowances	:	₹ 56,250.00
Other Allowances	:	₹ 84,375.00

(Rupees two lakhs and twenty five thousand only per month)
2. Provident Fund contribution of 12% on the basic pay;
3. Company car with driver;
4. Telephone, with fax and internet, at residence;



Pipavav Railway Corporation Limited

5. Gratuity payable at a rate not exceeding half a month salary for each completed year of service;
6. Annual Leave (30 days Earned Leave, 8 days Casual Leave, 10 days Half Pay Leave), including leave encashment, as per Company Rules;
7. Membership of two clubs / Hotels with combined membership fee limited to ₹ 25,000/- per annum;
8. Leave Travel Concession / Medical Insurance, etc., as per Company rules; and
9. One Company appointed Helper.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits of the Company during the tenure of Mr. Amitabh Lal, Managing Director, the above mentioned remuneration will be regarded as minimum remuneration in accordance with Section 198(4) and other applicable provisions of the said Act and that the Company be and is hereby authorized to take such approvals as may be required, for payment of such remuneration, in case of such eventuality.

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

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

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

"RESOLVED THAT pursuant to the provisions of Section 205, 205A, 206 of the Companies Act, 1956 ("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 2013-14 @ 5% (₹ 0.5 per share) amounting to ₹ 9,80,00,010 out of the profits of the Company to those shareholders whose names appeared on the register of members of the Company on September 25, 2013.

RESOLVED FURTHER THAT record date to ascertain the eligibility of members to receive

interim dividend be fixed as September 25, 2013 and that a notice in newspaper has to be published as required under section 154 of the Companies Act, 1956.

RESOLVED FURTHER THAT a bank account be opened in the name of the Company with Punjab National Bank at its Branch at Parliament Street (the bank) and a sum of ₹ 9,80,00,010 being the total interim dividend amount, be deposited in the said account within five days of the approval of shareholders.

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

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

RESOLVED FURTHER THAT Mr. Pankaj Malviya, Managing Director be and is hereby authorized severally to do all such necessary acts, deeds and things as may be deemed necessary to give effect to the aforesaid resolution."

By order of the Board
for **PIPAVAV RAILWAY CORPORATION LIMITED**

Sd/-

Leena Narwal
Company Secretary

Place : New Delhi

Dated : September 2, 2013

Notes:

1. The relevant Explanatory Statement pursuant to

Section 173 (2) of the Companies Act, 1956 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 173 (2) OF THE COMPANIES ACT, 1956

Item No. 5

Mr. D. P. Pande was appointed as an Additional Director on the Board of Directors of the Company in accordance with Section 260 of the Companies Act, 1956 and Article 38 of the Articles of Association of the Company w.e.f. 24th July, 2013. Mr. D. P. Pande holds office as a Director up to the date of this Annual General Meeting. The Company has received a notice in writing from a member signifying the intention to propose his candidature for the office of Director under Section 257 of the Companies Act, 1956.

Mr. D. P. Pande, an Indian Railway Traffic Service (IRTS) officer with varied experience in rail operations. Before assuming the charge of Member Traffic, Railway Board, he has held various positions in Indian Railways such as General Manager, South Central Railway, Addl. Member Traffic in Railway Board. Besides, in different spells, Mr. Pande has held various important positions in Railway Board, such as ED (Planning), ED, TT (M), Adviser (Logistics & Mgmt.), Adviser TT (Movement), etc. He has rich experience of working in different departments of Indian Railways and his specialization includes Planning, Operations and Safety, besides General Management.

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

None of the Directors except Mr. D. P. Pande is concerned / interested in the said resolution.

Item No. 6

The Board of Directors approved the appointment of Mr. Amitabh Lal as new Managing Director of the Company on gross emoluments of ₹ 2,25,000/- per month along

with other benefits for a period of four years which can be extended by another one year w.e.f. 28th January, 2014 to 27th January, 2018.

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

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

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

This may be treated as an abstract of the terms and conditions of the appointment of Mr. Amitabh Lal pursuant to Section 302 of the Act.

Item No. 7

The Board of Directors accorded its consent to declare interim dividend for the FY 2013-14 @ 5% (₹ 0.5 per share) amounting to ₹ 9.80 crores plus dividend tax i.e. ₹ 0.5 per share out of the profits of the Company. As per Articles of Association of the Company, approval of shareholders in general meeting is required for paying dividend to the members. Accordingly, approval of shareholders is being taken. Record date to ascertain the eligibility of members to receive interim dividend be fixed as September 25, 2013 and that a notice in newspaper will be published as required under section 154 of the Companies Act, 1956. A separate bank account will be opened in the name of the Company with Punjab National Bank at its Branch at Parliament Street.

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

None of the Directors is concerned / interested in the said resolution.

By order of the Board
for PIPAVAV RAILWAY CORPORATION LIMITED

Sd/-
Leena Narwal
Company Secretary
Place : New Delhi
Dated : September 2, 2013



DIRECTORS' REPORT

To
The Members,

Your Directors take pleasure in presenting the 13th Annual Report on the working of your Company, along with Audited Annual Accounts for the financial year ended 31st March, 2013.

FINANCIAL RESULTS

₹ (in Crore)

	2012-13	2011-12
Income from Operations	178.98	151.28
Other Income	6.76	1.75
Total Income	185.74	153.03
Less: Employee benefits, Operating and Other expenses	98.91	90.37
Profit/(Loss) before Interest & Depreciation	86.83	62.66
Less: Interest	4.08	13.73
Less: Depreciation	15.31	14.48
Net Profit/(Loss) before Taxation & prior Period Items	67.44	34.45
Add/(Less): Prior Period Items	(0.08)	9.22
Profit/(Loss) before Taxation	67.36	43.67
Add/(Less): Taxes (net of MAT Credit)	—	—
Add/Less: Deferred Tax Provisions	(20.95)	11.63
Balance Profit/(Loss) carried to Balance Sheet	46.41	55.30

DIVIDEND

The Directors propose to recommend payment of an interim dividend for the FY 2013-14 @ 5% (₹ 0.5 per share) amounting to ₹ 9.80 crores plus dividend tax out of profits of the Company subject to approval of shareholders.

OPERATIONS OF THE COMPANY

During the financial year 2012-13, the Company has carried 6.86 MT of cargo on the Pipavav line and earned revenue of ₹ 178.98 Crore from its freight operations as compared to 6.83 MT of cargo moved and revenue of ₹ 151.28 Crore earned during 2011-12,

indicating a growth of 18% in revenue.

In the current financial year (2013-14) up to June, 2013, the Company has carried 1.88 MT of cargo on the Pipavav line and earned revenue of ₹ 50.18 crore from its freight operations as compared to 1.54 MT of cargo moved and revenue of ₹ 38.39 crore earned during the corresponding period of last year. There has been a growth of 22% in the volume and 31% in revenue earned during the first 3 months of the current financial year as compared to the corresponding period of previous financial year.

RECENT DEVELOPMENTS

1. In order to run Double Stack Container Trains with containers of 9¹/₂ ft. height (high cube) all the infringements have been removed on PRCL section. First Double Stack (high cube) containers train left APM Terminals Pipavav on 17th July, 2013.
2. PRCL has planned to undertake track capacity work on the section to meet with the growing volumes. The work will be executed by Western Railway in phased manner in 3 years.

In the first phase, the work of construction of one loop each at Kundli and Lathidad has been taken up by Western Railway Construction Branch and PRCL have deposited the estimated amount of ₹ 8,72,01,379/-.

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, 2013 is ₹ 1,96,00,00,200/-.

FIXED DEPOSITS

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

PARTICULARS OF CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Provisions of Section 217(1)(e) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1988 are not applicable to the Company as far as conservation of Energy is concerned. Regarding Technology absorption, PRCL has introduced mechanized maintenance of assets on its line thereby reduction in manpower requirements.

FOREIGN EXCHANGE EARNINGS & OUTGO

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

PARTICULARS OF EMPLOYEES

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

DIRECTORS

During the year under review, Mr. K. Vinayak Rao and Mr. Hariharan Iyer, Directors retire by rotation at the 13th Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Since the last General Meeting of shareholders, Mr. Kul Bhushan and Mr. D. P. Pande were appointed as Chairman and Additional Directors of the Company under Section 260 of the Companies Act, 1956 by Ministry of Railways in place of Mr. Vinay Mittal and Mr. Kul Bhushan respectively.

Mr. D. P. Pande will hold office up to the date of the ensuing Annual General Meeting and is eligible for re-appointment. The Company has received notices under Section 257 of the Companies Act, 1956 proposing the appointment of Mr. D. P. Pande as Director of the Company, subject to retirement by rotation. The Board recommends this appointment for your approval.

AUDIT COMMITTEE

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

1. Mr. Pradeep Puri - Director (Chairman)
2. Mr. K. Vinayak Rao - Director
3. Mr. Niraj Kumar - Director
4. Mr. Hariharan Iyer - Director

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. That in the preparation of the annual accounts, the

applicable accounting standards have been followed along with proper explanation relating to material departures;

2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period under review;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the annual accounts on a 'going concern' basis.

AUDITORS

M/s. Bhudladia and Co., Chartered Accountants were appointed as Statutory Auditors of the Company for the financial year 2013-14 by the Comptroller & Auditor General of India (C&AG).

COMMENTS ON AUDITORS' REPORT

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

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors

Place : New Delhi
Dated : September 2, 2013

Sd/-
D. P. Pande
Chairman



ANNEXURE I TO THE DIRECTORS' REPORT

COMPANY'S REMARKS ON THE OBSERVATIONS OF THE STATUTORY AUDITORS

S. No.	Ref.No. of Audit Report	Auditors' Observations	Management's Replies
1.	Point no. (a) of the "Emphasis of Matter" of the Auditor's Report	Note no. 20 'Operating and Maintenance cost' to the financial statements, regarding excess bills charged for Additional works and Fixed Cost (Staff) and, method of billing of variable cost.	<p>The Company has certain disputes with WR as regard to calculation and charging of O&M cost. The billing methodology adopted by WR for calculation of various components of O&M cost is not strictly in accordance to the O&M agreement. The cost is also being recovered by WR from the apportioned earning of the Company, although disputed by the Company. These disputes have been taken by the Company at various levels with Railway authorities.</p> <p>The Company has booked O&M cost as per the bills received from WR following prudent accounting policy.</p> <p>The fact has been appropriately disclosed in the financial statements.</p>
2.	Point no. (b) of the "Emphasis of Matter" of the Auditor's Report	Note no. 22 'Revenue Recognition and Reconciliation' to the financial statements, regarding non-recognition of interest receivable from M/s Gujarat Pipavav Port Limited on account of delayed payment of amount due for shortfall in traffic guarantee and on equity contribution.	<p>The matter of settlement of disputed dues is under consideration of the Committee constituted by the Board of Directors to facilitate one time settlement of dues between PRCL & GPPL. Therefore, pending the decision, the Company has not recognized interest etc. in accordance with Accounting Standard-9 (Revenue Recognition). Further, provisions have been made in respect of amount which had already been recognized.</p> <p>The fact has been appropriately disclosed in the financial statements.</p>
3.	Point no. (c) of the "Emphasis of Matter" of the Auditor's Report	Note no. 22 'Revenue Recognition and Reconciliation' to the financial statements, regarding disputes with Western Railways related to apportioned revenue.	<p>The Company has certain disputes with WR related to apportionment of revenue e.g. rounding off of percentage share of the Company in revenue at lower side, non-payment of terminal cost on traffic originated from Pipavav station, recovery of maintenance charges on higher side etc.</p> <p>WR has not accepted the views of the Company on disputed items; therefore, the</p>

COMPANY'S REMARKS ON THE OBSERVATIONS OF THE STATUTORY AUDITORS...Contd

S. No.	Ref.No. of Audit Report	Auditors' Observations	Management's Replies
			<p>amount has not been recognized by the Company, in accordance with Accounting Standard 9- "Revenue Recognition".</p> <p>The fact has been appropriately disclosed in the financial statements.</p>
4.	Point no. (d) of the "Emphasis of Matter" of the Auditor's Report	Note 31 regarding not providing for impairment of intangible assets namely license for container operations.	<p>The license to operate container is valid for 20 years. This period is further extendable for another 10 years. Management is of the view such long period is sufficient enough to recover the cost of license.</p> <p>To form this view, the following have been considered:</p> <ol style="list-style-type: none"> 1. The Company has started to earn huge profits and its financial performance is consistently improving. All the past losses have also been completely wiped off. 2. The Company is about to liquidate dues of deferred O&M cost in current financial years shortly keeping in view consistent increase in traffic revenue. Thereafter, the Company shall become debt free completely and will be having funds. 3. A detailed study on running of container train operation is expected to be conducted by the Company as per direction of the Board of Directors, once the dues of O&M liability are fully paid during current financial year. 4. After completion of study, the company will be in a position to prepare projections on the volume and revenue generation and investments required etc. 5. A considerable long period is left with the Company for container train operations. Accordingly, it will be premature to consider the impairment of the license at this juncture when the Company's financial performance/position is improving consistently.



AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Pipavav Railway Corporation Limited ("the Company"), New Delhi which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- (a) In the case of Balance sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Attention is drawn to:

- (a) Note no. 20 'Operating and Maintenance cost' to the financial statements, regarding excess bills charged for Additional works and Fixed Cost (Staff) and, method of billing of variable cost.
- (b) Note no. 22 "Revenue Recognition and Reconciliation" to the financial statements, regarding non-recognition of interest receivable from M/s Gujarat Pipavav Port Limited on account of delayed payment of amount due for shortfall in traffic guarantee and on equity contribution.
- (c) Note no. 22 'Revenue Recognition and Reconciliation' to the financial statements, regarding disputes with Western Railways related to apportioned revenue.
- (d) Note 31 regarding not providing for impairment of intangible asset namely license for container operations.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a Statement on the matters specified in paragraph 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from directors, as on 31st March, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For BHUDLADIA & COMPANY
Chartered Accountants

Sd/-

CA PUNEET SINGLA

Partner

M.No.506277

Dated: September 2, 2013

Place: New Delhi

Annexure to Independent Auditors' Report

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

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



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- (b) In our opinion, and according to the information and explanations given to us, transactions made in pursuance in contracts or arrangements entered in the register maintained under section 301 of the Act are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any public deposits during the year under consideration.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The maintenance of cost records under section 209(1) (d) of the Companies Act 1956 is not applicable to the Company.
- (ix) (a) According to information and explanations given to us and on the basis of examination of the records, the Company is generally regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Service tax and other statutory dues applicable to the Company. There are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable, as per books of accounts as at 31st March, 2013.
- (b) According to the information and explanations given to us, there are no disputed statutory dues, which have not been deposited as on 31st March, 2013.
- (x) There are no accumulated losses of the Company at the end of the financial year. Also the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) According to the information and explanations given to us, and as per books of records examined by us, the Company has no dues to a financial institution or bank or debenture holder, consequently clause (xi) of paragraph 4 of the Order is not applicable.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause (xiii) of paragraph 4 of the Order is not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Consequently, clause (xiv) of paragraph 4 of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) The Company has not raised any fresh term loans during the year.
- (xvii) According to the information and explanations given to us, the Company has not raised any short term or long-term funds.
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures during the year.
- (xx) According to the information and explanations given to us, the Company has not raised money through a public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

For BHUDLADIA & COMPANY
Chartered Accountants

Sd/-
CA PUNEET SINGLA
Partner

Dated: September 2, 2013

M.No.506277

Place: New Delhi

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL
OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956
ON THE ACCOUNTS OF PIPAVAV RAILWAY CORPORATION LTD.,
FOR THE YEAR ENDED 31st MARCH, 2013**

The preparation of financial statements of Pipavav Railway Corporation Ltd. for the year ended 31st March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 2 September, 2013.

I on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 on the financial statements of Pipavav Railway Corporation Ltd. for the year ended 31 March 2013. 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 audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

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

**Sd/-
(Dinesh Bhargav)**

Principal Director of Audit (Railway Commercial)

Place: New Delhi
Dated: 23.09.2013



**PIPAVAV RAILWAY CORPORATION LIMITED
BALANCE SHEET AS AT 31st MARCH, 2013**

Particulars	Note	As at 31st March, 2013 (Amount in ₹)	As at 31st March, 2012 (Amount in ₹)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	1,96,00,00,200	1,96,00,00,200
(b) Reserves and Surplus	4	10,99,46,503	(35,32,82,619)
(2) Non-Current Liabilities			
(a) Long term provisions	5	21,18,433	14,89,173
(b) Deferred tax liabilities (Net)	25	9,31,17,528	—
(3) Current Liabilities			
(a) Trade payables	6	84,87,49,753	1,46,75,90,004
(b) Other current liabilities	7	14,63,183	9,37,549
(c) Short term provisions	8	7,78,871	6,54,012
Total		3,01,61,74,471	3,07,73,88,319
II. Assets			
(1) Non-current assets			
(a) <i>Fixed assets</i>	9		
(i) Tangible assets		1,91,13,47,207	2,03,63,43,097
(ii) Intangible assets		7,88,06,134	8,38,17,087
(iii) Capital work-in-progress		11,09,68,998	11,32,82,824
(b) Deferred tax assets (net)	25	—	11,62,89,857
(c) Long term loans and advances	10	15,76,86,432	2,81,26,732
(2) Current assets			
(a) Trade receivables	11	24,49,85,413	16,24,35,188
(b) Cash and cash equivalents		50,22,65,788	53,09,60,690
(c) Short-term loans and advances		79,57,011	8,863
(d) Other current assets		21,57,488	61,23,981
Total		3,01,61,74,471	3,07,73,88,319

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

As per our report of even date attached
For **Bhudladia and Company**
Chartered Accountants
Sd/-
Puneet Singla
Partner
M.No.506277

For & on behalf of the Board

Sd/-
Pankaj Malviya
Managing Director

Sd/-
Pradeep Puri
Director

Sd/-
Niraj Kumar
Director

Place: New Delhi
Dated: 2.09.2013

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

Sd/-
Leena Narwal
Company Secretary

PIPAVAV RAILWAY CORPORATION LIMITED
STATEMENT OF PROFIT & LOSS
FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	Note	For the Year Ended 31st March 2013 (Amount in ₹)	For the Year Ended 31st March 2012 (Amount in ₹)
INCOME			
I. Revenue from operations	12	1,78,97,72,099	1,51,27,78,642
II. Other Income	13	6,76,26,170	1,76,13,297
III. Total Revenue (I + II)		1,85,73,98,269	1,53,03,91,939
IV. Expenses:			
Employee benefits expense	14	1,78,47,718	1,79,16,294
Finance costs	15	4,08,28,327	13,73,49,285
Depreciation and amortization expense	9	15,31,17,502	14,47,69,698
Operating and Other expenses	16	97,13,00,292	88,58,35,831
Total Expenses		1,18,30,93,839	1,18,58,71,108
V. Profit before exceptional and extraordinary items and tax (III - IV)		67,43,04,430	34,45,20,831
VI. Add/(Less): Exceptional & Prior Period Items	17	(8,30,621)	9,21,66,940
VII. Profit before tax (V + VI)		67,34,73,809	43,66,87,771
VIII. Tax expense:			
(1) Current tax		13,46,96,443	1,59,33,263
(2) Deferred tax	25	20,94,07,385	(11,62,89,857)
(3) Earlier Years		—	(35,788)
(4) MAT Credit Entitlement		(13,46,96,443)	(1,59,33,263)
IX. Profit(Loss) for the year (VII-VIII)		46,40,66,424	55,30,13,416
X. Earning per equity share (Basic & Diluted):	36	2.37	2.82

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

As per our report of even date attached
For **Bhudladia and Company**
Chartered Accountants
Sd/-
Puneet Singla
Partner
M.No.506277

For & on behalf of the Board

Sd/-
Pankaj Malviya
Managing Director

Sd/-
Pradeep Puri
Director

Sd/-
Niraj Kumar
Director

Place: New Delhi
Dated: 2.09.2013

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

Sd/-
Leena Narwal
Company Secretary



PIPAVAV RAILWAY CORPORATION LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

1. BACKGROUND

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

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

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

B. Fixed Assets and Depreciation

- a) Fixed assets are stated at cost of acquisition/construction less accumulated depreciation. The cost of assets comprises its purchase price and directly attributable cost of bringing the assets to working condition for its intended use i.e. cost of acquisition of assets including inter-alia interest on borrowing and incidental expenditure during construction incurred up to the date of commissioning.
- b) Expenditure on assets not owned by the Company which results in recurring benefits are capitalized and others are recognized as revenue expenditure.
- c) Depreciation on fixed assets is provided on straight line method as per the provisions of section 205(2) of the Companies Act, 1956 at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956 and in case of addition to/transfer of fixed assets, depreciation is charged on pro-rata basis from the date of addition/transfer. Where the historical cost of a depreciable asset has undergone a change due to increase or decrease in liability to Western Railway (WR) or other suppliers, the depreciation on revised unamortized depreciable amount is provided prospectively over the residual useful life of the asset. Depreciation on assets whose actual cost does not exceed ₹ 10,000/- each is provided at 100% in the year of addition. Further, fully depreciated assets are shown at a nominal value of ₹ 1 (Rupee One) each until the same are disposed off.

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

C. Capital Work in Progress

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

D. Borrowing Cost

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

E. Revenue Recognition

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

F. Employee Benefits

a) **Short Term Employee Benefits**

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

b) **Post Employment Benefits**

i. **Defined Contribution Plans:**

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

ii. **Defined Benefit Plans:**

a) *Gratuity:*

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

b) *Other Long Term Benefits:*

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

G. Contingent Liabilities and Provisions

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

H. Prior period/Extra Ordinary items

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

I. Income Tax

Income tax expense for the year comprises of current tax and deferred tax. Provision for current tax is



Pipavav Railway Corporation Limited

determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum alternative tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future years. Accordingly, MAT is recognised as an asset in the financial statements when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

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

J. Earnings per Share

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

K. Government Grants

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

L. Events occurring after Balance Sheet Date

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

3. SHARE CAPITAL

(i) Share Capital	As at 31 st March 2013		As at 31 st March 2012	
	Number of Shares	(Amount in ₹)	Number of Shares	(Amount in ₹)
Authorised Equity Shares of ₹ 10/- each	20,00,00,000	2,00,00,00,000	20,00,00,000	2,00,00,00,000
Issued Equity Shares of ₹ 10/- each	19,60,00,020	1,96,00,00,200	19,60,00,020	1,96,00,00,200
Subscribed and paid up Equity Shares of ₹ 10/- each fully paid	19,60,00,020	1,96,00,00,200	19,60,00,020	1,96,00,00,200
Total	19,60,00,020	1,96,00,00,200	19,60,00,020	1,96,00,00,200

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of financial year 2012-13

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

(iii) Shareholding Pattern

Name of Shareholder	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
President of India (Ministry of Railways)	9,80,00,010	50.00%	9,80,00,010	50.00%
Gujarat Pipavav Port Limited (GPPL)	7,60,00,010	38.78%	7,60,00,010	38.78%
General Insurance Corporation (Assignee of GPPL)	50,00,000	2.55%	50,00,000	2.55%
New India Assurance Company Limited (Assignee of GPPL)	50,00,000	2.55%	50,00,000	2.55%
IL&FS Transportation Networks Limited (Assignee of GPPL)	1,20,00,000	6.12%	1,20,00,000	6.12%
	19,60,00,020	100%	19,60,00,020	100%

(iv) Rights, Preferences and Restrictions to Shares:

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

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

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

Note	Particulars	(Amount in ₹)	
		As at 31 st March, 2013	As at 31 st March, 2012
4. Reserves & Surplus			
(i) Surplus as per Statement of Profit and Loss			
	Opening Balance	(39,73,20,913)	(95,03,34,330)
	Add: Net Profit/(Net Loss) for the year	46,40,66,424	55,30,13,416
	Closing Balance	6,67,45,511	(39,73,20,913)
(ii) Capital Reserve			
	Opening Balance	4,40,38,294	—
	Add/Less: Government Grants received/ (utilized) during the year	(8,37,302)	4,40,38,294
	Closing Balance	4,32,00,992	4,40,38,294
	Grand Total (i+ii)	10,99,46,503	(35,32,82,619)



Pipavav Railway Corporation Limited

The Company had received the grants from the State Government of Gujarat under ASIDE scheme to use the same within two years from the date of sanction letters (i.e. 9.9.2010 & 20.10.2011) for modification of Road over Bridge at Limbdi and raising of high tension electric wires at various locations, in relation to running of high cube double stack container trains on PRCL section. Pending the clearance from authorities concerned regarding capitalisation, capital advances given/expenditure incurred for the same are classified as Capital Working Progress.

Note	Particulars	(Amount in ₹)	
		As at 31 st March, 2013	As at 31 st March, 2012
5. Long Term Provisions			
	Provision for employee benefits		
	Gratuity	3,45,935	2,52,035
	Leave	17,72,498	12,37,138
	Total	21,18,433	14,89,173
6. Trade Payable		84,87,49,753	1,46,75,90,004
	Total	84,87,49,753	1,46,75,90,004

Trade payables include:

1. An amount of ₹ 81.32 lakhs is outstanding for more than 12 months on account of dispute with the party. Anticipating that the amount can be paid any time after the settlement of the dispute, same has been classified as "Trade Payables".
2. An amount of ₹ 1184.86 lakhs on account of provisions had been made in earlier years on account of interest on deferred O&M cost Pending the final settlement of the deferred O&M dues, the whole of the same has been classified as "Trade Payable".

Note	Particulars	(Amount in ₹)	
		As at 31 st March, 2013	As at 31 st March, 2012
7. Other Current Liabilities			
	Security Deposits	10,49,746	3,60,439
	Duties & Taxes	3,90,387	5,77,110
	Others	23,050	—
	Total	14,63,183	9,37,549
8. Short Term Provisions			
	Provision for employee benefits		
	Leave	7,78,871	6,54,012
	Total	7,78,871	6,54,012

9. FIXED ASSETS

(Amount in ₹)

Sl. No.	Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK			
		Balance as at 1 st April 2012	Additions	Disposals Adjustments	Balance as at 1 st April 2012	Depreciation charge for the year	Adjustment due to revaluations	Adjustment due to disposal/writing off	Balance as at 31 st March 2013	Balance as at 31 st March 2012	
a	Tangible Assets										
1.	Bridges & Buildings	43,50,99,354	2,28,56,117	—	6,23,39,539	71,94,753	—	—	6,95,34,292	38,84,21,179	37,27,59,815
2.	Formations	18,29,06,155	—	—	6,66,65,013	86,88,042	—	—	7,53,53,055	10,75,53,100	11,62,41,142
3.	Plant & Machinery (Project)	36,32,79,717	—	—	15,52,05,355	1,72,55,789	—	—	17,24,61,144	19,08,18,573	20,80,74,362
4.	P-Way	2,32,92,28,720	—	—	99,22,70,705	11,43,30,676	—	—	1,10,66,01,381	1,22,23,27,339	1,33,69,58,015
5.	Plant & Machinery	21,61,918	1,57,183	(66,000)	14,51,647	1,70,850	—	(20,229)	16,02,268	6,50,833	7,10,271
6.	Vehicles	67,10,136	—	—	52,41,222	4,50,960	—	—	56,92,182	10,17,954	14,68,914
7.	Furniture & Fixtures	2,42,528	1,43,130	—	1,11,950	15,479	—	—	1,27,429	2,58,229	1,30,578
	Total	3,31,96,28,528	2,31,56,430	(66,000)	1,28,32,85,431	14,81,06,549	—	(20,229)	1,43,13,71,751	1,91,13,47,207	2,03,63,43,097
	Previous Year	3,32,07,16,208	1,01,210	(11,88,890)	1,14,72,78,178	14,46,14,431	(77,03,734)	(9,03,444)	1,28,32,85,431	2,03,63,43,097	
b.	Intangible Assets										
(i)	Licenses	10,00,00,000	—	—	1,61,82,913	50,10,953	—	—	2,11,93,866	7,88,06,134	8,38,17,087
(ii)	Others	5,36,070	—	—	5,36,070	—	—	—	5,36,070	—	—
	Total	10,05,36,070	—	—	1,67,18,983	50,10,953	—	—	2,17,29,936	7,88,06,134	8,38,17,087
	Previous Year	10,05,36,070	—	—	88,59,982	78,59,001	—	—	1,67,18,983	8,38,17,087	
c.	Capital work in Progress										
(i)	Capital Expenditure (On the assets not owned by the Company)	11,32,82,824	60,99,959	(84,13,785)	11,09,68,998	—	—	—	—	11,09,68,998	11,32,82,824
	Total	11,32,82,824	60,99,959	(84,13,785)	11,09,68,998	—	—	—	—	11,09,68,998	11,32,82,824
	Previous Year	—	11,32,82,824	—	11,32,82,824	—	—	—	—	11,32,82,824	
	GRAND TOTAL	3,53,34,47,422	2,92,56,389	(84,79,785)	3,55,42,24,026	15,31,17,502	—	(20,229)	1,45,31,01,687	2,10,11,22,339	2,23,34,43,008
	Previous Year	3,42,12,52,278	11,33,84,034	(11,88,890)	3,53,34,47,422	15,24,73,432	(77,03,734)	(9,03,444)	1,30,00,04,414	2,23,34,43,008	

Note : I) The "Bridges & Buildings", "P-Way" and "Formations" have been constructed on the land held by the Company under a lease for 33 years. (Refer 'Background' in Note -1) commencing from 28.06.2001.

II) Useful life period of the asset "Bridges & Buildings" according to the contractual arrangement is 33 years, which is less than the useful life as per schedule XIV of the Companies Act, 1956. However as per management's estimates recoverable value of the asset will be higher than the written down the value as per the Schedule XIV of the Companies Act, 1956, and therefore depreciation is charged in accordance to Schedule XIV.

III) Intangible assets include the License Fee for Container Operations of ₹ 1000.00 Lakhs.

IV) Capital Work in Progress includes capital advances/expenditures given/incurred by the Company in connection to running of high cube double stack container trains & construction of loop lines on PRCL section.

V) During the current financial year, Ministry of Corporate Affairs (MCA) has issued a notification formulating the method of amortization of intangible assets created by Public Private Partnership companies under BOT/BOOT system. However, there is certain ambiguity on applicability of the same on Railways sector. A clarification has been sought from MCA, pending which, existing method of amortization is followed.



Pipavav Railway Corporation Limited

Note	Particulars	(Amount in ₹)	
		As at 31 st March, 2013	As at 31 st March, 2012
10. Long Term Loans and Advances			
	Considered good		
	Security Deposits	6,49,348	6,49,348
	Advance Taxes (Including TDS) (Net of Provisions)	64,07,378	1,15,44,121
	MAT Credit Entitlement	15,06,29,706	1,59,33,263
	Considered doubtful		
	Other Advances	—	2,10,982
	Total	15,76,86,432	2,83,37,714
	Less: Provision for Doubtful Advances	—	(2,10,982)
	Total	15,76,86,432	2,81,26,732
11. Current Assets			
(i)	Trade receivables (Unsecured)		
	-Outstanding for a period more than six months		
	<i>Considered good</i>	7,47,92,796	—
	<i>Considered doubtful</i>	19,25,51,430	20,50,01,822
	-Other		
	<i>Considered good</i>	17,01,92,617	16,24,35,188
		43,75,36,843	36,74,37,010
	Less: Provision for Doubtful trade receivables	(19,25,51,430)	(20,50,01,822)
	Total	24,49,85,413	16,24,35,188
(ii)	Cash and cash equivalents		
	-Cash on Hand	11,428	15,102
	-Balance with Scheduled Banks	40,92,153	16,95,588
	-Term Deposits	49,81,62,207	52,92,50,000
	Total	50,22,65,788	53,09,60,690
(iii)	Short-term loans and advances (Unsecured)		
	<i>Considered good</i>		
	-Employees	1,72,568	8,863
	-Other Advances	77,84,443	—
	Total	79,57,011	8,863
(iv)	Other current assets		
	-Prepaid Expenses	15,14,580	3,17,589
	-Interest Accrued	6,42,908	49,20,357
	-Others	—	8,86,035
	Total	21,57,488	61,23,981

(a) Current year figure of trade receivables considered good (unsecured) under sub head "others" includes Nil (Previous Year ₹ 13,31,245/-) debt due from related party.

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

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Note	Particulars	(Amount in ₹)	
		Year ended 31 st March, 2013	Year ended 31 st March, 2012
12. Revenue from Operations			
	<i>(Refer Note No. 22 also)</i>		
	Operating Income from Bulk Traffic	61,90,95,944	61,55,49,341
	Operating Income from Container Traffic	1,17,06,76,155	89,72,29,301
	Total	1,78,97,72,099	1,51,27,78,642
13. Other Income			
	Interest on Deposits	5,62,42,062	1,17,00,922
	Other Interest	36,394	58,56,569
	Profit on sale of assets	2,396	400
	Provisions/liabilities written off	1,13,25,088	39,148
	Others Income	20,230	16,258
	Total	6,76,26,170	1,76,13,297
14. Employee benefits expense			
	<i>(Disclosure as required by AS-15 on Employees Benefits are at Note No 24)</i>		
	Salaries, Wages & Benefits	1,54,08,419	1,55,28,844
	Contribution to PF and other funds	16,02,851	16,21,376
	Staff Welfare	8,36,448	7,66,074
	Total	1,78,47,718	1,79,16,294
15. Finance costs			
	Interest on term loans	—	4,90,56,536
	Interest on Deferred O&M Costs	4,08,26,000	8,77,14,000
	Other financial costs	2,327	5,78,749
	Total	4,08,28,327	13,73,49,285
16. Operating and Other expenses			
(i) Operating & Maintenance Expenses			
	<i>(Refer Note No. 20 also)</i>		
(a) Fixed Cost			
	Man Power Cost	22,51,47,816	20,01,39,849
	Material Cost	2,76,96,986	2,53,41,001
(b) Variable Cost			
	Cost of Fuel	40,82,03,096	34,24,81,289
	Crew Cost	6,91,02,916	8,70,14,837
	Hiring of Rolling Stock	4,20,41,409	2,19,06,847
	Others	1,45,82,371	4,89,54,717
(c) Other Cost			
	Overhead Cost	6,64,06,399	4,41,18,277
	Cost for additional work	8,54,44,699	1,61,47,769
	Total (a+b+c)	93,86,25,692	78,61,04,586



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Note	Particulars	(Amount in ₹)	
		Year ended 31 st March, 2013	Year ended 31 st March, 2012
(ii)	Lease Rent Charges (Refer Note No. 19 also)	1,97,52,000	1,97,52,000
(iii)	Other Administrative expenses		
	Repairs and maintenance		
	Buildings	42,902	71,799
	Vehicles	12,19,639	13,54,801
	Others	2,18,370	2,09,839
	Rent (Refer Note No. 19 also)	25,59,228	25,12,308
	Insurance	6,12,985	10,37,369
	Communication	2,96,800	2,92,713
	Travelling & Conveyance-Directors	18,46,542	16,78,404
	Travelling & Conveyance-Others	23,61,065	19,77,531
	Rates, taxes & fee	54,858	35,406
	Professional and consultancy fees	17,88,991	15,05,316
	Electricity & Water	4,43,063	4,23,005
	Advertising and Business Promotion	4,39,998	1,79,106
	Loss on Sundry Assets disposed/written off	31,367	2,85,446
	Printing & Stationery	2,02,118	1,79,807
	Audit fee	3,93,260	3,92,499
	Meetings and seminar	1,51,427	1,25,357
	Provision for Doubtful debt	—	6,74,14,152
	Miscellaneous Expenses	2,59,987	3,04,388
	Total	1,29,22,600	7,99,79,245
	Grand-total (i to iii)	97,13,00,292	88,58,35,831
17.	Exceptional & Prior Period Items		
	Operating and Other Expenses	(8,30,621)	9,21,66,940
	Total	(8,30,621)	9,21,66,940

Prior period items for the current year include the following:

- (i) The bills of variable cost for FY 2009-10 has been revised by Western Railway after rectifying the error contained in the bill, which has resulted in reduction of cost by ₹ 239.96 lakhs.
- (ii) During current financial year, WR has advised and recovered ₹ 248.26 lakhs on account of error in recovery of maintenance charge on container traffic pertaining to prior period.

18. Contingent Liabilities

(i) Capital Commitment

The amount of works to be executed on capital account and not provided for (net of advances) as at 31.03.2013 is ₹ 1233.34 lakhs (Previous year- Nil).

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

- ♦ A party had claimed liquidated damages to the tune of USD 2,822,206 {(₹ 1532.57 Lakhs approx.) (Previous year ₹ 1435.76 Lakhs)}. The Company has not acknowledged the claim and instead filed a counter claim of ₹ 2814.66 Lakhs. The Hon'ble Supreme Court has referred the matter to a sole Arbitrator and the proceedings are in progress.
- ♦ There are claims amounting to ₹ 33.29 Lakhs from three parties. The Management is of opinion that the same are not payable.
- ♦ During financial year 2011-12, the Company had received a Show Cause Notice from the office of Director General of Foreign Trade under section 14 read with section 11(2) of the Foreign Trade (Development and Regulation) Act, 1992, for non fulfillment of export obligations in respect of EPCG license issued to the Company under the Category "RAIL TRANSPORT SERVICE". The Company has filed an application for redemption of EPCG Licence before DGFT. Pending the decision thereon by DGFT, the liability on this account, if any, is not ascertainable and hence not been provided for.
- ♦ During financial year 2011-12, the Company had received a writ petition filed by an employee demanding the arrears of differential Pay+ DA (i.e. ₹ 15,017/- per month) and the corresponding increase in allowances/other benefits resulting out of re-fixation of the Pay of the petitioner from the date of his joining after giving him protection along-with interest @18% p.a. and to award ₹ 55,000/- towards cost of litigation. The said employee joined the Company on absorption basis from MOR on 6th January 2010 and superannuated on 30th April, 2012.
- ♦ The Commercial Operations Date (COD) was fixed as 01.04.2003 in respect of Surendranagar - Pipavav Port rail link project of the Company and the cost of work completed was capitalized on provisional basis subject to receipt of final bills from WR, adjustment for materials supplied in excess to WR and verification thereof by the Company. However, the Company has reconciled the construction expenditure with WR except for ₹ 220 Lakhs (Approx.) on account of D&G charges of WR Headquarters. The Company has referred the matter to WR Headquarter for waiver and, accordingly has not accounted the same. The adjustments for the same will be made after final reconciliation with WR. The historical value of fixed assets and respective depreciation charged during the year are subject to change pending finalization of the above. The Company has not received any bill in this regard since after completion of the project. The management is of the view that no additional liability may arise in this respect.

19. Obligations under Operating lease

The amount of future lease rent payable on account of leased properties as at 31.3.2013 are as under: -

- (i) Due within one year ₹ 220.30 lakhs (Previous year- ₹ 220.30 lakhs)
- (ii) Due later than one year and not later than 5 years ₹ 825.89 lakhs (Previous year- ₹ 848.67 lakhs)
- (iii) Later than 5 years ₹ 3,209.70 lakhs (Previous year - ₹ 3,407.22 lakhs)

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

♦ Fixed Cost (Material)

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



- (ii) **Bills for additional works:** During current financial year, bills of ₹ 854.45 lakhs have been charged to the Company by WR on account in various maintenance works which have been issued in addition to the bills of Fixed Cost (Material). There is no provision in the O&M agreement for issuing additional bills on account of maintenance etc., as cost on this account is chargeable under Fixed Cost (Material) only which has already been fixed by Joint Survey Team for five years and currently being charged. The Company has disputed these bills, including the bills issued in past years of similar nature. Some of bills have been withdrawn by WR, however credit advice for the same has not been received, pending which, the amount has not been adjusted.

◆ **Fixed Cost (Staff)**

During current financial year, in addition to normal bills of staff cost, WR has charged ₹ 163.30 lakhs on account of additional staff cost with effect from August-2012 onwards. The cost has been charged on adhoc basis for additional number of staff calculated by taking the difference of maximum staff strength and actual number of staff posted on the section. As a result of which notional cost has been charged to the Company for the staff who has actually not worked on PRCL section, also documents provided by WR do not substantiate the bills of additional staff cost. Therefore, the Company has disputed the bills as the same have not been issued for the staff actually deployed/worked on PRCL Section.

Similarly, additional bills of pension etc. under Overhead Cost have been charged on notional basis and are being disputed by the Company.

◆ **Variable Cost**

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

The method of billing adopted by WR for variable cost is not strictly in accordance with the O&M agreement, and has been disputed/ objected by the Company. As per O&M agreement, the variable cost should be charged on the basis of the actual expenditure incurred on PRCL section, however, WR is of view that assessment of the actual variable cost of PRCL section is not possible and therefore, unit cost is used by WR in calculation of variable cost, along with the reconciled operating data, which is based on WR BG cost. Accordingly, Variable cost is being charged by WR by apportioning entire Western Railway's Broad Gauge cost to the Company in the proportion to operating data i.e. GTKM, NTKM etc. The cost so apportioned/charged also includes the cost of passenger services and therefore, cost of passenger services is also charged to the Company, which is contrary to the provision of the O&M agreement. The issue of charging of cost of passenger services is pending with WR and amount charged on account could not be ascertained due to non provision of records to the Company by WR and the matter is pending with WR headquarter.

As a matter of prudent accounting policy, the Company has booked entire O&M cost on the basis of bills received from WR, although disputed. Further, the Company has also taken up issues of O&M cost at various levels with Railway authorities.

21. Settlement of dues with WR

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

recover dues of O&M cost for FY 2010-11 and 2011-12 along-with dues of current financial year, by withholding 97% of revenue accrued to the Company and will continue to withheld till all the dues are cleared.

22. Revenue Recognition and Reconciliation

- ♦ The Company is maintaining the revenue records on the basis of railway receipts received from WR. These records are reconciled with WR and the differences observed on reconciliation are adjusted in the books of accounts.
- ♦ During current financial year, un-reconciled operating revenue for FY 2003-04 to FY 2005-06 amounting to ₹ 121.98 Lakhs receivables from WR has been written off by the Company against the provision made earlier, due to non availability of revenue records.
- ♦ During the current financial year, WR has charged ₹ 248.26 lakhs on account of "Maintenance Charges", pertaining to FY 2007-08 to FY 2010-11, and has recovered the same from the revenue withheld.
- ♦ The revenue on account of shortfall in guaranteed traffic as per 'Transportation and Traffic Guarantee Agreement' entered into amongst GPPL, PRCL and WR is accounted on the basis of traffic handled by the Company. There is no shortfall in guaranteed traffic during financial year 2012-13. Details of various disputed dues, recoverable from GPPL, pertaining to prior years, on account of traffic guarantee shortfall amount, interest etc. under different agreements are as under:

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

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

The Company has certain disputes with WR related to apportionment of revenue e.g. rounding off of percentage share of the Company in revenue at lower side, nonpayment of terminal cost on traffic originated from Pipavav station, recovery of maintenance charges on higher side etc. WR has not accepted the views of the Company on disputed items, therefore, the amount has not been recognized by the Company, in accordance with Accounting Standard 9- "Revenue Recognition".

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



24. EMPLOYEE'S BENEFITS

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

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

	2012-13			2011-12		
	Gratuity	Leave Encashment	Sick Leave	Gratuity	Leave Encashment	Sick Leave
Present value of obligation as at the beginning of the Year	13,76,716	13,00,468	5,90,682	9,00,308	8,14,406	4,07,040
Interest Cost	1,10,137	1,04,037	47,255	76,526	69,225	34,598
Current Service Cost	3,03,341	3,01,138	1,33,518	2,90,422	3,33,263	1,23,702
Benefits Paid	—	(1,36,800)	—	(72,308)	(13,151)	—
Actuarial loss/(gain) on Obligations	1,46,823	1,68,165	42,906	1,81,768	96,725	25,342
Present value of obligation at year end	19,37,017	17,37,008	8,14,361	13,76,716	13,00,468	5,90,682

♦ **Change in Fair Value of Plan Assets** (Amount in ₹)

	2012-13			2011-12		
	Gratuity	Leave Encashment	Sick Leave	Gratuity	Leave Encashment	Sick Leave
Fair value of Plan Assets at the beginning of the year	11,24,681	—	—	3,80,716	—	—
Adjustment of Previous Year	—	—	—	—	—	—
Expected return on Plan Assets	1,01,221	—	—	30,457	—	—
Employer's contribution	2,27,085	—	—	7,27,653	—	—
Benefit Paid	—	—	—	(72,308)	—	—
Actuarial (loss)/ gain on Obligations	1,38,095	—	—	58,163	—	—
Fair value of Plan Assets at the end of the year	15,91,082	—	—	11,24,681	—	—

♦ Amount recognized in Balance Sheet

(Amount in ₹)

	2012-13			2011-12		
	Gratuity	Leave Encashment	Sick Leave	Gratuity	Leave Encashment	Sick Leave
Estimated Present Value of obligations as at the end of the year	19,37,017	17,37,008	8,14,361	13,76,716	13,00,468	5,90,682
Fair value of Plan Assets as at the end of the Year	15,91,082	—	—	11,24,681	—	—
Net Assets/(Net Liability) recognized in Balance Sheet	(3,45,935)	(17,37,008)	(8,14,361)	(2,52,035)	(13,00,468)	(5,90,682)

♦ Expenditure recognized in the Statement of Profit & Loss

(Amount in ₹)

	2012-13			2011-12		
	Gratuity	Leave Encashment	Sick Leave	Gratuity	Leave Encashment	Sick Leave
Current Service Cost	3,03,341	3,01,138	1,33,518	2,90,422	3,33,263	1,23,702
Interest Cost	1,10,137	1,04,037	47,255	76,526	69,225	34,598
Expected return on Plan Asset	(1,01,221)	—	—	(30,457)	—	—
Net Actuarial (Gain) / Loss recognized in the year	8,728	1,68,165	42,906	1,23,605	96,725	25,342
Adjustment of previous year	1,39,436	—	—	—	—	—
Total expenses recognized in the Statement of Profit and Loss	4,60,421	5,73,340	2,23,679	4,60,096	4,99,213	1,83,642

♦ Principal actuarial assumption at the Balance Sheet Date

	2012-13			2011-12		
	Gratuity	Leave Encashment	Sick Leave	Gratuity	Leave Encashment	Sick Leave
Discount Rate	8.00%	8.00%	8.00%	8.50%	8.50%	8.50%
Expected rate of return on Plan Assets	9.00%	—	—	8.00%	—	—
Expected rate of Salary Increase	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Method used	Projected unit credit					



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- ♦ The estimates of future salary increases, considered in actuarial valuation, take account of inflation, Seniority, promotion and other relevant factors, such as supply and demand in employee market.
- (iii) The Company has created a trust which has taken a Group Gratuity Policy with Life Insurance Corporation of India for payment of gratuities. The approval of gratuity fund by Income Tax Authority is pending.
- (iv) The amount of liabilities and assets shown above are measured by a qualified Actuary and reconciled with the figures provided by the fund manager i.e. Life Insurance Corporation of India Ltd.

25. Deferred Tax assets/ Liabilities

(Amount in ₹)

Deferred Tax Assets/(Liabilities)	Income Tax Impact		
	As on 1 st April 2012	As on 31 st March 2013	For the current financial Year
	A	B	C (B-A)
Accumulated losses and unabsorbed depreciation as Per Income Tax Act	4,88,497,100	26,81,73,665	(22,03,23,435)
Depreciation	(43,92,41,136)	(42,46,98,030)	1,45,43,106
Provision for Doubtful debts & Advances	6,65,81,294	6,24,73,311	(41,07,983)
Provision for Employees Benefits	4,52,599	9,33,526	4,80,927
Net Deferred Tax Assets/(Liabilities)	11,62,89,857	(9,31,17,528)	(20,94,07,385)

In accordance with Accounting Standard-22- "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has reassessed the deferred tax taking into consideration all the items, due to which there is timing difference between the taxable income and accounting income as 31.3.2013. As a result of which, deferred tax liabilities of ₹ 209,407,385 has been created/ recognized by the Company during the current financial year and, the net profit after tax for the current financial year has accordingly decreased by the same amount. The deferred tax liabilities created during the current financial year have been shown by adjusting the same against the deferred tax assets created /recognized during the previous financial year.

26. The Company is eligible for deduction u/s 80-IA of the Income Tax Act, 1961. However, due to brought forward business losses and unabsorbed depreciation as per Income Tax, benefit u/s 80-IA is not considered during the year.
27. The names of Small Scale Industrial undertakings' to whom the Company owns any sum outstanding for more than 30 days is Nil (Previous Year Nil).
- This information has been compiled, to the extent, to which they could be identified as small scale undertaking on the basis of information available with the Company. Payment against supplies from small scale industries are in accordance with the agreed terms. Besides, there are no claims from the parties for interest on overdue payments, if any.
28. The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro, small and medium enterprises. Consequently, the amount paid/ payable to these parties during the year is Nil
29. The Company had applied for patents of certain designs in the joint names of the Company and one of the ex-staff of the Company pending approval of the Board of Directors. Further, the agreement specifying the terms & conditions between the aforesaid parties are yet to be executed. Accordingly, any financial obligation, not anticipated by the Company, has not been provided and will be accounted on the execution of the aforesaid agreement.

30. The Company obtained permission to undertake container operations from MOR by paying the license fee of ₹ 1000.00 Lakhs on 20.01.2006. The Company signed the Concession Agreement on 4.01.2007, according to which, Commercial Operation Date (COD) will be the date of commencement of actual operation or 2nd anniversary of signing of agreement, whichever is earlier. The Ministry of Railways vide its letter No 2009/TT-III/73/1 dt. 13/03/2009 has extended COD by one year. The period of concession is for 20 years which is further extendable for 10 years. During the FY 2009-10, the Company entered into an Agreement for commencing container train operation and run the train. The Company has terminated said agreement on 29.12.2011. The license fee is amortized equally over the period to use from the commercial date of operation as per Concession Agreement.

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

On the basis of review, the management is of the opinion that the economic performance of Fixed Assets is not worse than expected and therefore there is no impairment of any assets as on the Balance Sheet date and therefore, in the subsequent years, "the Value in Use" will be sufficient to recover the carrying amount. However, in case of intangible asset namely license fees for container operation, which is a separate cash generating unit, the Company is not carrying on any business operations due to the poor market conditions and scarcity of funds. Therefore there are indicators of impairment but the Company has not assessed the recoverable value of the asset. The management of the Company is of the opinion that considering the material time leftover for use of the license, the Company will be able to recover its cost, therefore no provision for impairment is made.

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

33. **Additional information**

(Amount in ₹)

Sl. No.	Particulars	2012-13	2011-12
1.	C.I. F value of imports	Nil	Nil
2.	Expenditure in Foreign currency (On cash basis) Foreign tour expenses	Nil	Nil
3.	Earnings in foreign currency	Nil	Nil
4.	Remuneration provided/paid to Managing Director :		
	Gross Salary*	27,00,000	26,25,000
	Perquisites (Approx money value)	Nil	Nil
	Provident Fund Contributions (employer's share)	1,21,500	1,18,125
	Leave encashment/Availed	Nil	Nil
	*Excluding Contribution to Gratuity fund		
5.	Auditors' Remuneration :		
	Statutory Audit Fee	2,50,000	2,50,000
	Tax Audit	50,000	50,000
	Service Tax	37,080	37,080
	Out of Pocket Expenses	Nil	Nil

34. **Related Party disclosure:-**

Related party disclosures are given below:

(i) Name of related Parties and relationship : -

- | | | |
|------------------------------|---|---------------------------------------|
| (a) Key Management Personnel | - | Mr. Pankaj Malviya, Managing Director |
| (b) Associates | - | M/s Gujarat Pipavav Port Ltd. |



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(ii) Transactions with related parties:

(Amount in ₹)

	2012-13		2011-12	
	Key Managerial Person	Associates	Key Managerial Person	Associates
(a) Following transactions were carried out with related parties in ordinary course of business:				
-Salary and allowance	28,21,500	—	27,43,125	—
-Manpower cost	—	15,16,860	—	13,61,245
-Other charges	—	8,40,314	—	—
(b) Accumulated balances with related parties:				
-Trade Receivables	—	18,90,20,151	—	19,03,51,396
-Provisions for doubtful debts in respect of above	—	18,90,20,151	—	18,90,20,151

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

36. Earning per share is as under:

	2012-13	2011-12
A) Numerator:		
(i) Net Profit/loss as disclosed in the Statement of Profit and Loss (in ₹)	46,40,66,424	55,30,13,416
B) Denominator:		
(i) Weighted average number of Equity Shares outstanding (In Numbers)	19,60,00,020	19,60,00,020
C) Basic and Diluted earning per share (in ₹)	2.37	2.82

37. Comparative figures

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

As per our report of even date attached
For **Bhudiadia and Company**
Chartered Accountants
Sd/-
Puneet Singla
Partner
M.No.506277

For & on behalf of the Board

Sd/-
Pankaj Malviya
Managing Director

Sd/-
Pradeep Puri
Director

Sd/-
Niraj Kumar
Director

Place: New Delhi
Dated: 2.09.2013

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

Sd/-
Leena Narwal
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

	Year ended 31st March 2013 (Amount in ₹)	Year ended 31st March 2012 (Amount in ₹)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit(Loss) before tax	67,34,73,809	43,66,87,771
Adjustments for		
Depreciation	15,31,17,502	14,47,69,698
Interest Paid	4,08,28,327	13,73,49,285
Interest earned	(5,62,78,456)	(1,75,57,491)
Provision for Doubtful debts and Advances	—	6,74,14,152
Profit on sale of Fixed Assets	(2,396)	(400)
Loss on assets disposed/ Written off	31,367	2,85,446
Operating profit before working capital changes	81,11,70,153	76,89,48,461
Adjustments for:		
Trade and other receivables/assets	(7,85,83,732)	5,46,64,471
Loans & Advances	(13,75,07,848)	1,02,23,277
Non Current Liabilities	6,29,260	52,147
Trade payables and other liabilities	(61,81,89,758)	63,88,67,951
Total Cash generated from Operating Activities	(2,24,81,925)	1,47,27,56,307
Tax Adjustment	—	35,788
Net Cash generated from Operating Activities	(2,24,81,925)	1,47,27,92,095
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition/construction of Fixed Assets	(2,31,56,430)	(1,01,210)
Capital Work in Progress (Adjusted)	23,13,826	(11,32,82,824)
Sale/disposed off of Assets	16,800	400
Net Cash used in Investing Activities	(2,08,25,804)	(11,33,83,634)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long Term Borrowing	—	(81,81,95,893)
Interest Received	5,62,78,456	1,75,57,491
Interest Paid	(4,08,28,327)	(13,73,49,285)
Government Grants	(8,37,302)	4,40,38,294
Net Cash generated from Financing Activities	1,46,12,827	(89,39,49,393)



Pipavav Railway Corporation Limited

Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(2,86,94,902)	46,54,59,068
Opening Cash & Cash Equivalents	53,09,60,690	6,55,01,622
Closing Cash & Cash Equivalents	50,22,65,788	5,309,60,690

Notes:-

1. The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard -3 (AS-3) on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
2. Cash and Cash Equivalents consist of:
 - (a) Cash on hand ₹ 11,428/- (31st March 2012 – ₹ 15,102/-)
 - (b) Bank Balance in current accounts ₹ 4,092,153/- (31st March 2012 - ₹ 1,695,588/-) and
 - (c) In deposit accounts ₹ 498,162,207/- (31st March 2012 - ₹ 529,250,000/-).
3. Previous figures are reclassified/regrouped to confirm and make them comparable with those of the current year.

As per our report of even date attached
For **Bhudladia and Company**
Chartered Accountants
Sd/-
Puneet Singla
Partner
M.No.506277

For & on behalf of the Board

Sd/-
Pankaj Malviya
Managing Director

Sd/-
Pradeep Puri
Director

Sd/-
Niraj Kumar
Director

Place: New Delhi
Dated: 2.09.2013

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

Sd/-
Leena Narwal
Company Secretary



PIPAVAV RAILWAY CORPORATION LIMITED

Regd. Office : 1ST FLOOR, JEEVAN TARA BUILDING (Gate No. 4)
5, PARLIAMENT STREET, NEW DELHI-110001

PROXY FORM

I/We _____

of _____

in the district of _____ being a member(s)

of Pipavav Railway Corporation Limited, hereby appoint _____

of _____

in the district of _____ or

failing him/her _____ of _____

in the district of _____ as my/our Proxy and to

attend and vote for us on my/our behalf at the 13th Annual General Meeting of the Company to be held

on Friday, the 27th September, 2013 at 12:00 noon at Conference Hall, 2nd Floor, Railway Board, Rail

Bhavan, Ministry of Railways, New Delhi-110001 and/or at any adjournment thereof.

Place:

Date:

Signature of the Member. _____

Regd. Folio No. _____

No. of Shares held: _____

Note:

1. The Proxy need not be a member.
2. The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

Revenue
Stamp

TEAR HERE

