



17th Annual Report 2016-17 **Pipavav Railway Corporation Limited**

CIN : U45200DL2000PLC151199

BOARD OF DIRECTORS

Sh. S. C. Jethi, **Chairman**
Sh. S. K. Mohanty
Sh. G. V. L. Satyakumar
Sh. S. C. Jain
Ms. Niva Singh
Sh. J. P. Pandey
Capt. P. K. Mishra
Sh. Keld Pedersen
Sh. Hariharan Iyer
Sh. Pradeep Puri
Sh. Rajiv Kumar Lal
Sh. V. K. Roy
Dr. Rabinarayan Patnaik
Prof. (Ms.) Nisha Srivastava
Sh. Amitabh Lal — **Managing Director**

Company Secretary

Ms. Leena Narwal

Chief Financial Officer

Sh. Vinod Kumar

Statutory Auditor

M/s. P. K. Chopra & Co.
Chartered Accountants

C & AG Auditor

Principal Director of Audit
Railway Commercial, New Delhi

Bankers

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

Registered & Corporate Office :

B-1202, 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



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

17th ANNUAL REPORT

REGISTERED OFFICE:

B-1202, (B-WING), STATESMAN HOUSE, 148 BARAKHAMBA ROAD

12TH FLOOR, CONNAUGHT PLACE

NEW DELHI-110001

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NOTICE

Notice is hereby given that the 17th Annual General Meeting of the Members of Pipavav Railway Corporation Limited will be held **on Friday, the 15th September, 2017 at 03.00 p.m. at Corporate Office of the Company located at B- 1202, 12th Floor, Statesman House, 148, Barakhamba Road, New Delhi- 110001** to transact the following business:

ORDINARY BUSINESS:

- To receive, consider, approve and adopt the audited annual financial statements of the Company for the year ended 31st March, 2017, containing Balance Sheet as at 31st March 2017, Statement of Profit and Loss, Statement of Change in Equity, Statement of Cash Flow for the year ended 31st March, 2017, the reports of the Board of Directors and Auditors thereon,
- To appoint a Director in place of Capt. Padminikant Mishra, who retires by rotation, and being eligible, offers himself for reappointment.
- To appoint a Director in place of Sh. Sanjay Kumar Mohanty, who retires by rotation, and being eligible, offers himself for reappointment.
- To appoint a Director in place of Sh. G.V.L. Satyakumar, who retires by rotation, and being eligible, offers himself for reappointment.
- To consider fixation of remuneration for the year ending 31st March, 2018 payable to M/s P. K. Chopra & Co., Chartered Accountants, the 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 2017-18. Pursuant to the provisions of Section 139 of the Companies Act, 2013, the appointment of Statutory Auditors, for the year 2017-18 has been made by C&AG. Section 142 of the Companies Act, 2013 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 appointment of M/s P. K. CHOPRA & CO., Chartered Accountants, Statutory Auditors made by Comptroller & Auditor General of India (C&AG)

under Section 139 of the Companies Act, 2013 for the financial year 2017-2018 vide its letter dated 19/7/2017 be and is hereby noted and the Board of Directors of the Company be and are hereby authorized to fix the remuneration payable to them as per Section 142 of the Companies Act, 2013.”

SPECIAL BUSINESS:

6. To approve increase in remuneration being paid to Managing Director of the Company

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 196 and 197 read with Schedule V of the Companies Act, 2013 or any amendment or modification thereof and subject to such approvals as may be necessary and other applicable provisions, if any, of the Companies Act, 2013, consent of Shareholders of the Company be and is hereby accorded to approve increase in the gross emoluments of Sh. Amitabh Lal, Managing Director of the Company from ₹ 2,75,000/- (Rupees Two Lacs Seventy Five Thousand only) to ₹ 3,05,000/- (Rupees Three Lacs Five Thousand only) per month with effect from 1st August, 2017. Details of remuneration are:

	Amount (in ₹)
Basic Salary (per month)	1,44,015
House Rent Allowance (per month)	65,313
Other Allowances (per month)	95,672
Gross Monthly Emoluments	3,05,000

Other Benefits remain the same as under:

- Provident Fund contribution of 12% on the basic pay;
- Company car with driver;
- Telephone, with fax and internet at residence;
- Gratuity payable at a rate not exceeding half a month salary for each completed year of service;
- Annual Leave (30 days Earned Leave, 8 days Casual Leave, 10 days Half Pay Leave), including leave encashment, as per Company Rules;
- Membership of two clubs / Hotels with combined membership fee limited to ₹ 25,000/- per annum;
- Leave Travel Allowance/ Medical Insurance, etc., as per Company rules; and



8. One Company appointed Helper (or) on deputation basis (or) reimbursement upto ₹ 20,000 per month;

FURTHER RESOLVED THAT Sh. S.C. Jain, Nominee Director from MOR and Chairman, Nomination and Remuneration Committee of the Board of Directors of the Company, Sh. V.K. Roy and Sh. Rajiv Lal, Independent Directors and Sh. Keld Pedersen, Nominee Director from GPPL as Members of the said Committee be and are hereby severally authorized to do all such necessary acts, deeds and things as may be required to give effect to the aforesaid resolution. Also, Company Secretary of the Company be and is hereby authorized to file necessary e-forms with the Registrar of Companies (ROC) or any other related acts as may be required thereto.”

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

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

“**RESOLVED THAT** consent of Shareholders of the Company be and is hereby accorded to pay a Profit Linked Bonus/incentive @40% of the annual basic pay to all employees of the Company, including Managing Director. Basic pay of the employee in the month of March, 2017 will be taken for calculation purpose. Pro-rata payment will be made in case of new employees joining the Company during the Financial Year and a minimum period of 6 months service are to be put in by the employee concerned. Contractual employees including consultants shall not be entitled to receive

Profit Linked Bonus/ Incentive as they may receive ex-gratia bonus and will be paid one month service/ contract fee as applicable in the month of March.

RESOLVED FURTHER THAT Sh. Amitabh Lal, Managing Director (DIN: 06720989) 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 to other Officer(s) of the Company as he may deem fit.”

By order of the Board
For Pipavav Railway Corporation Limited

Sd/-
Vinod Kumar
Chief Financial Officer

Place : New Delhi
Date : July 29, 2017

Notes:

1. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business as per Item No. 6 to 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. 6: To approve increase in remuneration being paid to Managing Director of the Company

Nomination and Remuneration Committee in its meeting held on 9th September 2015 recommended the increase in remuneration package of Managing Director of the Company from ₹ 2,25,000/- to ₹ 3,00,000/- per month along with the other existing benefits. Thereafter, Board of Directors in its meeting held on 2nd December 2015 approved the recommendations of the Committee subject to the approval of Shareholders. However, Shareholders in their Extra-Ordinary General Meeting of the Company held on 18th February 2016 were of the view to approve the increase in remuneration being paid to Managing Director of the Company. They desired to fix some formula/ basis for increase and discussed that an annual enhancement at a fixed percentage of 5% on gross salary may be considered from the date of last increase i.e. from July, 2011. With 5% fixed increase on gross salary of ₹ 2,25,000 (last fixed in July, 2011), the amount comes out to ₹ 2,75,000 approximately as on 1st August, 2015. All the shareholders unanimously agreed to this proposal and approved the increase in remuneration being paid to Managing Director of the Company from ₹ 2,25,000/- to ₹ 2,75,000/- w. e. f. 1st August, 2015 till further review by the Nomination and Remuneration Committee.

The matter was presented before the Nomination and Remuneration Committee in its meeting held on 27th March, 2017 since the above pay revision took place in August 2015 and there was a need for relook in the pay taking into implementation of new IDA 2017 pay scale for all PRCL personnel. Also, in the IDA 2017 pay scale for Schedule-B Company, Chairman-cum-Managing Director pay scale is ₹ 1,80,000-3,20,000/-. At minimum of pay scale, with DA, HRA and other allowances, gross salary comes to ₹ 2,86,200/-. This was exclusive of statutory provident fund and contributory National Pension Scheme and annual increment of 3% and PRP. The Committee in the said meeting discussed that keeping in view the performance of the Managing Director in terms of growth and effective management of the Company, the Committee decided to increase the monthly remuneration package on the basis of annual enhancement at a fixed percentage of 5% on gross salary for two years as was decided by the Shareholders in their meeting held on 18th February

2016 as mentioned above. However, the Committee was also of the view to re-look the remuneration package of Managing Director at the time of implementation of IDA Pay scale keeping in view the difference in the salary of Managing Director and the second highest grade (i.e. M-8) as per IDA pay scale and other factors. This will be taken into account in due course. Thus, the Committee decided to increase the monthly remuneration package being paid to Sh. Amitabh Lal, Managing Director from the present limit of ₹ 2,75,000 per month to ₹ 3,05,000 per month along with the other existing benefits calculated at the rate of 5% increase every year which comes out to ₹ 3,02,500/- and rounded off to ₹ 3,05,000/- p.m. w. e. f. 1st August, 2017. Accordingly, the Nomination and Remuneration Committee in their meeting held on 27th March, 2017 recommended to increase the monthly remuneration package being paid to Sh. Amitabh Lal, Managing Director from the present limit of ₹ 2,75,000/- per month to ₹ 3,05,000/- per month along with the other existing benefits.

Further, Board of Directors discussed the above item in their meeting held on 18th April, 2017 and unanimously approved the recommendation of the Nomination and Remuneration Committee

None of the Directors, Key Managerial Personnel and their relatives except Sh. Amitabh Lal, Managing Director, are concerned / interested in passing of the said ordinary resolutions.

Item No. 7: To approve Profit Linked Bonus/ Incentive for PRCL personnel

Nomination and Remuneration Committee in its meeting held on 27th March, 2017 reviewed the financial and non-financial parameters of the Company and recommended a Profit Linked Bonus/incentive @ 40% of the annual basic pay for FY 2016-17 to all the employees of the Company, including Managing Director. Nomination and Remuneration Committee in the above said meeting further recommended to the Board that basic pay of the employee in the month of March, 2017 will be taken for calculation purpose. Pro-rata payment will be made in case of new employees joining the Company during the Financial Year and a minimum period of 6 months service are to be put in by the employee concerned. Contractual employees including consultants shall not be entitled to receive Profit Linked Bonus/Incentive as they may receive ex-gratia bonus and will be paid one month service/contract fee as applicable in the month of March.



Pipavav Railway Corporation Limited

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Board of Directors discussed the above item in their meeting held on 18th April, 2017 and approved the recommendations of the Nomination and Remuneration Committee.

The Board of Directors accordingly recommends the passing of the proposed ordinary resolution as set out under item No. 7 of the notice by the members of the Company.

Save and except the above, none of the other Directors, Key Managerial Personnel and their relatives are

concerned / interested in passing of the said ordinary resolutions.

By order of the Board
For Pipavav Railway Corporation Limited

Sd/-
Vinod Kumar
Chief Financial Officer

Place : New Delhi
Date : July 29, 2017

DIRECTORS' REPORT

To
The Members

Your Directors take pleasure in presenting the 17th Annual Report on the working of your Company, along with Audited Annual Accounts for the financial year ended 31st March, 2017.

FINANCIAL SUMMARY OR HIGHLIGHTS/ PERFORMANCE OF THE COMPANY :

(Amount in ₹ Lakhs)

	2016-17	2015-16
Income from Operations	21,373.42	24,362.88
Other Income	1,284.72	755.30
Total Income	22,658.14	25,118.18
Less: Employee benefits, Operating, CSR and Other expenses	(12975.01)	(15287.78)
Less: Impairment loss on Intangible assets	-	-
Profit /(Loss) before Interest and Depreciation/ amortization	9,683.13	9,830.40
Less: Interest and Financial Cost	(58.86)	(0.00)
Less: Depreciation and amortization	(913.24)	(897.68)
Net Profit/ (Loss) before Tax and Exceptional items	8,711.03	8,932.72
Add/(Less): Exceptional items	-	-
Profit/ (Loss) before Tax	8,711.03	8,932.72
Add/(Less): Taxes (net of credit)	(855.58)	(360.99)
Net profit after tax	7,855.45	8,571.73
Other Comprehensive Income (net of taxes)	(0.18)	2.39
Total Comprehensive Income carried to Balance Sheet	7,855.27	8,574.12

DIVIDEND

The Company has paid an interim dividend @ 5% of paid up value of the equity shares (i.e. ₹ 0.50 per share) for FY 2016-17. Total amount of interim dividend paid was ₹ 9,80,00,010/-.

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

During the financial year 2016-17, the Company has carried 7.57 MT of cargo on the PRCL line and earned revenue of ₹ 217.45 crore from its freight operations as compared to 8.55 MT of cargo moved and revenue earned of ₹ 250.42 crore during 2015-16, indicating a decline of 13% in revenue and 11% in volume.

1. The performance has been affected on account of poor market conditions during the year.
2. Government policy has also adversely affected the traffic due to sharp decline in imported coal for thermal power coupled with increased availability of domestic thermal coal. As a result, there has been no coal traffic on the PRCL line during the financial year 2016-17, as compared to loading of 79 rakes of coal in 2015-16. There has also been less offtake of fertilizer from the port in 2016-17.
3. Container traffic declined on account of upheavals in the shipping industries due to sudden exit of M/s Hanjin Shipping and consequent regrouping.

RECENT DEVELOPMENTS

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 not be possible for Railways to provide diesel engines for PRCL section. In order to retain traffic on PRCL section in future, the Company has planned to electrify the PRCL section. In this regard, the Company has decided to engage Central Organization for Railway Electrification, Allahabad (CORE/ALD) to carry out rail electrification works on PRCL section. The Company is in process to engage CORE/ALD.

Besides, the Company has also decided to carry out various line capacity works on PRCL section in phased manner. In this connection, the Company has identified the works to be carried out in the first phase after consulting Western Railway.

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, 2017 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 already introduced mechanized maintenance of assets on its line thereby reduction in manpower requirements. The Company has decided to carry out the electrification of the Project Railway.

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 31st March, 2017 forms part of this report as **Annexure-A**.

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

During the year under review, Capt. Padminikant Mishra, Sh. Sanjay Kumar Mohanty and Sh. G.V.L. Satyakumar Directors retire by rotation at the 17th Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Since the last Annual General Meeting of shareholders, Ms. Anju Ranjan and Ms. Roopa Srinivasan were appointed as Nominee Directors of the Company in place of Ms. Niva Singh and Sh. J.P. Pandey respectively and Sh. R. D. Sharma was appointed as Nominee Director and Chairman of the Company by Ministry of Railways in place of Sh. S.C. Jethi 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. Presently, the following persons are the designated Key Managerial Personnel of the Company:

1. Sh. Amitabh Lal - Managing Director
2. Sh. Vinod Kumar- Chief Financial Officer
3. Ms. Leena Narwal- Company Secretary

NUMBER OF MEETINGS OF THE BOARD

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

In the year 2016-2017, the Board met 4 (four) times. The maximum interval between any two board meetings did not exceed 120 (one hundred and twenty) days.

Additionally, nine committee meetings were held during the year including meetings of the Audit Committee.

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.

Further, a separate meeting of Independent Directors was also held wherein all the Independent Directors noted that the contribution of non-Independent Directors and the Board as a whole was found noteworthy and they have actively contributed in the discussions for which the Committees have been formed and overall their contribution has been worthwhile in all the affairs and proceedings of the Company. Independent Directors have also reviewed the performance of Chairperson of the Company, taking into account the views of executive directors and non-executive directors.

DECLARATION OF INDEPENDENT DIRECTORS

Pursuant to sub-section 3(d) of Section 134 and sub-section 6 of Section 149 of the Companies Act, 2013, all the four Independent Directors of the Company had given declaration of their independence as per the provisions of Section 149(6) of the Companies Act, 2013 which are enclosed as **Annexure B** of this report.

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.

AUDIT COMMITTEE

The Company has Audit Committee comprises of following seven members as at 31st March, 2017:

1. Sh. Pradeep Puri- Nominee Director from IL&FS (DIN: 00051987) as Chairman of the Committee;
2. Ms. Anju Ranjan– Nominee Director from Ministry of Railways (DIN: 06681154) as Member of the Committee;
3. Sh. Hariharan Iyer – Nominee Director from Gujarat Pipavav Port Limited (DIN: 00151584) as Member of the Committee;

4. Sh. Rajiv Lal - Independent Director (DIN: 07093037) as Member of the Committee;
5. Dr. Rabinarayan Patnaik - Independent Director (DIN: 07087671) as Member of the Committee;
6. Sh. Virendra Kumar Roy - Independent Director (DIN: 06974711) as Member of the Committee;
7. Prof. (Mrs.) Nisha Srivastava - Independent Director (DIN: 07086450) as Member of the Committee.

The terms of reference of the Audit Committee include the matters as required under Section 177(4) of the Companies Act, 2013. The Committee acts as a link between the Statutory/Internal Auditors and the Board of Directors of the Company.

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.

NOMINATION AND REMUNERATION COMMITTEE

The Company has Nomination and Remuneration Committee comprises of following four members as at 31st March, 2017:

1. Sh. S. C. Jain – Nominee Director from Ministry of Railways (DIN: 07564584) as Chairman of the Committee;
2. Sh. Keld Pedersen – Nominee Director from Gujarat Pipavav Port Limited (DIN: 07144184) as Member of the Committee;
3. Sh. Rajiv Lal - Independent Director (DIN: 07093037) as Member of the Committee;
4. Sh. Virendra Kumar Roy - Independent Director (DIN: 06974711) as Member of the Committee.

The policy formulated by Nomination and Remuneration Committee is enclosed as **Annexure C**.

CORPORATE AND SOCIAL RESPONSIBILITY COMMITTEE AND POLICY

The Company has Corporate and Social Responsibility Committee comprises of following four members as at 31st March, 2017:

1. Sh. Amitabh Lal, Managing Director/PRCL (DIN: 06720989) as Chairman of the Committee;
2. Sh. G.V.L. Satyakumar, Nominee Director from Ministry of Railways (DIN: 06913472) as Member of the Committee;
3. Sh. Keld Pedersen, Nominee Director from Gujarat Pipavav Port Limited (DIN:07144184) as Member of the Committee;

4. Prof. (Mrs.) Nisha Srivastava, Independent Director (DIN: 07086450) as Member of the Committee.

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-D and E respectively**.

SHARE ALLOTMENT AND TRANSFER COMMITTEE

The Share Allotment and Transfer Committee comprises of following members as at 31st March, 2017:

1. Sh. G.V.L. Satyakumar, Nominee Director from Ministry of Railways (DIN: 06913472) as Chairman of the Committee
2. Sh. Pradeep Puri Nominee Director from IL&FS (DIN:00051987) as Member of the Committee
3. Sh. Amitabh Lal, Managing Director/PRCL (DIN: 06720989) as Member of the Committee

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., Practicing Company Secretaries, New Delhi as its Secretarial Auditor to conduct the Secretarial Audit of the Company for the Financial Year 2016-17. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2016-17 is annexed to this report as **Annexure-F**.



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 judgements 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. Siva Subramanian, AVP (HR & Admin)/ PRCL - Member
3. Ms. Nishi Chandwani, Management Trainee (Corporate Co-ordination)/ PRCL - Member

4. Sh. S. Kumar* - Member

*Sh. S. Kumar was 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 31.3.2017, however due to sudden demise of him, the Company is in process to appoint another person as member of the Committee in his place.

BRANCH OFFICE

1. Ms. Leena Narwal, Company Secretary/ PRCL - Presiding Officer
2. Sh. Arvind Pathak, Executive Assistant/PRCL - Member
3. Sh. Harshad C. Jadav, Executive Assistant/ 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 2016-17 by the Comptroller & Auditor General of India (C&AG). M/s. P.K. Chopra and Co., Chartered Accountants have again been appointed as Statutory Auditors of the Company for the financial year 2017-18 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 G** 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/-

R. D. Sharma
Chairman

Date : July 29 2017
Place : New Delhi

EXTRACT OF ANNUAL RETURN
As on financial year ended on 31st March 2017
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN / GLN	Holding / subsidiary / associate	% of shares held	Applicable section
1	Gujarat Pipavav Port Limited 301, Trade Centre Bandra Kurla Complex, Bandra (E) Mumbai 400 051	L63010GJ199 2PLC018106	Associate	38.78%	Section 2(6)



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

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

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
1. CHAIRMAN RAILWAY BOARD		1				1			
2. FINANCIAL COMMISSIONER		1				1			
3. MEMBER TRAFFIC		1				1			
4. MEMBER ENGINEERING		1				1			
b) Central Govt.									
(1) PRESIDENT OF INDIA, (POI)		98000006				98000006			
c) State Govt.(s)									
d) Bodies Corp.									
1. GUJARAT PIPAVAV PORT LIMITED	76000010				76000010				
2. IL & FS TRANSPORTATION NETWORKS LIMITED		12000000				12000000			
3. GENERAL INSURANCE CORPORATION OF INDIA	5000000				5000000				
4. THE NEW INDIA ASSURANCE COMPANY LIMITED	5000000				5000000				
e) Banks / FI									
f) Any other									
Sub-total(A)(1):	86000010	110000010	196000020		86000010	110000010	196000020		
(2) Foreign									
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any other									
Sub-total (A)(2):									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)									
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt..									

d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1)									
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 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			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	President of India	98000010	50.00%		98000010	50.00%		Nil
2	Gujarat Pipavav Port Limited	76000010	38.78%		76000010	38.78%		Nil
3	IL & FS 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



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

(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	Name of MD/ WTD/ Manager				Total Amount
		Sh. Amitabh Lal, <i>Managing Director</i>				
1	Gross salary (in ₹) (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	42,24,772				42,24,772
	(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 <i>(Company's Contribution towards PF)</i>	1,64,184				1,64,184
	Total (A)	43,88,956				43,88,956

B. Remuneration to Other Directors:

(in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Sh. Rajiv Kumar Lal	Sh. V. K. Roy	Dr. Rabinarayan Patnaik	Prof.(Ms.) Nisha Srivastava	
1.	Independent Directors					
	Fee for attending Board / Committee meetings	2,00,000	2,25,000	1,75,000	2,50,000	8,50,000
	Commission					
	Others, please specify					
	Total (1)	2,00,000	2,25,000	1,75,000	2,50,000	8,50,000
2.	Other Non-Executive Directors					
	Fee for attending Board / Committee meetings					
	Commission					
	Others, please specify					
	Total (2)					
	Total (B)=(1+2)					
	Total Managerial Remuneration	2,00,000	2,25,000	1,75,000	2,50,000	8,50,000



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

C. 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		16,19,954	16,88,091	33,08,045
	(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		3,12,934	3,07,512	6,20,446
	Total		19,32,888	19,95,603	39,28,491

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					

DECLARATION OF INDEPENDENCE

15th March, 2017

To
The Board of Directors
Pipavav Railway Corporation Limited
B-1202, 12th Floor, Statesman House,
148, Barakhamba Road
New Delhi-110001

Sub: Declaration of independence under clause 49 of the Listing Agreement and sub-section (6) of section 149 of the Companies Act, 2013.

I, Rajiv Kumar Lal S/o Shri Rang Behari Lal R/o J-101, Amrapali Sapphire, Sector- 45, Noida, Uttar Pradesh- 201304 hereby certify that I am a Non-executive Director of Pipavav Railway Corporation Limited and comply with all the criteria of independent director as per the provisions of Companies Act, 2013 and rules made thereunder.

I certify that:

- I possess relevant expertise and experience to be an independent director in the Company;
- I am/was not a promoter of the company or its holding, subsidiary or associate company;
- I am not related to promoters / directors / persons occupying management position at the board level or level below the board in the company, its holding, subsidiary or associate company;
- Apart from receiving director sitting fees / remuneration, I have/had no pecuniary relationship / transactions with the company, its promoters, its directors, its senior management or its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- none of my relatives has or had any pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to 2% or more of its gross turnover or total income or ₹ 50 Lacs or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- Neither me nor any of my relatives:
 - a) holds or has held the position of a key managerial personnel or is or has been employee/executive of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year;
 - b) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of;
 - a. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - b. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
 - c. holds together with my relatives 2% or more of the total voting power of the company; or
 - d. is a Chief Executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company; or



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

- I am not a material supplier, service provider or customer or a lessor or lessee of the company;
- I am not less than 21 years of age.

Declaration

I undertake that I shall seek prior approval of the Board if and when I have any such relationship / transactions, whether material or non-material. If I fail to do so, I shall cease to be an independent director from the date of entering in to such relationship / transactions.

Further, I do hereby declare and confirm that the above said informations are true and correct to the best of my knowledge as on the date of this declaration of independence and I shall take responsibility for its correctness and shall be liable for fine if any imposed on the Company, its directors, if the same found wrong or incorrect in future.

I further undertake to intimate immediately upon changes, if any, to the Company for updating of the same.

Thanking you,

Yours faithfully,

Sd/-

Rajiv Kumar Lal

DIN: 07093037

D- 603, Krishna Residency,

Sector-61,

Noida,

Uttar Pradesh- 201304

Ph No. 9999563930

Email id : rajivlal53@gmail.com

DECLARATION OF INDEPENDENCE

15th March, 2017

To
The Board of Directors
Pipavav Railway Corporation Limited
B-1202, 12th Floor, Statesman House
148, Barakhamba Road
New Delhi-110001

**Sub: Declaration of independence under clause 49 of the Listing Agreement and
sub-section (6) of section 149 of the Companies Act, 2013.**

I, Rabinarayan Patnaik S/o Shri Ragnath Patnaik R/o VM/13, Near Institute of Hotel Management, VSS Nagar, Bhubaneswar, Orissa-751007 hereby certify that I am a Non-executive Director of Pipavav Railway Corporation Limited and comply with all the criteria of independent director as per the provisions of Companies Act, 2013 and rules made thereunder.

I certify that:

- I possess relevant expertise and experience to be an independent director in the Company;
- I am/was not a promoter of the company or its holding, subsidiary or associate company;
- I am not related to promoters / directors / persons occupying management position at the board level or level below the board in the company, its holding, subsidiary or associate company;
- Apart from receiving director sitting fees / remuneration, I have/had no pecuniary relationship / transactions with the company, its promoters, its directors, its senior management or its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- none of my relatives has or had any pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to 2% or more of its gross turnover or total income or ₹ 50 Lacs or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- Neither me nor any of my relatives:
 - a) holds or has held the position of a key managerial personnel or is or has been employee/executive of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year;
 - b) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of;
 - a. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - b. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
 - c. holds together with my relatives 2% or more of the total voting power of the company; or
 - d. is a Chief Executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or



associate company or that holds 2% or more of the total voting power of the company; or

- I am not a material supplier, service provider or customer or a lessor or lessee of the company;
- I am not less than 21 years of age.

Declaration

I undertake that I shall seek prior approval of the Board if and when I have any such relationship / transactions, whether material or non-material. If I fail to do so, I shall cease to be an independent director from the date of entering in to such relationship / transactions.

Further, I do hereby declare and confirm that the above said informations are true and correct to the best of my knowledge as on the date of this declaration of independence and I shall take responsibility for its correctness and shall be liable for fine if any imposed on the Company, its directors, if the same found wrong or incorrect in future.

I further undertake to intimate immediately upon changes, if any, to the Company for updating of the same.

Thanking you,

Yours faithfully,

Sd/-

Rabinarayan Patnaik
DIN: 07087671
House No.: VM/13,
Near Institute of Hotel Management,
VSS Nagar, Bhubaneswar,
Orissa- 751007
Ph No. 9439317070
Email id : : rnpatn@gmail.com

DECLARATION OF INDEPENDENCE

15th March, 2017

To
The Board of Directors
Pipavav Railway Corporation Limited
B-1202, 12th Floor, Statesman House
148, Barakhamba Road
New Delhi-110001

Sub: Declaration of independence under clause 49 of the Listing Agreement and sub-section (6) of section 149 of the Companies Act, 2013.

I, Virendra Kumar Roy S/o Late Shri Vishwanath Roy R/o H- 604, Block H, Palam Vihar, Gurgaon, Haryana- 122017 hereby certify that I am a Non-executive Director of Pipavav Railway Corporation Limited and comply with all the criteria of independent director as per the provisions of Companies Act, 2013 and rules made there under.

I certify that:

- I possess relevant expertise and experience to be an independent director in the Company;
- I am/was not a promoter of the company or its holding, subsidiary or associate company;
- I am not related to promoters / directors / persons occupying management position at the board level or level below the board in the company, its holding, subsidiary or associate company;
- Apart from receiving director sitting fees / remuneration, I have/had no pecuniary relationship / transactions with the company, its promoters, its directors, its senior management or its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- none of my relatives has or had any pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to 2% or more of its gross turnover or total income or ₹ 50 Lacs or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- Neither me nor any of my relatives:
 - a) holds or has held the position of a key managerial personnel or is or has been employee/executive of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year;
 - b) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of;
 - a. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - b. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
 - c. holds together with my relatives 2% or more of the total voting power of the company; or
 - d. is a Chief Executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company; or



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

- I am not a material supplier, service provider or customer or a lessor or lessee of the company;
- I am not less than 21 years of age.

Declaration

I undertake that I shall seek prior approval of the Board if and when I have any such relationship / transactions, whether material or non-material. If I fail to do so, I shall cease to be an independent director from the date of entering in to such relationship / transactions.

Further, I do hereby declare and confirm that the above said informations are true and correct to the best of my knowledge as on the date of this declaration of independence and I shall take responsibility for its correctness and shall be liable for fine if any imposed on the Company, its directors, if the same found wrong or incorrect in future.

I further undertake to intimate immediately upon changes, if any, to the Company for updating of the same.

Thanking you,

Yours faithfully,

Sd/-

Virendra Kumar Roy

DIN: 06974711

H- 604

Block H,

Palam Vihar

Gurgaon

Haryana-122017

Ph No. 9650814449

Email id : virenderakroy@gmail.com

DECLARATION OF INDEPENDENCE

15th March, 2017

To
The Board of Directors
Pipavav Railway Corporation Limited
B-1202, 12th Floor, Statesman House,
148, Barakhamba Road
New Delhi-110001

**Sub: Declaration of independence under clause 49 of the Listing Agreement and
sub-section (6) of section 149 of the Companies Act, 2013.**

I, Nisha Srivastava W/o Shri Ravi Shankar Srivastava R/o 100-B, Nyay Marg, Ashok Nagar, Allahabad, Uttar Pradesh-211001 hereby certify that I am a Non-executive Director of Pipavav Railway Corporation Limited and comply with all the criteria of independent director as per the provisions of Companies Act, 2013 and rules made there under.

I certify that:

- I possess relevant expertise and experience to be an independent director in the Company;
- I am/was not a promoter of the company or its holding, subsidiary or associate company;
- I am not related to promoters / directors / persons occupying management position at the board level or level below the board in the company, its holding, subsidiary or associate company;
- Apart from receiving director sitting fees / remuneration, I have/had no pecuniary relationship / transactions with the company, its promoters, its directors, its senior management or its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- none of my relatives has or had any pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to 2% or more of its gross turnover or total income or ₹ 50 Lacs or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- Neither me nor any of my relatives:
 - a) holds or has held the position of a key managerial personnel or is or has been employee/executive of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year;
 - b) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of;
 - a. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company;
 - b. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
 - c. holds together with my relatives 2% or more of the total voting power of the company; or
 - d. is a Chief Executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company; or
- I am not a material supplier, service provider or customer or a lessor or lessee of the company;



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

- I am not less than 21 years of age.

Declaration

I undertake that I shall seek prior approval of the Board if and when I have any such relationship / transactions, whether material or non-material. If I fail to do so, I shall cease to be an independent director from the date of entering in to such relationship / transactions.

Further, I do hereby declare and confirm that the above said informations are true and correct to the best of my knowledge as on the date of this declaration of independence and I shall take responsibility for its correctness and shall be liable for fine if any imposed on the Company, its directors, if the same found wrong or incorrect in future.

I further undertake to intimate immediately upon changes, if any, to the Company for updating of the same.

Thanking you,

Yours faithfully,

Sd/-

Nisha Srivastava

DIN: 07086450

100-B, Nyay Marg,

Ashok Nagar,

Allahabad,

Uttar Pradesh- 211001

Ph No. 9810863346

Email id: nisha2000@gmail.com

NOMINATION AND REMUNERATION POLICY
August, 2015

INTRODUCTION

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, key managerial personnel and employees of the company, to harmonize the aspirations of human resources consistent with the goals of the company and in terms of the provisions of the Companies Act, 2013, this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated by the Nomination and Remuneration Committee ("NRC") and approved by the Board of Directors of the Company. It shall be effective from the date of approval granted by the Board of Directors.

CONSTITUTION OF COMMITTEE

The Board of Directors of the Company (the Board) constituted the Committee to be known as the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half are independent directors. However, the chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read alongwith the applicable rules thereto. The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP, senior management personnel and other employees. The Key Objectives of the Committee would be:

- 1.1 Managerial Personnel and Senior Management.
- 1.2 Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- 1.3 Formulation of criteria for evaluation of Independent Director and the Board.
- 1.4 To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.

- 1.5 To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.6 To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.7 To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 1.8 To develop a succession plan for the Board and to regularly review the plan.
- 1.9 To assist the Board in fulfilling responsibilities.
- 1.10 To implement and monitor policies and processes regarding principles of corporate governance.

APPLICABILITY

- a) Directors (Executive and Non Executive)
- b) Key Managerial Personnel
- c) Senior Management Personnel

DEFINITIONS

"Act" means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

"Board" means Board of Directors of the Company.

"Directors" mean Directors of the Company.

"Key Managerial Personnel" means

- i. Managing Director or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii. Chief Financial Officer;
- iii. Company Secretary; and
- iv. such other officer as may be prescribed.

"Senior Management" means the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.



POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

1. Appointment Criteria and Qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of sixty five years. Provided that the term of the person holding this position may be extended beyond the age of sixty five years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond sixty five years.

2. Term / Tenure

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding four years at a time which can be extendable by another one year. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

- An Independent Director shall hold office for a term up to three consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms of upto maximum of 3 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

- At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to such number as may be prescribed under the Act.

3. Evaluation

The Committee shall carry out evaluation of performance of every Director at regular interval (yearly).

4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

POLICY FOR REMUNERATION TO DIRECTORS/ KMP/SENIOR MANAGEMENT PERSONNEL

1. Remuneration to Managing/Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

The Remuneration/ Compensation etc. to be paid to Director / Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

2. Remuneration to Non- Executive / Independent Director:

The Non-Executive Independent Director may receive remuneration / compensation / sitting fees as per the provisions of the Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under the Act and rules made there under or any other enactment for the time being in force.

3. Performance Related Pay:

Approve the design of, and determine targets for, the performance-related pay schemes operated by the Company for Managing Director, Key managerial personnel, senior management team and all employees of the Company and approve the total annual payments made under such schemes.

4. Pension Arrangements:

Determine the policy for and scope of pension arrangements for all employees of the Company.

DUTIES IN RELATION TO NOMINATION MATTERS

The duties of the Committee in relation to nomination matters include:

1. Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
2. Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
3. Identifying and recommending Directors who are to be put forward for retirement by rotation;
4. Determining the appropriate size, diversity and composition of the Board;
5. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
6. Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
7. Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
8. Delegating any of its powers to one or more of its members of the Committee;
9. Recommend any necessary changes to the Board; and
10. Considering any other matters, as may be requested by the Board.

DUTIES IN RELATION TO REMUNERATION MATTERS

The duties of the Committee while formulating the Policy relating to the remuneration for the directors, key managerial personnel and other employees include:

1. The Committee shall ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
2. The Committee shall ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

3. The Committee shall ensure that remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
4. Delegating any of its powers to one or more of its members of the Committee.
5. Considering any other matters as may be requested by the Board.

Annual/Board Report:

Prepare the statement required to be included in Annual/ Board Report of the Company: -

- i. describing the activities of the Committee;
- ii. describing the process used in relation to the appointments to the Board;
- iii. describe the Company's remuneration policy, procedures and practices;
- iv. describe the performance evaluation criteria.

REPORTING RESPONSIBILITIES

- i. The Committee Chairperson shall report formally to the Board on its proceedings after each Meeting on all matters within its duties and responsibilities.
- ii. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- iii. In addition, all evaluations, reviews, proposals and decisions of the Committee made in respect of policy on or for Board nominations, appointments and setting remuneration shall be referred to the Board and shall take effect only upon approval thereof by resolution of the Board in accordance with the Company's policy.

REVIEW AND AMENDMENT

- i. The NRC or the Board may review the Policy as and when it deems necessary.
- ii. The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- iii. This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.

Sd/-
Manoj Kumar Srivastava
(Director/PRCL
& Chairman of Committee)

Sd/-
Dinesh Lal
(Director/PRCL &
Member of Committee)

Sd/-
Rajiv Kumar Lal
(Director/PRCL &
Member of Committee)

Sd/-
Virendra Kumar Roy
(Director/PRCL &
Member of Committee)



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 2016-17
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 31.03.2017

- Mr. Amitabh Lal, Managing Director/PRCL (DIN: 06720989) as Chairman of the Committee;
- Mr. G.V.L. Satyakumar, Nominee Director from Ministry of Railways (DIN: 06913472) as Member of the Committee;
- Mr. Keld Pedersen, Nominee Director from Gujarat Pipavav Port Limited (DIN:07144184) as Member of the Committee;
- Prof. (Ms.) Nisha Srivastava, Independent Director (DIN: 07086450) as Member of the Committee.

3. Average net profit of the Company for last three financial years - ₹ 83,44,36,407/-

4. Prescribed CSR Expenditure (two per cent of the amount as in the item 3 above). - ₹ 1,66,88,728/-

5. Details of CSR spent during the financial Year - 2016-17

- Total amount to be spent for the financial year - ₹ 3,27,81,858/- [i.e. ₹ 1,66,88,728/- for FY 2016-17 plus unspent of ₹ 1,22,78,318/- and ₹ 38,14,812/- of FY 2015-16 and FY 2014-15 respectively]
- Amount unspent, if any - ₹ 2,33,15,425/- (including previous year unspent)
- Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was under taken	Amount Outlay (budget) Project or Programwise*	Amount spent on the projects or program Subhead: (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1.	Proposal received from WR regarding making Bhavnagar Railway Station on PRCL section "A Green Railway Station"	Ensuring environmental sustainability, conservation of natural resources and maintain quality of	Project for making railway station at BHAVNAGAR as "A Green Railway Station" in the Distt Bhavnagar in the state of Gujarat.	₹1,35,00,000/- (includes fresh allocation of ₹ 1,10,00,000/- during the current year brought forward unspent amount of ₹ 1,97,681/-	Not yet spent	Not yet spent	No amount has been spent during the FY 2016-17.

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

		soil, air and water.		of 2015-16 and reallocation of unspent fund of ₹ 23,02,319/- for FY 2014-15)			
2.	Project proposal received from a NGO called CHETNA for rehabilitation of children at platform near old Delhi Railway Platform.	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.	Project for rehabilitation of children at platform near old Delhi Railway Platform was undertaken in the Distt and state of NCT of Delhi. This is an ongoing project.	₹ 5,32,828/- (includes fresh allocation of ₹ 3,37,500/- during the current year and brought forward unspent amount of ₹ 195328/- for FY 2015-16)	Direct Expenditure on projects or programs - ₹ 5,24,671/- Overheads: ₹ 7,431/-	₹ 5,32,102/-	Spent through implementing agency viz Childhood Enhancement Through Training and Action (CHETNA), Delhi
3.	Project from Richmond Fellowship Society, Lucknow for developing day care centres, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	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.	The project for developing day care facilities for senior citizens in Lucknow Distt in the state of Uttar Pradesh. This is an ongoing project.	₹ 15,29,000/- (Fresh allocation during the current year. Project funding is up to June 2018)	Direct Expenditure on projects or programs - ₹ 8,06,951/- Overheads: ₹ 8,770/-	₹ 8,15,721/-	Spent through implementing agency viz Richmond Fellowship Society, Lucknow
4.	Project from Sahyogg for the purpose of providing shelter and capacity building of young girls in the shelter home and educates and develops vocational skills among street children in Allahabad district, Uttar Pradesh. The objective of this project is to help, rehabilitate and build up self reliance of women and children in crisis situation	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	Running Project from Sahyogg for the purpose of additional education to the students and develop vocational skills among them. Request for additional amount of ₹ 2,80,640/- has been received from SAHYOGG for meeting food expenses and other	₹ 37,26,663/- (includes fresh allocation of ₹ 14,80,640/- during the current year and brought forward unspent amount of ₹ 22,46,023/- for FY 2015-16)	Direct Expenditure on projects or programs - ₹ 34,08,549/- Overheads: ₹ 36,738/-	₹ 34,45,287/-	Spent through implementing agency viz SAHYOGG, Allahabad



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

		inequalities faced by socially and economically backward groups	sports related activities. This is an ongoing project.				
5.	Guwahati Project Running of shelter home for street children who have been living and around the Guwahati Railway Station	Promoting gender equality and empowering women and 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	The project for establishing and running a settler home for street children was undertaken in Guwahati District in the State of Assam. This is ongoing project.	₹ 32,63,173/- (brought forward unspent amount for FY 2015-16)	₹ 18,11,055/- (ongoing project from previous year allocation)	₹ 18,11,055/-	
6	Safe drinking water and construction of toilets, Raska village (Gujarat)	Promoting preventive health care and sanitation and making available safe drinking water	Project for construction of toilet in Raska Village on PRCL section was undertaken in Distt. Limbdi in the State of Gujarat. Project has been completed	₹ 13,27,913/- (being brought forwarded unspent balance of ₹ 3,76,113/- for FY 2015-16 and reallocation of unspent amount of ₹ 9,51,800/-for FY 2014-15)	₹ 13,27,913/- (project from previous year allocation)	₹ 13,27,913/-	
7	Construction of community hall on Panchayat land in the village Raska in Gujarat, with two-three rooms, and toilets which shall be managed by the Panchayat for the purpose of holding marriage etc. Also, the same shall be used by the company for holding any medical camps, vocational training, education for skilled development sport activities etc. in the village.	Rural development Project- "Raska village, Limbdi, Taluka Distt Surendranagar, Gujarat	Project Raska The project of construction of a community centre in Raska village on PRCL section was undertaken in Limbdi Taluka, Distt Surendranagar, Gujarat.	₹ 65,60,693/- (being brought forward unspent amount of ₹ 20 lakhs for FY 2015-16 and reallocation of unspent amount ₹ 40 lakhs and ₹ 5,60,693/- for FY 2015-16 and 2014-15 respectively)	₹ 8,37,152/-	₹ 8,37,152/-	

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

8	Balance unallocated balance amount of funds for current year (FY 2016-17)			₹ 15,07,152/-	₹ 15,07,152/-		
9	5% of the total allocated fund of Rs. 1,66,88,728/- during the current year 2016-17 for capacity building including expenditure on administrative overheads.			₹ 8,34,436/-	₹ 6,97,203/-	₹ 6,97,203/-	
	Total			₹ 3,27,81,858/-	₹ 94,66,433/-	₹ 94,66,433/-	

*This represents fresh allocation (budget) made during the current year on various CSR activities including reallocation of previous year(s) unspent amounts. This also includes brought forward 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.**

The Company has not been able to spend the total amount required to be spend upto 31st March, 2017 as one of the major project for making railway station at BHAVNAGAR as "A Green Railway Station" amounting to Rs. 1,10,00,000/- for the FY 2016-17 could not be implemented because of revision in the rules prescribed by the Ministry of Corporate Affairs and as a result, some eligibility issue of the implementing agency arose. Now, the project is under review of the management and the Board of Directors. The amount will be carried forward to the FY 2017-18 and the project will be executed accordingly.

It was desired by the management and the Board that the amount should be spent in a productive manner for the real benefit of the society at large and not for the sake of compliance.

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

For Pipavav Railway Corporation Limited

**Sd/-
Amitabh Lal
Chairman/CSR Committee
and Managing Director/PRCL
(DIN.: 06720989)**



**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 consider necessary to attend the meeting.

6.4 The CSR Committee may by resolution delegate or entrust any of the function, acts, deeds or things, etc. as may be required to 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 be got evaluated through external agencies for providing the required feed back and inputs to formulate and improve the programmes in future.

10.0 ALLOCATION OF FUNDS

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

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

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

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

11.0 AMENDMENTS TO THE POLICY

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

Sd/-

Amitabh Lal
(Managing Director/PRCL
& Member of the Committee)

Sd/-

Prakash Tulsiani
(Director/PRCL &
Member of the Committee)

Sd/-

Manoj Kumar Srivastava
(Director/PRCL &
Member of the Committee)

**FORM No. MR-3
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017

[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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by PIPAVAV RAILWAY CORPORATION LIMITED (U45200DL2000PLC151199) (**hereinafter called the Company**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit and the representations made by the Company, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by company for the financial year ended on 31st March, 2017 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (**Not Applicable**)
- III. The Depositories Act, 1996 and the regulations and bye-laws framed there under; (**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, 2013 and dealing with client; (**Not Applicable**)



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

- 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 representations made by the Company.
- (i) The Employees Provident Funds and Miscellaneous Provision Act, 1952
 - (ii) Insurance Act, 1938
 - (iii) Registration Act 1908
 - (iv) Indian Stamp Act , 1899
 - (v) Applicable Local/ Municipal laws

The Company has complied the Secretarial Standards (SS-1 and SS-2 regarding Board and General Meetings) issued by The Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs during the financial Year under review.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executive Directors and independent 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 provision of the Act.

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

We further report there are adequate systems and processes in the company commensurable with the size and operations of the company to monitor and ensure compliances with applicable laws, rules and regulations.

We further report, that the compliance by the company of applicable financial laws like Direct and Indirect tax laws has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

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

We further report that 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.

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.

PLACE :- NEW DELHI

DATE:- 29-7-2017

FOR VINOD KUMAR & CO.
COMPANY SECRETARIES

Sd/-
CS VINOD KUMAR ANEJA
(CP 5740 FCS 5740)

'Annexure A'

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

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit 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:- 29-07-2017



**COMPANY'S REMARKS ON THE OBSERVATIONS OF THE STATUTORY AUDITOR'S REPORT
ON THE ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2016-17**

Sr. No.	Ref. No. of Audit Report	AUDITOR'S OBSERVATIONS	MANAGEMENT'S REPLIES
1.	Point no. 5(a) of the "Emphasis of Matter" of the Auditor's Report	Note No. 40.1. (ii) 'Operating and Maintenance cost' (O&M Cost) to the financial statements, cost of ₹ 681.24 lakhs for additional works which is in tune with a continuous process, has been booked, as per bills received from Western Railway.	<p>O&M agreement provides for assessment of cost by the Joint Survey Team. The Joint Survey Team, consisting of officials of PRCL and WR, carried out the cost survey during the financial year 2015-16 and assessed the fixed cost (Material) at ₹ 426.86 lakhs for charging the same to the Company by WR from 2015-16 onwards by applying inflation index upto a period of five years. Accordingly, WR has been charging said assessed cost as the fixed cost (material) by applying inflation indices every year from financial year 2015-16.</p> <p>In assessment of the cost, the Joint Survey Team decided that activities which are to be carried out as per the yearly schedule of programme such as ballast supply, operation of TTM etc. shall be executed as and when required at site. Accordingly, the cost of such activities has not been considered by the Joint Survey Team in the assessment of the above cost. Accordingly, WR carries out such activities as per site requirement by seeking PRCL consent. Cost of these works is included in the cost of additional works and charged to PRCL as additional cost. In view of this, same are as per O&M agreement. period.</p>

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
2.	Point no. 5(b) of the "Emphasis of Matter" of the Auditor's Report	Note No. 41.2 'Revenue Recognition' and Reconciliation: During the year, WR has recovered an amount of ₹ 374.16 lakhs on account of diverted route relating to earlier year 2009-2010, which has been shown as deduction from revenue (Refer note no. 22).	Over the last few years, WR has started making recoveries from the Company's apportioned freight by recalculating Company's share of freight based on diverted/carried route which was earlier calculated on booked route basis. Recoveries so made by WR on account of route diversion which are related to earlier years, are separately shown/disclosed in the financial statements by way of deduction from the current year revenue. During the current financial year, WR has recovered ₹ 374.16 lakhs on account of route diversion related to FY 2009-10. The same has been separately shown and appropriately explained in the financial statements. Since, recoveries made by WR are in respect of the revenue of the Company, therefore, same has been shown by way of deduction from the revenue. Therefore, same is in order. Also, the Company has been contesting that these recoveries are not as per Agreement and therefore, requested WR to reconsider this methodology of recoveries.
3.	Point no. 5(c) of the "Emphasis of Matter" of the Auditor's Report	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.	The O&M agreement/JPO provides for charging of various components of variable cost for accrual of GTKM, wagon days, wagons hours, NTKM etc. on PRCL section. Since movement of empty bulk on PRCL section also accrues GTKM etc., therefore cost for same is also charged by WR to PRCL.
4.	Point no. 5(d) of the "Emphasis of Matter" of the Auditor's Report	GPPL has confirmed 50% of the trade receivables and Western Railway has not confirmed.	<ol style="list-style-type: none"> 1. The confirmation has not been received from GPPL in respect of the dues which were subject matter of One Time Settlement between PRCL and GPPL. 2. The reconciliation of PRCL's freight apportionment is under process with WR. In view of this, confirmation has not been received from WR.



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. 5(e) of the "Emphasis of Matter" of the Auditor's Report	<p>Note no 24 and 40: 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 Audit on the Ind AS financial statements and in line with the recommendation of the consultant appointed for Ind AS implementation. 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 timely reconciliation of traffic and its diversion; 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.</p>	<p>Over the years, the Company has been able to strengthen the control systems in respect of transactions with Railways such as putting a process in place for cross checking of the bills of staff cost by obtaining details of railway staff working on PRCL section, getting periodical status of various deposits works, requesting railways to carry out works on running bills basis instead of raising demands by WR on the Company to deposit in advance entire work amount, etc.</p> <p>Besides, certain checks and processes already exist in the Company such as parallel maintaining of revenue records/data, reconciliation of revenue and cost data with WR on monthly basis so as to put a check on revenue leakage and to ensure no short payment and excess billing by WR to the Company, continuous follow-up with railways for timely settlement of the dues, removal of billing discrepancies etc. The billing process has been improved to a great extent over the years by continuous perusal with railways. Further, the Company has been contesting and representing the case before appropriate railway authorities in respect of unilaterally deductions/recoveries made by WR e.g. on account of route diversion etc.</p> <p>As suggested, the necessary steps will further be taken in consultation with railways to further strengthening the control system.</p>

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. 5(f) of the "Emphasis of Matter" of the Auditor's Report	<p>Note No.21(iii), an insurance claim for loss of Project Assets in PRCL section occurred in June 2015 due to flood at "Liliyamota-Saravkunta" has been intimated on 24th June 2015 with United India Insurance Co. to raise claim out of the total insurance cover of ₹ 39281.94 lakhs for Project area as a whole. During the year, an estimated claim of ₹ 636.12 lakhs has been intimated to the surveyors to finalize the claim with the insurance company. In respect Loss of Profit policy of ₹ 8855.00 lakhs, a claim for ₹ 1159.07 lakhs on account of Loss of Profit has been lodged by the Company on 9th December 2015, but not yet settled by the Insurance Company as on 31st March 2017. The value of loss due to damage will be dealt with on settlement of claims with Insurance Company. The expenditure incurred for replacement of the damaged track was accounted for as revenue expenditure.</p>	<p>The Company intimated to the insurance Company about the flood on the section on 25.6.2015 immediately after the flood occurred on section. The Insurance Company had appointed the surveyor who visited the affected area. The line was put in operation on 11.7.2015. The Company has furnished all the requisite information to the Insurance Surveyor based on the inputs collected from WR in order to get insurance claim settled. The Company has been continuously pursuing with Insurance Company/surveyor to settle the claim at the earliest. 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).</p> <p>The expenditure incurred on flood restoration work is incurred to keep rail line in working condition by restoring it as to its original state. It does not result in increase in the line capacity and therefore the same has been charged to revenue. Further, same is also chargeable to revenue as per Indian Railway's code of classification.</p>



INDEPENDENT AUDITORS' REPORT

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

1. Report on the Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of M/s. Pipavav Railway Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss(Including other comprehensive income), the statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter refer to as 'standalone Ind AS financial statement')

2. Management's Responsibility to 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) Prescribed under Section 133 of the Act, read with relevant Rules issued thereunder.

This responsibility also includes the 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 Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS 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 including Ind AS, of the financial position of the Company as at 31st March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

5. Emphasis of Matter

Attention is drawn to:

- (a) Note No. 40.1. (ii) 'Operating and Maintenance cost' (O&M Cost) to the financial statements, cost of ₹ 681.24 lakhs for additional works which is in tune with a continuous process, has been booked, as per bills received from Western Railway.
- (b) Note No. 41.2 'Revenue Recognition' and Reconciliation: During the year, WR has recovered an amount of ₹ 374.16 lakhs on account of diverted route relating to earlier year 2009-2010, which has been shown as deduction from revenue (Refer note no. 22).
- (c) 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.
- (d) GPPL has confirmed 50% of the trade receivables and Western Railway has not confirmed.
- (e) Note no 24 and 40: 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 Audit on the Ind AS financial statements and in line with the recommendation of the consultant appointed for Ind AS implementation.
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 timely reconciliation of traffic and its diversion; 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.
- (f) Note No.21(iii), an insurance claim for loss of Project Assets in PRCL section occurred in June 2015 due to flood at "Liliyamota-Savarkundla" has been intimated on 24th June 2015 with United India Insurance Co. to raise claim out of

the total insurance cover of ₹ 39281.94 lakhs for Project area as a whole. During the year, an estimated claim of ₹ 636.12 lakhs has been intimated to the surveyors to finalize the claim with the insurance company. In respect Loss of Profit policy of ₹ 8855.00 lakhs, a claim for ₹ 1159.07 lakhs on account of Loss of Profit has been lodged by the Company on 9th December 2015, but not yet settled by the Insurance Company as on 31st March 2017. The value of loss due to damage will be dealt with on settlement of claims with Insurance Company. The expenditure incurred for replacement of the damaged track was accounted for as revenue expenditure.

Our opinion is not modified in respect of these matters.

6. 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 and Companies (Audit and Auditors) Rules, 2014, 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 specified under Section 133 of the Act, read with relevant rule issued thereunder;
- (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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:
- The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements. Refer Note No. 38 to the Standalone Ind AS financial statements;
 - The Company has no long-term contracts including derivative contracts as on 31st March, 2017 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;
 - There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company; and
 - The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer to note 37 to the standalone Ind AS 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: 29th July, 2017

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 2017, we report that:

- The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - 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, 2017, no material discrepancies were noticed on such physical verification.
 - 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.
- The Company being a joint sector Company with Ministry of Railways dealing in Railway Cargo Traffic do not hold any inventory; as such this clause is not applicable.
- 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 iii, iii(a), iii(b), iii(c) of the Order are not applicable.
- 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.
- 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 provision of the Companies Act, 2013.
- 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.
- 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 as applicable to the appropriate authorities and there are no undisputed amounts outstanding for a period of more than six months from the date they became payable.

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

Name of Statute	Disputed Amount and nature of dues	Forum where Dispute is pending	period to which amount relates to
Service Tax	₹ 7639.48 lakhs	Principle Commissioner of Service Tax, New Delhi (against Show Cause Notice)	FY 2009-10 to FY2013-14
Service Tax	₹ 2800.51 lakhs	Principle Commissioner of Service Tax, New Delhi (against Show Cause Notice)	FY 2014-15

- (viii) In our opinion and according to the information and explanations given to us, the Company has no loans as on 31st March 2017 and hence not defaulted in repayment of loans or borrowing 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: 29th July, 2017



**Annexure B to the Independent Auditors' Report of even date
on the standalone Ind AS financial statements**

**REPORT ON THE INTERNAL FINANCIAL CONTROL UNDER CLAUSE (I) OF SUB-SECTION 3 OF
SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

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

We have audited the internal financial controls over financial reporting of Pipavav Railway Corporation Limited (the Company) as of 31st March 2017 in conjunction with our audit of the Standalone Ind AS 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 over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the 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 Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, read with our Independent Auditor's Report, item No. 5(e) of "Emphasis of matters" attention drawn to Note No. 24 and 40 of the report of even date on the standalone Ind AS 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: 29th July, 2017



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

To

Principal Director of Audit (Rly-Commercial)
Cofmow, Railway Offices Complex.
Tilak Bridge
New Delhi-110002

**Sub: The supplementary audit under 143 (5) of the Companies Act, 2013 of
M/s. PIPAVAV RAILWAY CORPORATION LIMITED for the year ended 31st March, 2017**

Sir/Madam,

Please find enclosed herewith the supplementary audit report under section 143(5) of the Companies Act, 2013 of M/s PIPAVAV RAILWAY CORPORATION LIMITED for the year ended 31st March, 2017.

Thanking You,

Yours faithfully,

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: 29th July, 2017

Encl. : a/a

COMPLIANCE CERTIFICATE

We have conducted the audit of accounts of M/s. PIPAVAV RAILWAY CORPORATION LIMITED for the year ended 31st March 2017 in accordance with the direction/sub directions issued by the C&AG of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with all direction / sub directions issued to us.

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

Sd/-
CA K.S. Ponnuswami
Partner
Membership No. 070276

Place: New Delhi

Dated: 29th July, 2017

Directions u/s 143(5) of the Companies Act, 2013 (Earlier u/s 619(3) (a) of the Companies Act, 1956) for the year ended 31st March, 2017:

Sr. No.	Directions	Auditor's Observation
(1)	Whether the Company has clear title /lease deeds for free hold and lease hold respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available?	The Company has clear lease deed for land with MOR for which Company has been paying annual lease rent to MOR.
(2)	Whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons thereof and the amount involved.	There is no such case during the financial year 2016-17.
(3)	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Govt. or other authorities.	This clause is not applicable.



Pipavav Railway Corporation Limited
CIN : U45200DL2000PLC151199



Confidential/गोपनीय
भारतीय लेखा एवम् लेखा परीक्षा विभाग
प्रधान निदेशक लेखा परीक्षा, रेलवे-वाणिज्यिक का कार्यालय
काफमो, भारतीय रेल, तिलक ब्रिज, नई दिल्ली-110002
INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT
RLY-COMMERCIAL
COFMOW, INDIAN RAILWAYS, TILAK BRIDGE, NEW DELHI-110002

No. PDA/RC/RPSU/32-83/PIPAVAV/2017-18/58

दिनांक : 30.08.2017

सेवा में,

प्रबन्ध निदेशक,
पिपावा रेलवे कॉरपोरेशन लिमिटेड
नई दिल्ली ।

विषय: 31 मार्च 2017 को समाप्त वर्ष के लिए पिपावा रेलवे कॉरपोरेशन लिमिटेड, नई दिल्ली के वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143 (6)(b) के अन्तर्गत भारत के नियंत्रक-महालेखा परीक्षक की टिप्पणियाँ ।

महोदय,

मैं, पिपावा रेलवे कॉरपोरेशन लिमिटेड, नई दिल्ली के 31 मार्च 2017 को समाप्त वर्ष के वित्तीय विवरणों पर कम्पनी अधिनियम 2013 की धारा 143 (6)(b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अग्रेषित कर रहा हूँ ।

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

संलग्न: यथोपरि ।

भवदीय,

30/8/2017
(बी आर मोण्डल)
प्रधाननिदेशक / आर.सी.

**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, NEW DELHI
FOR THE YEAR ENDED 31 MARCH 2017.**

The preparation of financial statements of **PIPAVAV RAILWAY CORPORATION LIMITED, NEW DELHI** for the year ended 31 March 2017 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 is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 29 July 2017.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the Supplementary audit of the financial statements of **PIPAVAV RAILWAY CORPORATION LIMITED, NEW DELHI** for the year ended 31 March 2017 under section 143(6)(a) of the Act.

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

Place: New Delhi

Date: 30 August, 2017



**(B. R. Mondal)
Principal Director of Audit
Railway Commercial, New Delhi**



BALANCE SHEET AS AT 31st MARCH, 2017

(Amount in ₹ lakhs)

Particulars	Note No.	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
I. ASSETS				
1 Non-current assets				
(a) Property, Plant and equipment	4	42.30	50.42	8.31
(b) Other Intangible assets	5	15,682.20	16,269.74	16,642.16
(c) Intangible assets under development	6	2.02	247.95	252.61
(d) Financial Assets				
(i) Others	7	6,243.94	6,189.42	820.82
(e) Deferred Tax Assets	8	5,582.37	4,832.41	3,034.00
(f) Other non-current assets	9	514.35	517.79	725.94
2 Current assets				
(a) Financial Assets				
(i) Trade Receivables	10	6,474.84	4,483.99	3,962.66
(ii) Cash and cash equivalents	11	523.78	264.88	220.83
(iii) Bank Balances other than (ii) above	12	11,869.91	5,312.89	3,787.96
(iv) Others	13	590.04	456.42	105.28
(b) Current Tax Assets (Net)	14.1	399.50	680.23	680.24
(c) Other current assets	15	138.15	539.57	612.30
TOTAL ASSETS		48,063.40	39,845.71	30,853.11
II. EQUITY AND LIABILITIES				
1 Equity				
(a) Equity Share Capital	16	19,600.00	19,600.00	19,600.00
(b) Other Equity	17	22,626.48	15,950.73	7,376.59
2 Liabilities				
(i) Non-current liabilities				
(a) Long Term Provisions	18	1,615.70	810.69	66.07
(b) Deferred tax liabilities	14.2	2,175.29	2,402.67	2,275.61
(ii) Current liabilities				
(a) Financial Liabilities				
(i) Trade payables	19.1	2,006.53	944.91	1,385.69
(ii) Others	19.2	25.47	21.86	132.54
(b) Other Current liability	20	12.25	11.53	15.34
(c) Current Tax Liability (Net)		-	101.83	-
(d) Provisions	21	1.68	1.49	1.27
TOTAL EQUITY AND LIABILITIES		48,063.40	39,845.71	30,853.11

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: 29th July, 2017

For & on behalf of the Board

Sd/-
Amitabh Lal
Managing Director
DIN: 06720989
Sd/-
Vinod Kumar
Chief Financial Officer

Sd/-
Pradeep Puri
Director
DIN: 00051987

Sd/-
G.V.L. Satyakumar
Director
DIN: 06913472
Sd/-
Leena Narwal
Company Secretary
M. No. : A20516

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2017**(Amount in ₹ lakhs)**

Particulars	Note No.	For the Year Ended 31st March 2017	For the Year Ended 31st March 2016
Revenue :			
I. Revenue from operations	22	21,373.41	24,362.88
II. Other income	23	1,284.72	755.30
III. Total Revenue (I + II)		22,658.13	25,118.18
IV. Expenses:			
Operating and Other Expenses	24	12,587.99	14,903.12
Employee benefits expenses	25	292.35	258.94
Finance costs	26	58.86	-
Depreciation and amortization	27	913.24	897.67
Corporate Social Responsibility (CSR) Expenses	28	94.66	125.70
Total Expenses (IV)		13,947.10	16,185.43
V. Profit/loss Before exceptional items and Tax (III - IV)		8,711.03	8,932.75
VI. Exceptional items		-	-
VII. Profit/(Loss) before tax (V - VI)		8,711.03	8,932.75
VIII. Tax expense:			
(i) Current tax			
- For the year	14.3	1,833.84	2,032.34
- For earlier years (net)	14.3	(0.92)	-
(ii) Deferred tax (net)	14.3	(227.38)	127.06
(iii) Mat Credit Entitlement (net of reversal)	14.3	(749.96)	(1,798.40)
IX Profit/(loss) for the period from continuing operation (VII - VIII)		7,855.45	8,571.75
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)		7,855.45	8,571.75
XIV Other Comprehensive Income			
A. Items that will not be reclassified to profit and loss			
Re-measurement of defined employee benefit plans	29	(0.23)	3.04
Income Tax relating to Items that will not be reclassified to profit and loss	14.4	0.05	(0.65)
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) (Comprehensive profit and other comprehensive income for the period)		7,855.27	8,574.14
XVI. Earnings Per Equity Share: (For Continuing Operation)			
(1) Basic (₹)	30	4.01	4.37
(2) Diluted (₹)		4.01	4.37
XVII. Earnings Per Equity Share: (For discontinuing Operation)			
(1) Basic		-	-
(2) Diluted		-	-
XVIII. Earnings Per Equity Share: (For discontinued and continuing Operation)			
(1) Basic	30	4.01	4.37
(2) Diluted		4.01	4.37

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: 29th July, 2017

For & on behalf of the Board

Sd/-
Amitabh Lal
Managing Director
DIN: 06720989

Sd/-
Vinod Kumar
Chief Financial Officer

Sd/-
Pradeep Puri
Director
DIN: 00051987

Sd/-
G.V.L. Satyakumar
Director
DIN: 06913472

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



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31st MARCH, 2017

(Amount in ₹ lakhs)

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax & exceptional items	8,711.03	8,932.75
Adjustments for		
Dividend Paid (including Dividend Distribution Tax paid thereon)	(1,179.51)	-
Depreciation and amortization	913.24	897.67
Finance costs	58.86	-
Interest earned	(1,209.49)	(753.52)
Unwinding of discount on security deposits	(1.40)	(1.30)
Profit on sale of property, plant and equipment	(0.13)	(0.28)
Loss on assets disposed/ Written off	-	0.31
Other Comprehensive Income	(0.18)	3.04
Operating profit before changes in operating assets and liabilities	7,292.42	9,078.67
Adjustments for:		
Decrease / (Increase) in Trade Receivables / Loans and Advances	(1,990.85)	(521.33)
Decrease / (Increase) in other current financial assets	(133.62)	(351.14)
Decrease / (Increase) in other current Assets	401.42	72.73
Decrease / (Increase) in other non current assets	3.44	208.15
Decrease / (Increase) in Other non current financial assets	(54.52)	(5,368.60)
(Decrease) / Increase in Current Trade Payables	1,061.62	(440.78)
(Decrease) / Increase in Other Financial Liabilities	3.61	(110.68)
(Decrease) / Increase in Other Current Liabilities	0.72	(3.81)
Changes in Provisions	805.01	744.62
Changes in Short Term Provisions	0.19	0.22
Cash generated from operation	7,389.44	(5,770.62)
Income Tax Paid (net of refund received)	1,654.02	1,931.15
Total Cash generated from Operating Activities	5,735.42	1,376.90
B. Cash Flow From Investing Activities		
Purchase of Property, plant and equipment & Intangible Assets (net of buy back)	(71.68)	(563.18)
Sale of Property, Plant & Equipment	0.16	0.44
Interest Receivable	1,209.49	753.52
Changes in Other Bank Balances	(6,557.02)	(1,524.93)
Net Cash used in Investing Activities	(5,419.05)	(1,334.15)
C. Cash flow from Financing Activities		
Finance costs	(58.86)	-
Unwinding of discount on security deposits	1.40	1.30
Net Cash generated from Financing Activities	(57.46)	1.30
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	258.90	44.05
Opening Cash & Cash Equivalents	264.88	220.83
Closing Cash & Cash Equivalents	523.78	264.88
Closing Cash & Cash Equivalents comprises of		
(i) Balances with banks:		
- On current accounts	56.70	74.59
- Deposits with original maturity of less than three months	467.00	190.15
(ii) Cash in Hand	0.08	0.14
Closing Cash & Cash Equivalents	523.78	264.88

Notes:-

- 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.
- 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: 29th July, 2017

Sd/-
Amitabh Lal
Managing Director
DIN: 06720989

Sd/-
Vinod Kumar
Chief Financial Officer

For & on behalf of the Board

Sd/-
Pradeep Puri
Director
DIN: 00051987

Sd/-
G.V.L. Satyakumar
Director
DIN: 06913472

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

Statement of changes in Equity for the period ended 31st March 2016

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	Retained Earnings		
Balance at the beginning of the reporting period	1,000.00	6,376.59	-	7,376.59
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the reporting period	1,000.00	6,376.59	-	7,376.59
Profit for the year	-	8,571.75	-	8,571.75
Other Comprehensive Income	-	2.39	-	2.39
Dividends	-	-	-	-
Transfer to Depreciation Reserve	1,000.00	(1,000.00)	-	-
Any Other change(to be specified)	-	-	-	-
Balance at the end of the year	2,000.00	13,950.73	-	15,950.73

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: 29th July, 2017

Sd/-
Amitabh Lal
Managing Director
DIN: 06720989

Sd/-
Vinod Kumar
Chief Financial Officer

For & on behalf of the Board

Sd/-
Pradeep Puri
Director
DIN: 00051987

Sd/-
G.V.L. Satyakumar
Director
DIN: 06913472

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



Statement of changes in Equity for the period ended 31st March 2017

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	Retained Earnings		
Balance at the beginning of the reporting period	2,000.00	13,950.73	-	15,950.73
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the reporting period	2,000.00	13,950.73	-	15,950.73
Profit for the year	-	7,855.45	-	7,855.45
Other Comprehensive Income	-	(0.18)	-	(0.18)
Dividends	-	-	-	-
Transfer to Depreciation Reserve	-	-	-	-
Interim Dividend paid during the year	-	(980.00)	-	(980.00)
Dividend Distribution Tax paid on Interim Dividend	-	(199.51)	-	(199.51)
Any Other change(to be specified)	-	-	-	-
Balance at the end of the year	2,000.00	20,626.48	-	22,626.48

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: 29th July, 2017

Sd/-
Amitabh Lal
Managing Director
DIN: 06720989
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Chief Financial Officer

For & on behalf of the Board

Sd/-
Pradeep Puri
Director
DIN: 00051987

Sd/-
G.V.L. Satyakumar
Director
DIN: 06913472
Sd/-
Leena Narwal
Company Secretary
M. No. : A20516

PIPAVAV RAILWAY CORPORATION LIMITED

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 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 Ministry of Railways 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 29th July 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Preparation

- 2.1.1. The financial statements for the year ended 31st March 2017 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 Companies (Indian accounting standards) Amendment Rules 2016. These financial statements for the year ended 31st March 2017 are the first Ind AS compliant financial statements of the Company. The transition to Ind AS has been made in accordance with Ind AS 101-First Time adoption of Indian Accounting Standards.
- 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) have been restated in accordance with Ind AS for comparative information purpose.
- 2.1.3. Reconciliations and explanations of the effect of transition from Previous GAAP to Ind AS have been given in note 3.
- 2.1.4. 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.
- 2.1.5. 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.

2.2. 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 and 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 amount 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 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 bank 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.

2.4. 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 asset 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 has 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 use 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 as per Appendix A to Ind AS 11.
- 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 is recognized in accordance with Ind AS-37 and Appendix A to Ind AS 11 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.

2.6.2. Other intangible assets

- I. Other intangible assets are recognized when it is probable that future economic benefit 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 is 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 as per 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 transition to Ind-AS, the Company has 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. Intangibles under Development

Expenditure incurred on the development of existing assets (including freight sharing right in respect of Project Railway) are recognized as Intangible under development at cost incurred by the Company which is reckoned as the fair value of the service provided including costs directly attributable.

2.8. Leases

2.8.1. Finance Lease

Leases which effectively transfers 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 retains substantially all the risks and benefits of ownership of leased terms, are classified as operating lease. 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

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.

2.11.1. **Operating Revenue:** - Apportionment of freight as accrued to the Company under terms of the Concession agreement for freight operation on the Project Assets is recognized by the Company as operating revenue as per Ind AS 18. Operating revenue is measured at fair value (i.e. actual freight collected by Railways).

2.11.2. **Contract Revenue:** - Company recognizes revenue in respect of development activities, on the Project Railway, which results in capacity enhancement over assessed capacity or to create new facilities on the Project Railway based on the stage of completion of the work performed when the outcome of such activities can be measured reliably as per Ind AS 11. The revenue is recognized at cost which is reckoned as the fair value of consideration.

2.11.3. **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, 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 extent it relates to the items recognized directly in equity, in which case, it is recognized in Other Comprehensive Income (OCI) items in accordance with Ind AS 12.

2.13.1. Current Income Tax

- I. Current tax for the current and prior period(s) is recognized which is expected to be paid or to be recovered 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 A to Ind AS 11).

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 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 grant 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) 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 arrangements

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

Pursuant to the 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 keep the Project Railway in proper working condition and also carries out the replacement of the assets 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 arrangements and has applied Appendix A to Ind AS 11 (Service Concession Arrangement) in respect of the Project Railway so developed.

The arrangement between the Company and MOR meets all the conditions of Appendix A to Ind AS 11 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 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 (Thirtythree) years. In case of material breach in terms of the agreement, the 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 the 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, DRV has not been specified in the Concession agreement.

Para 16 of Appendix A to Ind AS 11 requires the Company to recognize a financial asset in respect of unconditional right to receive cash from MOR, if same is specified or determinable. DRV has not been specified in the Concession agreement, nor it is 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 sufficiently compliance with the requirement of the Ind AS.

The assets which were exiting 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 (Thirtythree) 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.

2.23. Standards issued but not yet effective upto the date of Financial Instruments

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial Statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. Ministry of Corporate Affairs (MCA), Government of India has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and has amended the following standard:

2.23.1 Amendment to Ind AS 7: Statement of Cash Flows

The amendments to Ind AS 7 require an entity to provide disclosures that enable users of financial statements to evaluate change in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1st April 2017. Application of



this amendments will not have any recognition and measurement impact. However, it will require additional disclosure in the financial statements.

2.23.2 Amendment to Ind AS 102: Share-based Payment

Ministry of Corporate Affairs (MCA) has issued amendments to Ind AS 102 that address three main areas:

- (a). The effect of vesting conditions on the measurement of a cash-settled share-based payment transaction,
- (b). The classification of a share-based payment transaction with net settlement features for withholding tax obligations, and
- (c). Accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

The amendments are effective for annual periods beginning on or after 1st April 2017. Application of this amendments will not have any recognition and measurement impact.

3. First time adoption of Ind AS and Reconciliations

3.1. First-time adoption of Ind AS

The financial statements for the year ended 31st March 2017 are the first Ind AS compliant financial statements of the Company. The transition to Ind-AS has been made in accordance with Ind AS 101-First Time adoption of Indian Accounting Standards. 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").

In preparation of these financial statements, the Company's opening balance sheet was prepared as at 1st April 2015 i.e. date of transition to Ind-AS. Accordingly, financial statements for the year 31st March 2016 and the opening Balance sheet as at 1st April, 2015 have been restated in accordance with Ind AS for comparative information purpose.

This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the balance sheet as at 1st April 2015 and the financial statements as at and for the year ended 31st March 2016.

3.2. Exemptions applied

Ind-AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind-AS. Company has accordingly, applied the following exemptions:

3.2.1. Deemed Costs

The Company has elected to continue with the previous GAAP carrying value of all Property Plant & Equipment, Intangibles and Intangible under Development as recognised in the previous GAAP financial statements as deemed cost at the transition date, as there is no change in the functional currency of the Company.

3.2.2. Service Concession Arrangement

Appendix A to Ind AS 11 applies to the Company in respect of the Project Railway, the Company has elected to carry previous GAAP carrying amount as at date of transition to Ind AS.

3.3. Reconciliations

In accordance with Ind AS 101, the Company has carried out the transition to Ind AS from previous GAAP. The effect of same has been disclosed in the reconciliation of:

- 3.3.1. Equity (Balance sheet) as at 1st April 2015 (at the date of transition),
- 3.3.2. Equity (Balance sheet) as at 31st March 2016,
- 3.3.3. Total Equity as at 31st March 2016 and 1st April 2015,
- 3.3.4. Profit or Loss for the year ended 31st March 2016 and
- 3.3.5. Explanation to reconciliation.

3.3.1 Reconciliation of Equity (Balance sheet) as at 1st April 2015*
(at the date of Transition)

(Amount in ₹ Lakhs)

Particulars		Notes	Previous GAAP	Adjustments	Ind AS
I.	ASSETS				
1	Non-current assets				
	(a) Property, Plant and equipment		8.31	0.00	8.31
	(b) Other Intangible assets	3.3.5(a)	16,642.72	(0.56)	16,642.16
	(c) Intangible assets under development		252.61	0.00	252.61
	(d) Financial Assets				
	(i) Others	3.3.5(c)	825.18	(4.36)	820.82
	(e) Deferred Tax Assets		3,034.00	0.00	3,034.00
	(f) Other non-current assets	3.3.5(c)	723.00	2.94	725.94
	Sub-total		21,485.82	(1.98)	21,483.84
2	Current assets				
	(a) Financial Assets				
	(i) Trade Receivables		3,962.66	-	3,962.66
	(ii) Cash and cash equivalents		220.83	-	220.83
	(iii) Bank Balances other than (ii) Above		3,787.96	-	3,787.96
	(iv) Others		105.28	-	105.28
	(b) Current Tax Assets (Net)		680.24	-	680.24
	(c) Other current assets	3.3.5(c)	610.89	1.41	612.30
			9,367.86	1.41	9,369.27
	Total Assets		30,853.68	(0.57)	30,853.11
II.	EQUITY AND LIABILITIES				
1	Equity				
	(a) Equity Share Capital		19,600.00	-	19,600.00
	(b) Other Equity	3.3.3	7,377.16	(0.57)	7,376.59
			26,977.16	(0.57)	26,976.59
2	Liabilities				
	(i) Non-current liabilities				
	(a) Provisions		66.07	-	66.07
	(b) Deferred tax Liabilities		2,275.61	-	2,275.61
			2,341.68	-	2,341.68
3	Current liabilities				
	(a) Financial Liabilities				
	(i) Trade payables		1,385.69	-	1,385.69
	(ii) Other		132.54	-	132.54
	(b) Other current liabilities		15.34	-	15.34
	(c) Provisions		1.27	-	1.27
			1,534.84	-	1,534.84
	TOTAL Equity and Liabilities		30,853.68	(0.57)	30,853.11

* The previous year figures have been reclassified to be conformed to Ind AS presentation requirements for the purpose of reconciliation.



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

3.3.2 Reconciliation of Equity (Balance sheet) as at 31st March 2016*

(Amount in ₹ Lakhs)

Particulars		Notes	Previous GAAP	Adjustments	Ind AS
I.	ASSETS				
1	Non-current assets				
	(a) Property, Plant and equipment		50.42	-	50.42
	(b) Other Intangible assets	3.3.5(a) & (b)	16,116.21	153.53	16,269.74
	(c) Intangible assets under development	3.3.5(f)	247.95	-	247.95
	(d) Financial Assets				
	(i) Others	3.3.5(c)	6,192.47	(3.05)	6,189.42
	(e) Deferred Tax Assets		4,832.41	-	4,832.41
	(f) Other non-current assets	3.3.5(c)	516.26	1.53	517.79
	Sub-total		27,955.72	152.01	28,107.73
2	Current assets				
	(a) Financial Assets				
	(i) Trade Receivables		4,483.99	-	4,483.99
	(ii) Cash and cash equivalents		264.88	-	264.88
	(iii) Bank Balances other than (ii) Above		5,312.89	-	5,312.89
	(iv) Others	3.3.5(e)	466.42	(10.00)	456.42
	(b) Current Tax Assets (Net)		680.23	-	680.23
	(c) Other current assets	3.3.5(c)	538.16	1.41	539.57
	Sub-total		11,746.57	(8.59)	11,737.98
	Total Assets		39,702.29	143.42	39,845.71
II.	EQUITY AND LIABILITIES				
1	Equity				
	(a) Equity Share Capital		19,600.00	-	19,600.00
	(b) Other Equity	3.3.3	16,541.83	(591.10)	15,950.73
	Sub-total		36,141.83	(591.10)	35,550.73
2	Liabilities				
	(i) Non-current liabilities				
	(a) Provisions	3.3.5(d)	76.17	734.52	810.69
	(b) Deferred tax Liabilities		2,402.67	-	2,402.67
	Sub-total		2,478.84	734.52	3,213.36
3	Current liabilities				
	(a) Financial Liabilities				
	(i) Trade payables	3.3 (j)	959.34	(14.43)	944.91
	(i) Other	3.3 (j)	7.43	14.43	21.86
	(b) Other current liabilities		11.53	-	11.53
	(c) Current Tax Liability (Net)		101.83	-	101.83
	(d) Provisions		1.49	-	1.49
	Sub-Total		1,081.62	-	1,081.62
	TOTAL Equity and Liabilities		39,702.29	143.42	39,845.71

* The previous year figures have been reclassified to be conformed to Ind AS presentation requirements for the purpose of reconciliation.

Note 3.3.3 Reconciliation of Total Equity as at 31st March 2016 and 1st April 2015

(Amount in ₹ Lakhs)			
Particulars	Notes	31st March 2016	1st April 2015
Total Equity (shareholder's fund) as per previous GAAP		36,141.83	26,977.16
Adjustments on account of:			
Amortization expense under Service Concession Arrangement	3.3.5 (b)	153.98	-
Fair Valuation of Security Deposits	3.3.5 (c)	(0.11)	(0.01)
Derecognition of Financial Instrument	3.3.5 (e)	(10.00)	-
Derecognition of Intangible and amortization expenses	3.3.5 (a)	(0.45)	(0.56)
Recognition of Re-surfacing obligation	3.3.5 (d)	(734.52)	-
Total of above adjustments		(591.10)	(0.57)
Total Equity (shareholder's fund) as per Ind-AS		35,550.73	26,976.59

Reconciliation of Total Comprehensive Income for the year ended 31st March 2016

(Amount in ₹ Lakhs)		
Particulars	Notes	31st March 2016
Profit after tax as per previous GAAP		9,164.67
Construction contract revenue under Service concession Arrangement	3.3.5 (f)	247.95
Unwinding of discount on receivable from security deposits	3.3.5 (c)	1.30
Amortization on intangible Assets	3.3.5 (b)	153.98
Intangible Assets derecognized and depreciation impact	3.3.5 (a)	0.12
Derecognition of financial Instrument	3.3.5 (e)	(10.00)
Amortization of Fair Value Adjustments	3.3.5 (c)	(1.41)
Recognition of Re-surfacing obligation	3.3.5 (d)	(734.52)
Operating & maintenance Cost under Service Concession Arrangement	3.3.5 (f)	(247.95)
Total of above adjustments		(590.53)
Profit after tax as per Ind-AS		8,574.14

Impact of Ind-AS on the Cash flow for the year ended 31st March 2016

There are no material adjustments to statement of cash flows as reported under previous GAAP.



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3.3.4 Reconciliation of Profit or Loss for the year ended 31st March 2016*

(Amount in ₹ Lakhs)

Particulars		Notes	Previous GAAP	Adjustments	Ind AS
I.	Revenue :				
	Revenue from operations	3.3.5 (f)	24,114.93	247.95	24,362.88
II.	Other income	3.3.5 (c)	754.00	1.30	755.30
III.	Total Income (I + II)		24,868.93	249.25	25,118.18
IV.	Expenses:				
	Operation & Maintenance Expense	3.3.5	13,909.26	993.86	14,903.12
	Employee benefits expenses	3.3.5 (g)	255.89	3.05	258.94
	Finance costs		-	-	-
	Depreciation and amortization	3.3.5 (a) & (b)	1,051.76	(154.09)	897.67
	Corporate Social Responsibility Expenses		125.70	-	125.70
	Total Expenses (IV)		15,342.61	842.82	16,185.43
V.	Profit/loss Before exceptional items and Tax (III - IV)		9,526.32	(593.57)	8,932.75
VI.	Exceptional items		-	-	-
VII.	Profit/(Loss) before tax (V - VI)		9,526.32	(593.57)	8,932.75
VIII.	Tax expense:				
	(i) Current tax				
	- For the year	3.3.5 (g)	2,032.99	(0.65)	2,032.34
	- For earlier years (net)		-	-	-
	(ii) Deferred tax (net)		127.06	-	127.06
	(iii) Mat Credit Entitlement		(1,798.40)	-	(1,798.40)
	Total Tax Expense (VIII)		361.65	(0.65)	361.00
IX	Profit/(loss) for the period from continuing operation (VII - VIII)		9,164.67	(592.92)	8,571.75
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)		9,164.67	(592.92)	8,571.75
XIV	Other Comprehensive Income				
	A. (i) Items that will not be reclassified to profit and loss		-	-	-
	Remeasurement of defined employee benefit plans	3.3.5 (g)	-	3.04	3.04
	(ii) Income Tax relating to Items that will not be reclassified to profit and loss	3.3.5 (g)	-	(0.65)	(0.65)
	B. (i) Items that will be reclassified to profit and loss		-	-	-
	(ii) Income Tax relating to Items that will be reclassified to profit and loss		-	-	-
XV.	Total Comprehensive Income for the period (XIII +XIV) (Comprehensive profit and other comprehensive income for the period)		9,164.67	(589.23)	8,574.14
XVI.	Earnings Per Equity Share: (For Continuing Operation)				
	(1) Basic		4.68	(0.31)	4.37
	(2) Diluted		4.68	(0.31)	4.37
XVII.	Earnings Per Equity Share: (For discontinuing Operation)				
	(1) Basic		-	-	-
	(2) Diluted		-	-	-
XVIII.	Earnings Per Equity Share: (For discontinued and continuing Operation)				
	(1) Basic		4.68	(0.31)	4.37
	(2) Diluted		4.68	(0.31)	4.37

* The previous year figures have been reclassified to be conformed to Ind AS presentation requirements for the purpose of reconciliation.

Note 3.3.5 Explanation to reconciliation

- (a) Company has de-recognized corporate website cost in accordance with Ind AS 38, which was earlier shown as intangible asset in previous GAAP. This has resulted in decline in Other Equity by ₹ 0.56 lakhs under Ind AS on 1st April 2015 and with a corresponding increase in the Equity by ₹ 0.11 lakhs at 31st March 2016 on account of reversal of depreciation thereon. The corresponding decrease in the net value of the Intangible Assets is by ₹ 0.56 lakhs and ₹ 0.45 lakhs at 1st April 2015 and 31st March 2016 respectively. The net profit for the year ended 31st March 2016 has increased by ₹ 0.12 lakhs due to this adjustment on account of derecognition of amortization expense for said year.
- (b) Under previous GAAP, the Company was amortizing Intangible Assets (freight sharing right) over the useful life of the project assets under Straight Line Method. Useful life of the project assets was lower of the remaining codal life or the balance of the concession period under Concession Agreement with MOR. Under Ind AS, these assets are equally amortized prospectively (from transition date) over the remaining useful life using the Straight Line Method. The change in the useful life of the assets has resulted in increase in Equity under Ind AS by ₹ 153.98 lakhs as at 31st March 2016, due to reversal of the amortization expense for FY 2015-16 and corresponding increase in the net carrying amount of Intangible Assets by same amount. The net profit for the year ended 31st March 2016 has also increased by the same amount due to this adjustment.
- (c) Under the previous GAAP, interest free security deposits (that are refundable in cash on completion of lease term) were recorded at transaction value. Under Ind AS, these security deposits have been recognized at their present value by using Discounted Cash Flow method. Difference between present value and transaction value is recognized as prepayments (i.e. prepayment rent). Consequent to this change, the amount of security deposit decreased by ₹ 4.36 lakhs and ₹ 3.05 lakhs as at 1st April 2015 and 31st March 2016 respectively. The prepayment, after adjustment of the proportionate rent expense, are recognized at ₹ 4.35 lakhs (₹ 2.94 lakhs + ₹ 1.41 lakhs) as at 1st April 2015 and ₹ 2.94 lakhs (₹ 1.53 lakhs + ₹ 1.41 lakhs) as at 31st March 2016. The Equity has decreased net by ₹ 0.01 lakhs as on 1st April 2015. The net profit for the year and Total Equity as at 31st March 2016 has also decreased by ₹ 0.11 lakhs due to amortization of prepayments of ₹ 1.41 lakhs, which is partially off-set by notional interest income of ₹ 1.30 lakhs, recognized in security deposits.
- (d) 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 a liability of ₹ 14,141.05 lakhs in respect of replacement obligations that would be arising during the remaining concession period as per requirement of Appendix A to the Ind AS 11. Based on said estimated liability, yearly provision of ₹ 734.52 lakhs, has been made in financial year 2015-16. This has resulted in decrease in net profit and Equity for the said year by same amount. There is corresponding increase in the Long Term Provision by same amount.
- (e) Company has de-recognized onetime contribution of ₹ 10 lakhs paid, which was previously shown as Other Advance in previous GAAP. This has resulted in decline in Equity and profit under Ind AS by ₹ 10 lakhs for the year ended 31st March 2016. There is corresponding decrease in the Other Advance by same amount due to this adjustment.
- (f) As per Appendix A to Ind AS 11, construction contract cost under Service Concession arrangement incurred during the financial year 2015-16 of ₹ 247.95 lakhs on the project assets has been recognized as contract cost under the service concession arrangement. Contract revenue by same amount has also been recognized. The Company was showing ₹ 247.95 lakhs as Capital Works in Progress under previous GAAP. The same has been recognized as Intangibles under Development as per Ind AS 38.
- (g) Under Ind AS, remeasurements i.e. actuarial gains & losses of ₹ 3.04 lakhs and related tax ₹ 0.65 lakhs on the net defined benefit liability are recognized in the Other Comprehensive Income, which was earlier recognized in profit and loss under previous GAAP. However, due to reclassification of this item of Profit and Loss as Other Comprehensive Income, there is no impact on Total Equity.
- (h) Retained Earnings as at 1st April 2015 has been adjusted consequent to the above Ind AS transition adjustments.
- (i) Under Ind AS, all items of income and expense recognized in a period should be included in Profit and Loss unless a standard requires or permits otherwise. Items of income & expense that are not recognized in Profit and Loss but are shown in the Statement of Profit and Loss as "Other Comprehensive Income" includes remeasurement of defined benefits plans. The concept of Other Comprehensive Income did not exist under previous GAAP.
- (j) As on 31st March 2016, the Trade Payables under the previous GAAP included expenses payable for an amount of ₹14.43 lakhs which has been shown separately under Ind AS financial statements. Accordingly, Trade Payables has decreased by ₹ 14.43 lakhs and Other Financial Liabilities have increased by same amount due to reclassification. There is no impact on Equity due to this adjustment.



Note 4

Property, Plant and equipment

(Amount in ₹ Lakhs)

Particulars	Plant & Machinery	Furniture & Fixture	Vehicles	Electrical installation & equipment	Total
Cost					
Deemed Cost as At 1st April 2015	23.60	3.73	67.10	-	94.43
Additions	6.92	6.86	35.87	4.37	54.02
Disposals/Adjustments	(9.28)	(0.69)	-	-	(9.97)
At 31st March 2016	21.24	9.90	102.97	4.37	138.48
Additions	0.82	0.08	0.57	-	1.47
Disposals/Adjustments	(2.68)	-	(20.52)	-	(23.20)
At 31st March 2017	19.38	9.98	83.02	4.37	116.75
Accumulated Depreciation and impairment					
At 1st April 2015	17.05	2.06	67.01	-	86.12
Depreciation charge for the year	5.75	3.40	1.96	0.33	11.44
Impairment	-	-	-	-	-
Disposals/Adjustments	(8.85)	(0.65)	-	-	(9.50)
At 31st March 2016	13.95	4.81	68.97	0.33	88.06
Depreciation charge for the year	3.82	0.77	4.53	0.44	9.56
Impairment	-	-	-	-	-
Disposals/Adjustments	(2.68)	-	(20.49)	-	(23.17)
At 31st March 2017	15.09	5.58	53.01	0.77	74.45
Net book value					
At 31st March 2017	4.29	4.40	30.01	3.60	42.30
At 31st March 2016	7.29	5.09	34.00	4.04	50.42
At 1st April 2015	6.55	1.67	0.09	-	8.31

Note 4.1: Company has 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 4.2: Property, Plant and Equipment include assets of ₹ 59.18 lakhs as at 31st March 2017 (₹ 79.97 lakhs as at 31st March 2016 and ₹ 49.10 Lakhs as at 1st April 2015) which are fully depreciated but still available for use. They are recognized at nominal value of ₹ 1 each.

Note 5

Other Intangible assets

(Amount in ₹ Lakhs)

Particulars	Freight sharing rights	License fee	Others	Total
At Cost				
At 1st April 2015	33,333.70	1,000.00	17.97	34,351.67
Additions	513.81	-	-	513.81
Disposals/Adjustments	-	-	-	-
At 31st March 2016	33,847.51	1,000.00	17.97	34,865.48
Additions	312.59	-	3.55	316.14
Disposals/Adjustments	-	-	-	-
At 31st March 2017	34,160.10	1,000.00	21.52	35,181.62
Amortization and impairment				
At 1st April 2015				
Amortization	16,703.37	261.91	6.14	16,971.42
Impairment	-	738.09	-	738.09
	16,703.37	1,000.00	6.14	17,709.51
During the FY 2015-16				
Amortization	884.83	-	1.40	886.23
Impairment	-	-	-	-
Disposals/Adjustments	-	-	-	-
	884.83	-	1.40	886.23
At 31st March 2016				
Amortization	17,588.20	261.91	7.54	17,857.65
Impairment	-	738.09	-	738.09
	17,588.20	1,000.00	7.54	18,595.74
During the FY 2016-17				
Amortization	902.07	-	1.61	903.68
Impairment	-	-	-	-
Disposals/Adjustments	-	-	-	-
	902.07	-	1.61	903.68
At 31st March 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
Net book value				
At 31st March 2017	15,669.83	-	12.37	15,682.20
At 31 st March 2016	16,259.31	-	10.43	16,269.74
At 31 st March 2015	16,630.33	-	11.83	16,642.16



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Note 5.1 : Amortization on other intangible assets are included in Note 27 on Depreciation and Amortization.

Note 5.2 : The Company had 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 5.3 : 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 6

Intangible assets under development

(i.e. Project railway under development)

Particulars	Amount (in ₹ Lakhs)
Intangible Assets (i.e. Projects Railway) under development	
Balance as at 1st April 2015	252.61
Additions	247.95
Less: Transferred to Intangible Assets	(252.61)
Balance as at 31st March 2016	247.95
Additions	2.02
Less: Transferred to Intangible Assets	(247.95)
Balance as at 31st March 2017	2.02

Note 6.1: The Intangible assets under development include expenditure incurred by the Company on the upgradation of the Project railway or to create additional facility thereon which give rise to future economic benefits.

Note 6.2: During the year, the Company has recognized ₹ 247.95 lakhs as intangibles on completion of the works and accordingly, intangible assets under development have been reduced by same amount. During the current year, ₹ 2.02 lakhs has been recognized as intangible assets under development in respect of the expenditure incurred on development of the Project Railway.

(Amount in ₹ Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Note 7: Financial Assets-Non Current			
Other Financial Assets			
Security Deposits			
Considered good	22.94	21.53	20.82
Considered Doubtful	-	-	0.38
Less : Provision for doubtful deposits	-	-	(0.38)
Long-term bank deposits (having maturity period of more than 12 months)	6,221.00	6,167.89	800.00
Total	6,243.94	6,189.42	820.82
Note 8: Deferred Tax Assets			
MAT credit entitlement (Refer to Note 14.6)	5,582.37	4,832.41	3,034.00
Total	5,582.37	4,832.41	3,034.00
Note 9: Other non-current assets			
Advances			
Advance for various capital works	514.23	516.26	723.00
Prepayments	0.12	1.53	2.94
Total	514.35	517.79	725.94
Financial Assets - Current			
Note 10: Trade Receivables			
Unsecured			
Considered good	6,474.84	4,483.99	3,962.66
Considered doubtful	1,899.01	1,899.01	1,899.01
Total Trade Receivables (Refer to Note 10.2)	8,373.85	6,383.00	5,861.67
Less : Provision for Doubtful trade receivables	(1,899.01)	(1,899.01)	(1,899.01)
Total	6,474.84	4,483.99	3,962.66
Note 10.1: Break-up for related and other receivables			
Receivables from related parties	1,920.50	1,913.45	1,914.07
Other receivables	6,453.35	4,469.55	3,947.60
Total Trade Receivables	8,373.85	6,383.00	5,861.67

Note 10.2: Trade receivables from related parties include receivable from GPPL. Other trade receivables include dues from WR and others. 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 2017	As at 31st March 2016	As at 1st April 2015
Note 11: Cash and Cash equivalents			
(i) Balances with banks:			
– On current accounts	56.70	74.59	27.55
– Deposits with original maturity of three months or less	467.00	190.15	193.16
(ii) Cash in Hand	0.08	0.14	0.12
Total Cash and Cash Equivalent	523.78	264.88	220.83
Note 12: Bank balances other than cash & cash equivalents			
Deposits with original maturity of more than 3 months but less than and equal to 12 months	11,869.91	5,312.89	3,787.96
Total	11,869.91	5,312.89	3,787.96
Note 13: Other Current Financial Assets			
Unsecured, Considered Good			
Interest Accrued	583.52	447.03	82.96
Security deposits	-	-	14.00
Advance Recoverable in exchange of other financial instruments			
Advances to Employees*	0.77	3.71	1.04
Other recoverable	5.75	5.68	7.28
Total	590.04	456.42	105.28
* include amount recoverable ₹ 0.05 lakhs from Company Secretary.			
Note 14: Income Tax			
Note 14.1: Current Tax Assets (net)			
Advance Income Tax (Including TDS) (net of Provisions)	399.50	680.23	680.24
Total	399.50	680.23	680.24
Note 14.2: Deferred Tax			
Deferred Tax Liabilities			
A. Deferred Tax Liabilities			
Property, Plant, Equipment and Intangibles	2,646.66	2,402.67	2275.61
Total of Deferred Tax Liabilities	2,646.66	2,402.67	2,275.61
B. Deferred Tax Assets			
Provisions	471.37	-	-
	471.37	-	-
Deferred Tax Liabilities Net	2,175.29	2,402.67	2,275.61

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 2017.

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

(Amount in ₹ Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Note 14.2.1: Movement in Deferred Tax Liability/(Assets)			
Opening balance as at 1st April 2015	2,275.61	-	2,275.61
Charged/(credited) during the year 2015-16			
To Profit and Loss	127.06	-	127.06
To Other Comprehensive Income	-	-	-
Closing balance as at 31st March 2016	2,402.67	-	2,402.67
Charged/(credited) during the year 2016-17			
To Profit and Loss	243.99	(471.37)	(227.38)
To Other Comprehensive Income	-	-	-
Closing balance as at 31st March 2017	2,646.66	471.37	2,175.29

(Amount in ₹ Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016
Note 14.3: Income Tax Expense		
a) Current Income Tax Expense		
Current Tax on profits for the year	1,833.84	2,032.34
Adjustments in respect of current income tax of previous year	(0.92)	-
Total Current Income Tax Expense	1,832.92	2,032.34
b) Deferred Income Tax Expense		
Origination and reversal of temporary differences (Liability)	(227.38)	127.06
MAT Credit Recognized during the year (Assets) (Net of reversal)*	(749.96)	(1,798.40)
Total Deferred Tax Expenses (Benefits)	(977.34)	(1,671.34)
Income tax expense attributable to continuing operations	855.58	361.00

* During the current financial year, MAT Credit amounting to ₹ 355.00 Lakhs related to FY 2013-14, has been reversed considering the probability that the benefit would not be available to the Company due to lapsing of permitted time period. The same has been netted off against the MAT credit taken during the year.



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(Amount in ₹ Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016
Note 14.4: Tax related to items recognized in OCI during the year:		
Net loss/(gain) on remeasurements of defined benefit plans	0.05	(0.65)
Income tax charged to OCI	0.05	(0.65)
Note 14.5: Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2016 and 31st March 2017:		
Accounting profit before tax from continuing operations	8,711.03	8,932.75
Profit/(loss) before tax from a discontinued operation	-	-
Accounting profit before income tax	8,711.03	8,932.75
At India's statutory income tax rate of 21.3416 % (31st March 2016: 21.3416%)*	1,859.07	1,906.39
Tax effect due to Transition to Ind-AS	(25.23)	126.03
Tax Effect due to non Deductible Expenses	-	(0.08)
MAT Credit Entitlement to the Company	(749.96)	(1,798.40)
At effective Income tax rate of 12.44% (March 31st 2016 2.62%)	1,083.88	233.94
Income tax reported in statement of Profit or Loss as current Tax (Net of MAT credit entitlement)	1,083.88	233.94
Deferred tax reported in statement of Profit or loss	(227.38)	127.06
Tax reported in Other Comprehensive Income	0.05	(0.65)
Tax expenses for previous year recognized	(0.92)	-
Income tax expense reported in the statement of profit and loss	855.63	360.35

* Presently, the Company has been paying Minimum Alternate Tax (MAT) on the book profits under section 115-JB 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. 21.3416% has been taken instead of regular rate of income tax 34.608%.

Note 14.6: The Company has been claiming the deduction u/s 80-IA of the Income Tax Act, 1961. The said tax holiday is available for a period of ten consecutive years i.e. up to assessment year 2023-24. Therefore, there would be no tax liability under the normal provisions of the Income Tax Act, 1961 during said period. However, the Company is liable to pay Minimum Alternate Tax (MAT) u/s 115JB of the Income Tax Act, 1961 and the same has been provided for ₹ 1833.79 lakhs on total income (including other comprehensive income) during the current (Previous Year: ₹ 2,032.99 lakhs). The credit of MAT paid is availed and carried forward by the Company in accordance to the provisions of section 115JAA of the Income Tax Act, 1961. The cumulative balance of MAT credit as per books as on 31st March 2017 is ₹ 5582.37 Lakhs (net of reversal) (as at 31st March 2016 : ₹ 4,832.41 Lakhs and as on 1st April 2015 : ₹ 3,034.01 Lakhs).

(Amount in ₹ Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Note 15 : Other current assets			
Prepaid Expenses	8.68	16.70	15.17
Advance for various works	123.49	519.59	595.18
Advance for CSR Activities	4.57	1.87	-
Prepayments	1.41	1.41	1.41
Others	-	-	0.54
Total	138.15	539.57	612.30

Note 16: Equity Share Capital

Authorised share capital

20,00,00,000 Equity Shares of ₹ 10/- each (as at 31st March 2016: 20,00,00,000 Equity Shares of ₹ 10/- each)(as at 1st April 2015: 20,00,00,000 Equity Shares of ₹ 10/- each)	20,000.00	20,000.00	20,000.00
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Total	20,000.00	20,000.00	20,000.00
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Issued/Subscribed and Paid up Capital

19,60,00,020 Equity Share of ₹ 10/- each (as at 31st March 2016: 19,60,00,020 Equity Shares of ₹ 10/- each)(as at 1st April 2015: 19,60,00,020 Equity Shares of ₹ 10/- each)	19,600.00	19,600.00	19,600.00
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Total	19,600.00	19,600.00	19,600.00
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(i) Reconciliation of the number of equity shares and share capital at the beginning and at the end of financial year 2016-17 and 2015-16

Particulars	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
	No. of shares (in lakhs)	Amount (in ₹ lakhs)	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	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	1,960.00	19,600.00



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(ii) Details of shareholders holding in the Company

Name of Shareholders	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
	No. of shares held (in lakhs)	% holding	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%	980.00	50.00%
Gujarat Pipavav Port Limited (GPPL)	760.00	38.78%	760.00	38.78%	760.00	38.78%
General Insurance Corporation of India (Assignee of GPPL)	50.00	2.55%	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%	50.00	2.55%
IL&FS Transportation Networks Limited (Assignee of GPPL)	120.00	6.12%	120.00	6.12%	120.00	6.12%
Total	1,960.00	100%	1,960.00	100%	1,960.00	100%

(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 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Equity shares issued as bonus (no. in lakhs)	-	-	-	-	-
Total	-	-	-	-	-

(Amount in ₹ Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016
Note 17: Other Equity		
(a) Retained Earnings		
Opening Retained Earning	13,950.73	6,376.59
Add: Addition during the year	7,855.45	8,571.75
Add: Transferred from Other Comprehensive Income		
- Remeasurement of post-employment benefit obligation (net of tax)	(0.18)	2.39
Less: Interim Dividend paid during the year	(980.00)	-
Less: Dividend Distribution Tax paid on dividend	(199.51)	-
Less: Transfer to Depreciation Reserve Fund	-	(1,000.00)
Total (a)	20,626.48	13,950.73
(b) Depreciation Reserve Fund*		
Opening Balance	2,000.00	1,000.00
Add: Transfer from surplus in statement of profit and loss	-	1,000.00
Total (b)	2,000.00	2,000.00
Total (a+b)	22,626.48	15,950.73

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

Distributions Made and Proposed

Cash dividend on Equity shares declared and paid

Interim Dividend for the year ended on March 31st 2017 ₹ 0.50 per share (March 31st 2016: nil)	980.00	-
Dividend Distribution Tax paid on above	199.51	-
	1,179.51	-
Proposed Final Dividend on Equity Shares	Nil	Nil

(Amount in ₹ Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Note 18: Long Term Provisions			
Provision for Resurfacing obligation (Refer Note 18.1)	1,520.46	734.52	-
Provision for employee benefits			
- Gratuity (net)	24.08	19.71	17.40
- Leaves	71.16	56.46	48.67
Total	1,615.70	810.69	66.07

Note 18.1: 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 has 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 A of the Ind AS 11. Based on said estimated liability, yearly provision of ₹ 734.52 lakhs has been made [Refer to note 24(ii)]. Interest cost of ₹ 51.42 lakhs upto 31st March 2017 (Previous year ended 31st March 2016 : ₹ Nil) have been charged to Statement of Profit and Loss [Refer to note 26].



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(Amount in ₹ Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Note 19: Financial Liability- Current			
19.1: Trade Payables			
O&M expenses payable	2,006.53	944.91	1,385.69
Payable to MSME (Refer to Note 19.1.2)	-	-	-
Total	2,006.53	944.91	1,385.69
Note 19.1.1: Trade payable are interest bearing and are normally settled on around 30 to 90 days terms, there are no dues payable to related parties.			
Note 19.1.2: 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 ₹ Nil (Previous Year ₹ Nil).			
19.2: Others current financial liabilities			
Expense Payable	21.85	14.43	65.79
Security deposits	3.62	5.05	-
Incentive to employees	-	2.29	-
Government Grant	-	-	66.66
Others	-	0.09	0.09
Total	25.47	21.86	132.54
Note 20 : Other Current Liability			
Statutory dues	7.29	8.23	15.34
Provident Fund	3.27	3.30	-
NPS Payable	1.67	-	-
ESI Payable	0.02	-	-
Total	12.25	11.53	15.34
Note 21: Provisions			
(Short Term Provisions)			
Provision for employee benefits			
Leaves (Refer to Note 43)	1.68	1.49	1.27
Total	1.68	1.49	1.27

(Amount in ₹ Lakhs)

Particulars	For the Year Ended 31st March 2017	For the Year Ended 31st March 2016
Note 22 : Revenue from operations		
Operating Income from Bulk Traffic	4,797.07	7,136.92
Operating Income from Container Traffic	16,947.46	17,905.39
Gross Total	21,744.53	25,042.31
Recoveries/deductions made by WR (refer to note 22.1)	(374.16)	(485.46)
Less: Business Discounts/Incentives (refer to note 22.2)	-	(441.92)
Total (A)	21,370.37	24,114.93
Revenue From Service concession Arrangement (Refer note 22.3 and 34)	2.02	247.95
Total (B)	2.02	247.95
Other operating income	1.02	-
Total (C)	1.02	-
Total Revenue from operation (A)+(B)+(C)	21,373.41	24,362.88

Note 22.1: 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 41.1 & 41.2).

During the current year, WR has recovered freight, based on diverted route, amounting to ₹ 374.16 lakhs related to financial year 2009-10 (previous year: ₹ 485.46 lakhs related to FY 2010-11). Recoveries so made by WR related to earlier years have been shown separately (Refer to note 41.2).

Note 22.2: During the previous year 2015-16, the Company compensated some customers, in order to promote coal traffic on PRCL section, for additional rail freight paid by the customers due to carrying of coal traffic through PRCL section. This has been separately shown as business discounts/incentives by way of deduction from the operating revenue. During the Current Year, no compensation has been given by the Company.

Note 22.3: The Company has recognized revenue of ₹ 2.02 Lakhs during the current year (previous year: ₹ 247.95 lakhs) in respect of the expenditures incurred by the Company on development of the intangibles (i.e. Project assets) as per Ind AS 11. The Company has also recognized Service Concession Expenses by same amount [Refer to Note 24(v)]

Note 23: Other Income

Interest on Deposits	1,209.49	753.52
Interest on Taxes	73.68	-
Unwinding of discount on security deposit	1.40	1.30
Profit on sale of assets	0.13	0.28
Miscellaneous Income	0.02	0.20
Total	1,284.72	755.30



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(Amount in ₹ Lakhs)

Particulars	For the Year Ended 31st March 2017	For the Year Ended 31st March 2016
Note 24: Operating and Other Expenses		
(i) Operating and Maintenance Expense (Refer to note 40)		
(a) Fixed Cost		
Man Power Cost	3,379.23	2,714.13
Material Cost	429.98	415.94
(b) Variable Cost		
Cost of Fuel	4,301.71	6,428.15
Crew Cost	991.02	1,073.72
Hiring of Rolling Stock	611.37	699.53
Others	183.28	269.36
(c) Other Cost		
Overhead Cost	775.82	673.81
Cost for additional works	681.24	1,118.10
Total (a+b+c)	11,353.65	13,392.74
(ii) Resurfacing cost under Service Concession Agreement (Refer to note 18.1)	734.52	734.52
(iii) Lease Rent Charges (refer to note 39.2)	226.90	224.61
(iv) Other Administrative expenses		
Repairs and maintenance for:		
Buildings	14.11	29.65
Vehicles	22.41	31.53
Others	7.46	7.18
Rent (refer to note 39.1)	69.16	75.75
Insurance	10.89	13.46
Communication	6.43	4.57
Travelling and Conveyance-Directors	16.12	17.78
Travelling and Conveyance-Others	20.51	22.79
Rates, taxes & fees	0.27	1.22
Professional and consultancy fees	57.38	41.36
Sitting fees to Directors	9.78	11.95
Electricity and Water Charges	2.64	3.02
Advertising and Business Promotion	7.35	5.49
Loss on disposed/written off of sundry asset items	-	0.31
Printing and Stationery	3.44	3.11
Audit fees	7.68	8.11
Meetings and seminars	4.70	3.05
Membership fee to Association	3.44	13.43
Brokerage and commission	-	5.87
Miscellaneous expenses	7.13	3.67
Total	270.90	303.30

(Amount in ₹ Lakhs)

Particulars	For the Year Ended 31st March 2017	For the Year Ended 31st March 2016
(v) Expenses on service concession Arrangement [refer to note 22(iii)]	2.02	247.95
Total (i to v)	12,587.99	14,903.12
Note 25: Employee Benefit expenses (Refer to note 43)		
Salaries, Wages & Benefits	239.22	222.54
Contribution to Provident and other funds	23.80	23.16
Staff Welfare	14.74	13.24
Contribution to National Pension Scheme (NPS)	14.59	-
Total	292.35	258.94
Note 26: Finance costs		
Interest on taxes	7.44	-
Unwinding of discount on resurfacing obligations (refer to note 18.1)	51.42	-
Total	58.86	-
Note 27: Depreciation and amortization		
Depreciation on Property, Plant and Equipment	9.56	11.44
Amortization of Intangible Assets	903.68	886.23
Total	913.24	897.67
Note 28: Corporate Social Responsibility (CSR) Expenses		
Chain Link Fencing Work	-	60.00
Construction of Overhead Water Tank	-	9.46
Construction of Road	-	28.00
Construction of Toilets	13.28	13.24
Construction of Community Centre	8.37	-
Other CSR Projects	66.04	12.25
Overhead and Other expenses	6.97	2.75
Total	94.66	125.70
Note 28.1: 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 profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. Accordingly, the Company has identified CSR activities and has been spending on CSR activities which are specified in Schedule VII of the Companies act, 2013.		
Note 29: Components of Other Comprehensive Income (OCI) (FVTOCI Reserve)		
Remeasurement of Defined benefit plans		
Gratuity actuarial Gain/ (Loss)	(0.23)	3.04
Total	(0.23)	3.04



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Particulars	For the Year Ended 31st March 2017 (Rs. per share)	For the Year Ended 31st March 2016 (Rs. per share)
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Note 30: Earnings per share (EPS)

Basic EPS

From continuing operation 4.01 4.37

Diluted EPS

From continuing operation 4.01 4.37

30.1 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)	7,855.45	8,571.75
Earnings used in calculation of Basic Earning Per Share (₹ in lakhs)	7,855.45	8,571.75
Weighted average numbers (in Lakhs) of shares for the purpose of basic earnings per share	1,960.00	1,960.00

30.2 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)	7,855.45	8,571.75
Earnings used in calculation of diluted Earning Per Share from continuing operations (₹ in lakhs)	7,855.45	8,571.75

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

Notes 31: Capital management

The Company's objective 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 2017, 31st March 2016 and 1st April 2015. 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 2017.

Note 32: Fair Value measurements

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

(Amount in ₹ Lakhs)

Particulars	As at 31st March 2017			As at 31st March 2016			As at 1st April 2015		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets									
(i) Trade Receivables	-	-	6,474.84	-	-	4,483.99	-	-	3,962.66
(ii) Cash and Cash Equivalents	-	-	523.78	-	-	264.88	-	-	220.83
(iii) Bank balances (including all deposits) (other than cash & cash equivalents)	-	-	18,090.91	-	-	11,480.78	-	-	4,587.96
(iv) Security Deposits- Non Current	-	-	22.94	-	-	21.53	-	-	20.82
(v) Other Current Financial Assets	-	-	590.04	-	-	456.42	-	-	105.28
Total Financial Assets	-	-	25,702.51	-	-	16,707.60	-	-	8,897.55
Financial Liabilities									
(i) Trade payables	-	-	2,006.53	-	-	944.91	-	-	1,385.69
(ii) Expense payables	-	-	21.85	-	-	14.43	-	-	65.79
(iii) Security Deposits	-	-	3.62	-	-	5.05	-	-	-
(iv) Grant and Others	-	-	-	-	-	2.38	-	-	66.75
Total Financial Liabilities	-	-	2,032.00	-	-	966.77	-	-	1,518.23

(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 and 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 33: 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 recognised 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 recognised, 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 A to the Ind AS 11. 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 34: Construction Contracts

In terms of the disclosure required in Ind-AS 11 (Construction Contracts) as notified in the Companies (Accounting standard) rules 2016, the amount considered in the financial statements up to the balance sheet date are as follows:-

Particulars	For the Year Ended 31st March 2017	For the Year Ended 31st March 2016
Contract revenue recognised (<i>In ₹ Lakhs</i>)	2.02	247.95
Aggregate amount of costs incurred and recognized in profit/Loss (<i>In ₹ Lakhs</i>)	2.02	247.95

Note 35: Contractual Commitments

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

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
The amount of works to be executed on capital account and not provided for (net of advances) (₹ in lakhs)	-	-	4544.26
Total	-	-	4544.26



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Note 36: Related Party Disclosures

36.1: Related Parties held equity of the Company

Name	Relationship	As at 31 March, 2017		As at 31 March, 2016	
		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%	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.

36.2: Key Managerial personnel of the entity

Name	Position
Mr. Amitabh Lal	Managing Director
Ms. Leena Narwal	Company Secretary
Mr. Vinod Kumar	Chief Financial Officer

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

Pipavav Railway Corporation Limited Employee Group Gratuity Trust

36.4: Transaction with Related Parties:

(Amount in ₹ Lakhs)

Particulars	Transactions		Outstanding Amount	
	Year Ended March 31,2017	Year Ended March 31, 2016	Year Ended March 31,2017	Year Ended March 31, 2016
Compensation to Key Managerial person (Refer to Note 36.5)				
Managing Director	43.89	35.79	-	-
Company Secretary	19.33	15.54	-	-
Chief Financial Officer	19.96	14.84	-	-
Total	83.18	66.17	-	-
Gujarat Pipavav Port Limited				
Manpower cost charged	30.31	23.26	-	-
Trade receivable	-	-	1920.51	1913.46
Provision for Receivable	-	-	1890.20	1890.20
Pipavav Railway Corporation Limited Employee Group Gratuity Trust				
Contribution made	3.40	2.09	-	-
Others	0.01	0.28	-	-
Total	3.41	2.37	-	-

36.5 Compensation of Key Managerial Person Comprises of:

(Amount in ₹ Lakhs)

Particulars	2016-17	2015-16
Short Term Employee Benefits	83.18	66.17
Post-Employment Benefits	27.21	20.65
Other-Long term benefits	-	-
Termination Benefits	-	-
Share-based payment	-	-
Total	110.39	86.82

Note 37: Statement of Specified Bank Notes (SBN) held and transacted:

(During the period from 8th November 2016 to 30th December 2016)

(Amount in ₹)

Particulars	SBNs	Other Denomination Notes	Total
At Corporate office:			
Closing cash in hand as on 8th November 2016	-	3,074.00	3,074.00
(+) Permitted receipts	-	267,672.00	267,672.00
(-)/ (+) SBNs exchanged by the Company's personnel*	8,000.00	(8,000.00)	-
(-) Permitted payments	-	(253,340.00)	(253,340.00)
(-) Amount deposited in Banks	(8,000.00)	(300.00)	(8,300.00)
Closing cash in hand as on 30th December 2016	-	9,106.00	9,106.00
At Branch office:			
Closing cash in hand as on 8th November 2016	-	1,064.00	1,064.00
(+) Permitted receipts	-	50,700.00	50,700.00
(-) Permitted payments	-	(31,792.00)	(31,792.00)
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30th December 2016	-	19,972.00	19,972.00

* The Company's personnel who were having imprest account as on 8th November, 2016 for office expense, held some SBNs in their imprest, which they have got exchanged from the Company to incur office expense. Accordingly, the Company deposited these SBNs with banks.

The term 'Specified Bank Notes' have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

Note 38: Capital Commitment and Contingent Liabilities

(i) Capital commitment (net of advance, if any) by the Company as on 31st March 2017 was nil (Previous year: nil).

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

a. Claims against the Company not acknowledged by the Company as debts as certified by the management is ₹ 7.72 lakhs (Previous year ₹ 7.72 lakhs).



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- b. 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.
- c. The Company had received a Show Cause Notice (SCN) during financial year 2014-15 from tax authorities in the matter of applicability of service tax on the Company in respect of apportioned freight received by the Company from railway. The SCN has covered a period of five years from financial year 2009-10 to financial year 2013-14 and has involved service tax of ₹ 7,639.48 lakhs plus interest and penalties. The Company contested the SCN and submitted its reply to the SCN to the adjudicating authorities requesting them to withdraw said SCN. Subsequently, tax authorities issued another SCN to the Company on the same grounds involving a demand of ₹ 2,800.51 lakhs plus interest and penalties for FY 2014-15. The Company also submitted its reply to the adjudication authorities for withdraw the said SCN. 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.
- d. 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 39: Obligations under Operating lease

The Company has following operating leases:

39.1 Lease 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 is up to 30th April 2018. As per the terms of the agreements, the leases can be renewed for another two terms of three years each at the option of the lessee. In case of renewal, the rent payable shall be increased by 12% for each successive three year's term over the last paid rent of previous term.

39.2 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 the 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 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 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. Railways recover the lease rent on quarterly basis from the Company's share of freight.

The obligation under the above leases are as under:

- a. Due within one-year: ₹ 259.34 lakhs (Previous year: ₹ 259.34 lakhs),
- b. Due later than one year and not later than 5 years: ₹ 992.75 lakhs (Previous year: ₹ 1,054.57 lakhs) and
- c. Later than 5 years: ₹ 2,219.26 lakhs (Previous year: ₹ 2,416.78 lakhs).

Note 40: Operating and Maintenance Cost (O&M Cost)

40.1 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 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 2016-17 to the Company based on this assessed cost after considering the impact of inflation index [Refer to Note 24(i)(a)].
- (ii) **Bills for additional works:** In addition to above Fixed Cost (material), the Company has also incurred the cost of certain activities which are carried out by WR on case to case basis as per requirement. The Company has booked ₹ 681.24 Lakhs during the current year (previous year ₹ 1,118.10 Lakhs) for cost incurred by the Company for carrying out such activities. The same has been shown as "Cost for additional works" [Refer to Note 24(i)(c)]. This cost also includes expenditure incurred by the Company on flood restoration & protection works on PRCL section subsequent to washout of a portion of PRCL section due to flood occurred on PRCL section in June 2015. The Company filed its claims with the Insurance Company against the damages caused by said flood. The claims are yet to be settled by the Insurance Company.

40.2 Fixed Cost (Staff)

The Company has booked the Fixed Cost (Staff) as per bills received from WR. During the current year, the Company has started collecting from WR the category wise details of manpower deployed by WR on PRCL section [Refer to Note 24(i)(a)].

40.3 Variable Cost

The Company has booked the Variable Cost as per bills received from WR. In preparation of the bills of Variable Cost, the reconciled operating data (e.g. GTKM, wagon hours etc.) are used by WR as per O&M agreement.

Note 41: Revenue Recognition and Reconciliation

- 41.1 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 on monthly basis and pays to the Company its share of freight in proportion of the distance traversed on Project Railway to the total distance traversed by the train as per Indian Railways' rules of financial adjustments. The Company also maintains records of freight train movement on the basis of railway receipts abstracted from Freight Operating Information System maintained by Centre for Railway Information Systems (CRIS) of Indian Railways. The Company recognizes its share of freight as operating revenue 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 on completion of reconciliation process. The reconciliation of Company's freight apportionment revenue is under process with WR for current year.
- 41.2 During the current year, WR has made recoveries by calculating PRCL's share of freight based on diverted/ carried route instead of the booked route basis amounting to ₹ 1,097.99 lakhs (Previous year: ₹ 1,182.29 lakhs). Consequently, current year's apportioned freight revenue has come down to that extent. Further, during the current year, WR has also recovered freight, based on diverted route, amounting to ₹ 374.16 lakhs related to FY 2009-10 (previous year ₹ 485.46 lakhs related to FY 2010-11). Recoveries so made by WR related to earlier year(s) have been shown separately (Refer to note 22). The Company has been contesting that these recoveries are not as per Agreement and therefore, requested WR to reconsider this methodology of recoveries.
- 41.3 Company has certain issues with WR in respect to apportionment of freight 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 has 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



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in accordance with Ind AS-18- "Revenue". However, these issues for the subsequent years have been resolved so far except issue of recovery of maintenance charges on higher side.

- 41.4 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.
- 41.5 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, 2017 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 31.3.2017	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:

- 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.
- 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) be also made 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 are 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 has failed due to non-consensus between both the parties. Therefore, next recourse available under the agreement i.e. Conciliation is being exercised.

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

Note 42: Settlement of dues with WR

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

Note 43: 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 summarized position of Post-employment benefits and long-term employee benefits recognized in the Statement of Profit and Loss and Balance Sheet as per Ind AS 19 are as under:

43.1 Change in the present value of the obligations:

(Amount in ₹ lakhs)

Particulars	2016-17			2015-16		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Present value of obligation as at the beginning of the Year	50.93	40.24	17.71	44.30	34.74	15.20
Interest Cost	4.07	3.21	1.41	3.43	2.69	1.18
Current Service Cost	5.83	6.32	2.58	5.95	6.11	2.28
Benefits Paid	(0.99)	(1.02)	—	—	(5.66)	(1.52)
Re-measurements Obligations [Actuarial loss/(gain)]	0.48	1.79	0.60	(2.75)	2.36	0.57
Present value of obligation at year end	60.32	50.54	22.30	50.93	40.24	17.71



43.2 Change in Fair Value of Plan Assets

(Amount in ₹ lakhs)

Particulars	2016-17			2015-16		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Fair value of Plan Assets at the beginning of the year	31.22	—	—	26.90	—	—
Expected return on Plan Assets	2.49	—	—	2.08	—	—
Employer's contribution	3.26	—	—	1.94	—	—
Benefit Paid	(0.99)	—	—	—	—	—
Actuarial (loss)/ gain on Obligations	0.25	—	—	0.29	—	—
Fair value of Plan Assets at the end of the year	36.23	—	—	31.21	—	—

43.3 Amount recognized in Balance Sheet

(Amount in ₹ lakhs)

Particulars	2016-17			2015-16		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Estimated Present Value of obligations as at the end of the year	60.31	50.54	22.30	50.93	40.24	17.71
Fair value of Plan Assets as at the end of the Year	36.23	-	-	31.22	-	-
Net Assets/(Net Liability) recognized in Balance Sheet	(24.08)	(50.54)	(22.30)	(19.71)	(40.24)	(17.71)

43.4 Expenditure recognized in the Statement of Profit & Loss

(Amount in ₹ lakhs)

Particulars	2016-17			2015-16		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Current Service Cost	5.83	6.32	2.58	5.95	6.11	2.28
Interest Cost	1.57	3.21	1.41	1.35	2.70	1.18
Net Actuarial (Gain) / Loss recognized in the year	-	1.79	0.60	(2.71)	2.36	0.57
Total expenses recognized in the Statement of Profit and Loss	7.40	11.32	4.59	4.25	11.16	4.03

43.5 Expenditure recognized in the Other Comprehensive Income

(Amount in ₹ lakhs)

Particulars	2016-17			2015-16		
	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	(0.48)	-	-	2.75	-	-
Actuarial gain/ (loss) for the year on the assets	0.25	-	-	0.29	-	-
Unrecognized Actuarial gain/ (loss) at the end of the year	(0.23)	-	-	3.04	-	-

43.6 Principal actuarial assumption at the Balance Sheet Date

Particulars	2016-17			2015-16		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Discount Rate	7.49%	7.49%	7.49%	8.00%	8.00%	8.00%
Expected rate of return on Plan Assets	8.25%	0%	0%	8.35%	0%	0%
Expected rate of Salary Increase	8.00%	8.00%	8.00%	8.50%	8.50%	8.50%
Method used	Projected unit credit					

43.7 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 2017 to March 2018	1.00	1.33	0.34
April 2018 to March 2019	1.11	0.99	0.42
April 2019 to March 2020	1.05	0.96	0.41
April 2020 to March 2021	0.99	0.91	0.39
April 2021 to March 2022	2.55	4.76	1.95
April 2022 to March 2023	0.91	0.72	0.32
April 2023 onwards	52.70	40.86	18.56

(Amount in ₹ lakhs)

Particulars	Change in assumptions	Effect on Gratuity obligation	Effect on Sick Leave	Effect on Earned Leave
Discount Rate	+0.50 %	(4.27)	(1.50)	(3.56)
	-0.50%	4.69	2.43	5.64
Salary Growth	+0.50 %	4.65	2.41	5.59
	- 0.50 %	(4.27)	(1.50)	(3.56)



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- 43.8** 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.
- 43.9** 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 per month computed proportionately for 15 days' salary multiplied for the number of years of service.
- 43.10** 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.
- 43.11** 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.

Note 44: 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 45: 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 46: 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 47: Auditors remuneration

(Amount in ₹ lakhs)

Sl. No.	Particulars	2016-17	2015-16
1	Statutory Audit	4.50	4.50
2	Tax Audit	0.75	0.75
3	Service Tax on above	0.79	0.79
4	Out of Pocket Expenses	Nil	Nil

Note 48: 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: 29th July, 2017

For & on behalf of the Board

Sd/-

Amitabh Lal

Managing Director

DIN: 06720989

Sd/-

Vinod Kumar

Chief Financial Officer

Sd/-

Pradeep Puri

Director

DIN: 00051987

Sd/-

G.V.L. Satyakumar

Director

DIN: 06913472

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 **17th Annual General Meeting** of the Company to be held **on Friday, the 15th of September, 2017 at 3.00 p.m.** at **Corporate Office of the Company located at B-1202, 12th Floor, Statesman House, 148, Barakhamba Road, New Delhi- 110001** 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) _____

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.



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