



15th Annual Report 2014-15 **Pipavav Railway Corporation Limited**

CIN : U45200DL2000PLC151199

BOARD OF DIRECTORS

Mr. Kundan Sinha
Mr. A. S. Upadhyay
Mr. Manoj Kumar Srivastava
Mr. Ved Parkash Dudeja
Ms. Niva Singh
Mr. J. P. Pandey
Mr. Dinesh Kumar Lal
Mr. Keld Pedersen
Mr. Hariharan Iyer
Mr. Pradeep Puri
Mr. Rajiv Kumar Lal
Mr. V. K. Roy
Dr. Rabinarayan Patnaik
Prof. (Ms.) Nisha Srivastava
Mr. Amitabh Lal — *Managing Director*

Company Secretary

Ms. Leena Narwal

Chief Financial Officer

Mr. Vinod Kumar

Statutory Auditor

M/s. Bhudladia & Co.
Chartered Accountants

C & AG Auditor

Principal Director of Audit
Railway Commercial, New Delhi

Bankers

State Bank of India
HDFC Bank Limited
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



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NOTICE

NOTICE is hereby given that the 15th Annual General Meeting of the Members of Pipavav Railway Corporation Limited will be held **on Wednesday, the 23rd September, 2015 at 4:00 p.m. at Room No. 237, 2nd Floor, Railway Board, Rail Bhavan, Ministry of Railways, New Delhi-110001** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March, 2015 and Statement of Profit & Loss and Cash Flow Statement for the year ended 31st March, 2015 together with the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ved Parkash Dudeja, who retires by rotation, and being eligible, offers himself for reappointment.
3. To consider fixation of remuneration for the year ending 31st March, 2016 payable to M/s P. K. Chopra & Co., Chartered Accountants, Statutory Auditors appointed by Comptroller & Auditor General of India (C&AG) and to authorize Board of Directors to fix such remuneration for the financial year 2015-16. Pursuant to the provisions of Section 139 of the Companies Act, 2013, the appointment of Statutory Auditors, for the year 2015-16 was made by C&AG. Section 142 of the Companies Act, 2013 provides that general meeting of the Company is empowered to fix the remuneration in such manner as it may determine. The following resolution is placed before the shareholders for their approval:

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

“**RESOLVED THAT** 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 2015-2016 vide its letter dated 1st July, 2015 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 for the financial year 2015-16.”

SPECIAL BUSINESS:

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

“**RESOLVED THAT** Ms. Niva Singh who was appointed as an Additional Director of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company.”
5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** Mr. J. P. Pandey who was appointed as an Additional Director of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company.”
6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** Mr. Keld Pedersen who was appointed as an Additional Director of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company.”
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** Mr. Kundan Sinha who was appointed as an Additional Director of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company.”
8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to Section 14 and other applicable provisions, if any, of the Companies Act,



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2013 including any statutory modification or re-enactment thereof for the time being in force, and Rules made thereunder, consent of the Shareholders of the Company be and is hereby accorded to approve the new set of Articles of Association of the Company in line with the provisions of Table "F" read with Companies Act, 2013. Thus, the existing Articles of Association of the Company be and are hereby replaced and revised with the new set of Articles of Association, a copy of which is enclosed along with the proposal.

RESOLVED FURTHER THAT Mr. Amitabh Lal, Managing Director (DIN: 067020989) of the Company be and is hereby authorized to take all such steps and actions for the purposes of making all such filings and registrations as may be required in relation to the aforesaid amendment to the Articles of Association and further to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution."

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

Sd/-

Leena Narwal

Company Secretary

Place : New Delhi

Dated : August 20, 2015

Membership No.: A20516

Notes:

1. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business as per Item No. 4 to 8 is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on poll on his behalf and the Proxy need not be a member of the Company. The instrument appointing proxy, in order to be effective, must be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting. A blank proxy form is enclosed.

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

Item No. 4

Ms. Niva Singh was appointed as an Additional Director on the Board of Directors of the Company in accordance with Section 161 of the Companies Act, 2013 and Article 38 of the Articles of Association of the Company w.e.f. 11th February, 2015. Ms. Niva Singh holds office as a Director up to the date of this Annual General Meeting.

Ms. Niva Singh, is an IRAS (Indian Railway Accounts Service) officer with 27 years of rich and varied experience of working with Eastern Railway, Western Railway, Northern Railway and Comptroller and Auditor General of India. She has done M.A. in Economics from Jawahar Lai Nehru University, Delhi and holds a Diploma and M. Phill from Indian Institute of Public Administration where she was awarded Gold Medal for best dissertation. She is an expert in Finance and Accounts with equal proficiency in General Administration, Personnel Management, Material Management, Contract Management, Budgeting, Revenue Generation, areas of passenger and Freight business, IT and Vigilance aspects. Presently, she is serving as Executive Director Finance Expenditure- II, Railway Board looking after Project Appraisal and Policy formulation related to Capital Investment.

The Board of Directors recommend passing of resolution as set out under item No. 4.

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

Item No. 5

Mr. J. P. Pandey was appointed as an Additional Director on the Board of Directors of the Company in accordance with Section 161 of the Companies Act, 2013 and Article 38 of the Articles of Association of the Company w.e.f. 24th April, 2015. Mr. J. P. Pandey holds office as a Director up to the date of this Annual General Meeting.

Mr. J. P. Pandey, an Officer of 1985 Exam Batch of Indian Railways Stores Service (IRSS), has served in various capacities in Indian Railways. He has done his B tech. in Civil Engineering from IIT Roorkee. Before assuming the charge of Divisional Railway Manager Bhavnagar, he was Chief Material Manager, Northern Railway.

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

None of the Directors, Key Managerial Personnel and their relatives except Mr. J. P. Pandey is concerned / interested in the said resolution.

item No. 6

Mr. Keld Pedersen was appointed as an Additional Director on the Board of Directors of the Company in accordance with Section 161 of the Companies Act, 2013 and Article 38 of the Articles of Association of the Company w.e.f. 15th May, 2015. Mr. Keld Pedersen holds office as a Director up to the date of this Annual General Meeting.

Mr. Keld Pedersen, is an officer having Diploma in Economics and Management (Bachelor level) - Denmark 2005, Executive Program, London Business School (2005), Executive Program, IMD, Switzerland (2006), Accelerated Executive Program (2011-2012), Various Leadership Programs, Financial Engineering (IMD), The Leader as an Individual, Company Structure and Disciplines, Situational Leadership etc. (2000-2008).

Mr. Pedersen has served at various posts such as Merchant Fleet as Navigator, finished as Captain, Assistant Manager, Capacity Coordination - Maersk Line (1994-1996), Project and Operations Manager-Douala, Cameroon (1998-2000), General Manager-APM Terminals, Operations, Copenhagen (2000-2004), Vice President, APM Terminals, Operations & Technical Dept, The Hague. (2004-2007), Chief Operating Officer, Terminal Division, Port of Tanjung Pelepas (2007-2012), Managing Director, APM Terminals Gothenburg AB (2012-2015).

He has acted as Directors in various Companies such as Aqaba Container Terminal, Jordan - Joint Venture company (2004-2005), APM Terminals, Rotterdam, Holland - (2005-2007), KCT - Kingston Container Terminal, Jamaica, J/V Company (2004-2007), MCT - Mediterranean Container Terminal, Gioia Tauro, Italy, J/V Company (2004-2006), LCB1 -Laem Chabang Container Terminal, Thailand, (2009-2012).

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

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

Item No. 7

Mr. Kundan Sinha was appointed as an Additional Director and Chairman on the Board of Directors of the Company in accordance with Section 161 of the Companies Act, 2013 and Article 38 of the Articles of Association of the Company w.e.f. 10th August, 2015.

Mr. Kundan Sinha holds office as a Director up to the date of this Annual General Meeting.

Mr. Kundan Sinha, an Indian Railway Traffic Service (IRTS) officer with varied experience in rail operations. He has served in various capacities in Indian Railways. After serving on Dhanbad, Asansol and Danapur Divisions of Eastern Railway initially, he moved to the Railway Board in 1990 and to the Ministry of Chemicals and Fertilizers on Central Deputation in 1995. He has thereafter, handled a whole gamut of assignments in RITES (1998-2000) and on Eastern Railway (2001-04), South East Central Railway (2007-09, as Divisional Railway Manager, Bilaspur), South Eastern Railway (2010-11, as Chief Operations Manager) and in the offices of the Railway Board (from 2004 to 2006 and then again since 2012 in various capacities).

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

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

Item No. 8

Upon implementation of the provisions of the Companies Act, 2013, it is required to amend the provisions of the Articles of Association (AOA) of the Company so as to comply the newly introduced provisions and sections of the law in totality. All the activities and compliances of the Company should be in line with the articles and clauses of AOA of the Company. Thus, the Board of Directors accorded its consent to approve the amendment in Articles of Association of the Company as per the provisions of newly enacted Companies Act, 2013 read with Table F.

Pursuant to the provisions of Section 14 of the Act, amendment in Articles of Association requires approval of shareholders by way of special resolution. Accordingly, this matter has been placed before the shareholders for approval. The Board therefore, submits the resolution for your consideration and recommends it to be passed as a special resolution as set out under item No. 8.

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

By order of the Board

for **PIPAVAV RAILWAY CORPORATION LIMITED**

Sd/-

Leena Narwal

Company Secretary

Place : New Delhi

Dated : August 20, 2015

Membership No.: A20516



DIRECTORS' REPORT

To
The Members,

Your Directors take pleasure in presenting the 15th Annual Report on the working of your Company, along with Audited Annual Accounts for the financial year ended 31st March, 2015.

FINANCIAL SUMMARY OR HIGHLIGHTS/ PERFORMANCE OF THE COMPANY :

Amount in ₹ Crore

	2014-15	2013-14
Income from Operations	226.58	221.74
Other Income	5.19	2.66
Total Income	231.77	224.40
Less: Employee benefits, Operating and CSR and Other expenses	(162.45)	(112.66)
Less: Impairment loss on Intangible assets	—	(7.38)
Profit/(Loss) before Interest & Depreciation	69.32	104.36
Less: Interest and Financial Cost	(0.06)	(0.03)
Less: Depreciation	(10.40)	(14.96)
Net Profit/(Loss) before Taxation and Exceptional & prior Period Items	58.86	89.37
Add/(Less): Exceptional & Prior Period Items	(0.39)	7.19
Profit/(Loss) before Taxation	58.47	96.56
Add/(Less): Taxes (net of MAT Credit)	(1.51)	(15.66)
Add/Less: Deferred Tax Provisions	(13.32)	(0.12)
Balance Profit/(Loss) carried to Balance Sheet	43.64	80.78

DIVIDEND

The Company had already paid an interim dividend for the FY 2014-15 @ 20% (₹ 2 per share) out of profits of the Company which may be treated as final dividend.

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

During the financial year 2014-15, the Company has carried 10.70MT of cargo on the Pipavav line and earned revenue of ₹ 272.64 crore (calculated based on carried route) from its freight operations as compared to 8.71MT of cargo moved and revenue earned of ₹ 217.84 crore (revised based carried routed, earlier it was ₹ 232.21 crore calculated on booked route basis) during 2013-14, indicating a growth of 25% in revenue.

In the current financial year (2015-16) upto July 2015, the Company has carried 3.07 MT of cargo on the Pipavav line and earned revenue of ₹ 93.56 crore (calculated based on booked route) from its freight operations as compared to 3.22 MT of cargo moved and revenue of ₹ 73.88 crore (calculated based on carried route) earned during the corresponding period of last year. There has been a decline of (-)5% in the volume and a growth of 27% in revenue earned during the first 4 months of the current financial year as compared to the corresponding period of previous financial year.

The above revenue of ₹ 93.56 crore for April, 2015 to July, 2015 will be revised on the basis of carried route on receipt of the requisite details of route diversion from WR.

RECENT DEVELOPMENTS

- In the first phase of undertaking track capacity work on PRCL section, construction of one loop at Kundli was commissioned on 15.06.2015 and work of Lathidad was completed and is about to be commissioned shortly.
- Under the head of **Corporate Social Responsibility**, your Company has identified a **Rural development Project namely "Raska" village**, Limbdi Taluka, Distt SUNR, Gujarat for undertaking various developmental activities. It will, inter-alia other activities, include promoting preventive health care and sanitation and making available safe drinking water, 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; Promotion of education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects, rural development projects.

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, 2015 is ₹ 1,96,00,00,200/-.

RESERVES

The Board proposed to carry an amount of ₹ 10 crore to reserves.

FIXED DEPOSITS

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

PARTICULARS OF CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Provisions of Section 134(3)(m) of the Companies Act, 2013 are not applicable, to the Company as far as conservation of Energy is concerned. Regarding Technology absorption, PRCL has introduced mechanized maintenance of assets on its line thereby reduction in manpower requirements. However, an initiative for making two junctions viz; Botad and Dhola as 'Green Railway Station' is proposed to be taken up under Corporate Social Responsibility activities.

FOREIGN EXCHANGE EARNINGS & OUTGO

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

EXTRACTS OF ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section 3 of Section 92 of the Companies Act 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return in Form No. MGT-9 as at March 31, 2015 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, Mr. Ved Parkash Dudeja Director retire by rotation at the 15th Annual General Meeting of the Company and being eligible, offer himself for re-appointment.

Since the last Annual General Meeting of shareholders, Ms. Niva Singh, Mr. Ajay Shukla, Mr. J.P. Pandey, Mr. Keld Pedersen and Mr. Kundan Sinha were appointed as Additional Directors of the Company under Section 161 of the Companies Act, 2013 by Ministry of Railways and Gujarat Pipavav Port Limited in place of Mr. K. Vinayak Rao, Mr. D.P. Pande, Mr. Sonvir Singh, Mr. Prakash Tulsiani and Mr. Ajay Shukla. They hold office upto the date of ensuing Annual General Meeting and are eligible for re-appointment.

During the year under review, Mr. Rajiv Lal, Dr. Rabinarayan Patnaik, Mr. Virendra Kumar Roy and Prof. (Mrs.) Nisha Srivastava were appointed as Independent Directors of the Company pursuant to the provisions of Section 149 read with Schedule IV of the Companies Act, 2013.

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

During the Year under review, Mr. Vinod Kumar who joined the Company as Assistant Vice President (Finance & Accounts) was designated as Chief Financial Officer of the Company under the head "Key Managerial Personnel (KMP)" as per the provisions of Companies Act, 2013. Presently, the following persons are the designated Key Managerial Personnel as per the provisions of Companies Act, 2013:

1. Mr. Amitabh Lal - Managing Director
2. Mr. 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 2014-2015, the Board met 4 (four) times. The maximum interval between any two board meetings



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did not exceed 120 (one hundred and twenty) days.

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

BOARD EVALUATION

Pursuant to the provisions of Companies Act, 2013, the Board has carried out an Annual Performance Evaluation of its own performance and that of its committees and the Directors individually based on their attendance in all the meetings held during the financial year and decisions taken in these meetings respectively.

Further, a separate meeting of Independent Directors was also held wherein it was discussed that since they were appointed w.e.f. 25th March, 2015, therefore time was too short to make any comments on reviewing the performance of non-independent directors and the Board as a whole.

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, 2015:

1. Mr. Pradeep Puri- Nominee Director from IL&FS (DIN: 00051987) as Chairman of the Committee;
2. Ms. Niva Singh - Nominee Director from Ministry of Railways (DIN: 07088336) as Member of the Committee;
3. Mr. Hariharan Iyer - Nominee Director from Gujarat Pipavav Port Limited (DIN: 00151584) as Member of the Committee;
4. Mr. 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. Mr. Virendra Kumar Roy - Independent Director (DIN: 06974711) as Member of the Committee;
7. Mrs. Nisha Srivatstava - 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, 2015:

1. Mr. Manoj Kumar Srivastava - Nominee Director from Ministry of Railways (DIN: 06890877) as Chairman of the Committee;
2. Mr. Dinesh Lal - Nominee Director from Gujarat pipavav Port Limited (DIN: 00037142) as Member of the Committee;
3. Mr. Rajiv Lal - Independent Director (DIN: 07093037) as Member of the Committee;
4. Mr. 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:

1. Mr. Amitabh Lal, Managing Director/PRCL (DIN: 06720989) as Chairman of the Committee;
2. Mr. Manoj Kumar Srivastava, Nominee Director from Ministry of Railways (DIN: 06890877) as

Member of the Committee;

3. Mr. Keld Pedersen, Nominee Director from Gujarat Pipavav Port Limited (DIN:07144184) as Member of the Committee;
4. Mrs. Nisha Srivastava, Independent Director (DIN: 07086450) as Member of the Committee.

However, Mr. Prakash Tulsiani, Director of the Company has resigned w.e.f 31st March, 2015 and Mr. Keld Pedersen has been appointed as Additional Director w.e.f 15th May, 2015 (as nominee Director of Gujarat Pipavav Port Limited) who has been appointed as the Member of Corporate and Social Responsibility 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, 2015:

1. Mr. Manoj Kumar Srivastava, Nominee Director from Ministry of Railways (DIN: 06890877) as Chairman of the Committee
2. Mr. Pradeep Puri Nominee Director from Gujarat Pipavav Port Limited (DIN:00051987) as Member of the Committee.
3. Mr. 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 2014-15. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2014-15 is annexed to this report as **Annexure-F** and remarks on the observations of the Secretarial Auditors for the year under review are enclosed as **Annexure G**.

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;
2. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit & 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;



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- the directors had prepared annual accounts on a going concern basis;
- the director 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 requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Act") and Rules made thereunder, your company has constituted an Internal Complaints Committee (ICC) both at its Registered & Corporate office at New Delhi and Branch Office at Bhavnagar. It comprises of the following members at both the offices as under:

REGISTERED OFFICE

- Ms. Leena Narwal, -Presiding Officer
Company Secretary/ PRCL
- Mr. V.S. Siva Subramanian, - Member
Sr. Manager/PRCL
- Ms. Nishi Chandwani, - Member
Executive/ PRCL
- Mr. S.Kumar* - Member

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

BRANCH OFFICE

- Ms. Leena Narwal, -Presiding Officer
Company Secretary/ PRCL

- Mr. Arvind Pathak, - Member
Executive Assistant/PRCL
- Mr. Harshad C. Jadav, - Member
Executive Assistant/ PRCL
- 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 2015-16 by the Comptroller & Auditor General of India (C&AG).

COMMENTS ON AUDITORS' REPORT

Remarks on the observations of the Statutory Auditors for the year under review are enclosed as **Annexure H** 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/-

Kundan Sinha
Chairman

Place : New Delhi
Dated : August 20, 2015

Annexure - A

EXTRACT OF ANNUAL RETURN
As on financial year ended on 31st March 2015
[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	:	U45200DL2000PLC151 199
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 BARAKHAMBHA 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 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 TANSPORTATION & 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									
j) Others (specify)									
Sub-total (B)(1)									
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
Sub-total(B)(2):									
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)									

ii. SHAREHOLDING OF PROMOTERS:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			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	19600020	100%		19600020	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 (1 +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 (1+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
		Managing Director				
1	Gross salary (in Rs.) (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,807,259				1,807,259
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission - as % of profit - others, specify					
5	Others, please specify (Company's Contribution towards PF)	81,327				81,327
	Total (A) (in Rs.)	1,888,586				1,888,586

B. REMUNERATION TO OTHER DIRECTORS:

(in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors	Mr. Rajiv Lal	Mr. V. K. Roy	Dr. Rabinarayan Patnaik	Ms. Nisha Srivastava	
	Fee for attending board / committee meetings	–	–	–	–	–
	Commission					
	Others, please specify					
	Total (1)	–	–	–	–	–
2.	Other Non-Executive Directors					
	Fee for attending board / committee meetings					
	Commission					
	Others, please specify					
	Total (2)					
	Total (B)=(1+2)					
	Total Managerial Remuneration	–	–	–	–	–



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total (in Rs.)
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		12,61,840	12,94,216	25,56,056
	(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		18,300	18,300	36,600
5	Others, please specify		1,01,224	99,990	2,01,214
	Total		13,81,364	14,12,506	27,93,870

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

26th February, 2015

To
The Board of Directors
Pipavav Railway Corporation Limited
1st Floor Jeevan Tara Building,
Gate No.- 4, 5th Parliament Street,
New Delhi-110001

Sub: Declaration of independence under sub-section (6) of section 149 of the Companies Act 2013.

I, Rajiv Kumar Lal S/o Sh. Rang Behari Lal R/o D- 603, Krishna Apra Residency, Sector-61, Noida, Uttar Pradesh-201301 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;



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

- 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 information's 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 Apra Residency,

Sector-61, Noida,

Uttar Pradesh- 201301

Ph No. 9999563930

Email id: rajivlal53@gmail.com

DECLARATION OF INDEPENDENCE

26th February, 2015

To
The Board of Directors
Pipavav Railway Corporation Limited
1st Floor Jeevan Tara Building,
Gate No.- 4, 5th Parliament Street,
New Delhi-110001

Sub: Declaration of independence under sub-section (6) of section 149 of the Companies Act 2013.

I, Virendra Kumar Roy S/o Sh. 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;



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

- 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 nonprofit 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 information's 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: virendrakroy@gmail.com

DECLARATION OF INDEPENDENCE

26th February, 2015

To
The Board of Directors
Pipavav Railway Corporation Limited
1st Floor Jeevan Tara Building,
Gate No.- 4, 5th Parliament Street,
New Delhi-110001

Sub: Declaration of independence under sub-section (6) of section 149 of the Companies Act 2013.

I, Nisha Srivastava W/o Sh. 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; 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;



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

- 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 nonprofit 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 information's 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

DECLARATION OF INDEPENDENCE

26th February, 2015

To
The Board of Directors
Pipavav Railway Corporation Limited
1st Floor Jeevan Tara Building,
Gate No.- 4, 5th Parliament Street,
New Delhi-110001

Sub: Declaration of independence under sub-section (6) of section 149 of the Companies Act 2013.

I, Rabinarayan Patnaik S/o Late Sh. Raghunath 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 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;



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

- 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 nonprofit 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 information's 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

PIPAVAV RAILWAY CORPORATION LIMITED

Annexure C

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 nonexecutive) 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 along with 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 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 2014-15
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.

- i. Mr. Amitabh Lai, Managing Director/PRCL (DIN: 06720989) as Chairman of the Committee;
- ii. Mr. Manoj Kumar Srivastava, Nominee Director from Ministry of Railways (DIN: 06890877) as Member of the Committee;
- iii. Mr. Keld Pedersen, Nominee Director from Gujarat Pipavav Port Limited (DIN:07144184) as Member of the Committee;
- iv. Mrs. Nisha Srivastava, Independent Director (DIN: 07086450) as Member of the Committee.

3. Average net profit of the Company for last three financial years - ₹ 69,20,15,603

4. Prescribed CSR Expenditure (two per cent of the amount as in the Item 3 above). - ₹ 1,38,40,312

5. Details of CSR spent during the financial Year - 2014-15

(a) Total amount to be spent for the financial year - ₹ 1,38,40,312*

(b) Amount unspent, if any - ₹ 66,00,967

*out of total amount required to be spend for the FY 2014-15, ₹ 69,53,005 was spent after 31st March, 2015 and ₹ 2,86,340 was spent before 31st March, 2015.

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was under taken	Amount Outlay (budget) Project or Programwise	Amount spent on the projects or program Subheads: (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1	Fencing on both sides of railway track on PRCL Section so as to prevent accidental deaths of Asiatic	Protection of flora and fauna and Animal welfare.	This project of providing fencing on both sides of railway track	₹ 60 Lacs	(1) Direct Expenditure on projects or programs ₹ 60 Lacs	₹ 60 Lacs	Gujarat Government Forest Department.

	Lions.		on PRCL Section was undertaken in Distt. Surendranagar and Amreli State of Gujarat.		(2) Overheads-(Nil)		
2	"Raska" village, Limbdi Taluka, Distt SUNR, Gujarat has been identified for the purpose of undertaking various projects for its development under CSR. It will, inter-alia other activities, include promoting preventive health care and sanitation and making available safe drinking water, 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; Promotion of education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects, rural development projects.	Rural development Project	Rural development Project in "Raska" village was undertaken in Limbdi Taluka, Distt Surendranagar in the state of Gujarat.	₹ 47 Lacs approx.	(1) Direct Expenditure on projects or programs ₹ 9,45,500 (2) Overheads ₹ 7,505	₹ 9,53,005	Directly spent by the Company.
3	Project as proposed by Gujarat Pipavav Port Limited for construction of Internal Road (approximately 1 km) in Rampara Village.	Rural development projects and promoting preventive health care	Project for construction of Internal Road (approximately 1 km) in Rampara Village was	₹ 28 Lacs	Not yet spent	Not yet spent	Not yet spent



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		and sanitation.	undertaken in Distt Amreli in the state of Gujarat.				
4.	Seven computer systems along with printers in a Railway School in Bhavnagar Division.	Promotion of education;	Project for providing Seven computer systems along with printers in a Railway School in Bhavnagar was undertaken in Distt Amreli in the state of Gujarat.	₹ 3 Lacs approx	(1) Direct Expenditure on projects or programs ₹ 2,80,000 (2) Overheads ₹ 6,340	₹ 2,86,340	Directly spent by the Company.
	Total			₹ 1,38,40,312	₹ 72,39,345	₹ 72,39,345	

6. **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, 2015 as the Company's Corporate Social Responsibility Committee was constituted in the month of January, 2015 and the time was too short to spend amount of ₹ 1.38 crore in an effective manner in such a short span of time. 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.

7. **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/-

**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.



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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 GSR 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, the Scheduled Tribes, other backward classes, minorities and women;
 - ix. Contribution or funds provided to technology incubators located within academic institution which are approved by the Central Government.
 - x. Rural development projects;
 - xi. Slum area development.
3. The CSR Committee shall frame rules or issue directives with regard to monitoring of the CSR projects or programmes or activities.
4. The Board of Directors of the Company may on the recommendations of the CSR Committee decide to undertake CSR projects or programme or activities by the Company itself directly or through a registered trust or a registered society or a Company or an associate Company established by PRCL or other wise (implementing Agency) provided that if such trust, society or Company is not established by the Company or its holding or subsidiary or associate Company, it shall have an established track record of three years in undertaking similar programs or projects complying with the provision related to companies (Corporate Social Responsibility) Rules, 2014.
5. While undertaking CSR projects or programme or activities, preference shall be given to the local area or area of operation of the Company. Such area of operation for any identified project or programme or activity shall be finalized by the Board of Directors upon recommendation of CSR Committee.
6. In the initial years of CSR activity, Company will focus on girl child education; health care / hygiene; skill development; eradicating extreme hunger, poverty and malnutrition; protection of fauna; animal welfare;

promotion of employment; enhancing vocational skills; livelihood enhancement projects and rural development projects. The focus and coverage of area will be decided on year after year basis and approved by the Managing Director/PRCL.

5.0 PROHIBITED ACTIVITIES UNDER CSR

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

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

6.0 CSR COMMITTEE

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

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

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

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

6.4 The CSR Committee may by resolution delegate or entrust any of the function, acts, deeds or things, etc. as may be required to 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 proceeding 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.



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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, 2015

[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]

C1N:- U45200DL2000PLC151199

NOMINAL CAPITAL:- ₹ 2,000,000,000

To,

The Members,

P1PAVAV RAILWAY CORPORATION LIMITED

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 (**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, 2015 generally 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, 2015 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under;
- II. Other laws as are and to the extent applicable to the Company as per the Management representations made by the Company.
 - (A) The Employees Provident Funds and Miscellaneous Provision Act, 1952
 - (B) Insurance Act, 1938
 - (C) Registration Act 1908
 - (D) Indian Stamp Act, 1899
 - (E) Indian Contract Act, 1872
 - (F) Applicable Local/ Municipal laws

The Secretarial Standards issued and notified by "The Institute of Company Secretaries of India" are not applicable for the financial Year under review and were only optional. Therefore, we have not commented on the said compliances.



Pipavav Railway Corporation Limited

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

1. ***To comply with section 135 of the Companies Act, 2013 read with the Companies (Corporate Responsibility Policy) Rules 2014, the Company has constituted the CSR committee and its constitution was as per regulation and also formulate and adopted the Corporate Social Responsibility (CSR) policy but could not spend the eligible profit on Corporate Social Responsibility Measures during the financial year.***

We further report that

1. 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 provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board/Committee Meetings, agenda and detailed notes on agenda were send 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.
3. 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.
4. Maintenance of all Secretarial and Statutory Record as per the provisions of Companies Act has been fully complied with by the management of the Company.
5. 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 there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has received show cause notice No. 89/2014 from Directorate General of Central Excise Intelligence, Chennai Zonal Unit vide F No. INV/CHZU/ST/76/2014 dated 20.10.2014. The Company has filed its reply however there is a contingency that company may have to pay a sum of ₹ 76.39 Crore plus interest and penalty as applicable.

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

**FOR VINOD KUMAR & CO.
COMPANY SECRETARIES
Sd/-
CS VINOD KUMAR
(CP-5740 PCS 5740)**

**PLACE:- NEW DELHI
DATED:- 20-08-2015**

To,
The Members,
PIPAVAV RAILWAY CORPORATION LIMITED

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
(CP-5740 PCS 5740)**

**PLACE:- NEW DELHI
DATED:- 20-08-2015**



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

Annexure G

**COMPANY'S REMARKS ON THE OBSERVATIONS OF THE SECRETARIAL
AUDITORS REPORT**

SR. NO.	AUDITOR'S OBSERVATIONS	MANAGEMENT'S REPLIES
1.	To comply with section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has constituted the CSR committee and its constitution was as per regulation and also formulate and adopted the Corporate Social Responsibility (CSR) policy but could not spend the eligible profit on Corporate Social Responsibility Measures during the financial year.	The Company has not been able to spend the total amount required to be spend upto 31 st March, 2015 as the Company's Corporate Social Responsibility Committee was constituted in the month of January, 2015 and the time was too short to spend the amount of ₹ 1.38 crore in an effective manner in such a short span of time. 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.

Annexure H**COMPANY'S REMARKS ON THE OBSERVATIONS OF THE STATUTORY AUDITORS REPORT**

S. No.	Ref.No. of Audit Report	Auditors' Observations	Management's Replies
1.	Point no. (a) of the "Emphasis of Matter" of the Auditor's Report	Note no. 2(B)(ii) 'Intangible Assets' to the financial statements, regarding reclassification of 'Project assets' from Tangible to Intangible assets and, charging of expenditure to Statement of Profit & Loss, incurred in relation to items the historical cost of which are not individually identifiable.	<p>During the current financial year, the project assets of the Company have been reclassified as "Intangible assets" in view of the direction received from the Ministry of Corporate Affairs (MCA) in consultancy with the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India. The previous year's figures have also been reclassified accordingly. The depreciation on these assets has been provided prospectively over the remaining useful life (minimum of the remaining codal life and concession period). However, the Company has requested MCA and EAC to revisit on their view to treat the project assets of the Company as "Intangible Assets". Beside this, there is no significant change over the period.</p> <p>Appropriate disclosure has been made in the financial statements.</p>
2.	Point no. (b) of the "Emphasis of Matter" of the Auditor's Report	Note no. 20 'Operating and Maintenance cost' to the financial statements, regarding excess bills charged for Fixed Cost (Material), Fixed Cost (Staff) and method of billing of variable cost.	<p>The Company has booked O&M cost as per the bills received from WR following prudent accounting policy, though Company has certain disputes in the bills and has addressed the same to the Railways.</p> <p>Appropriate disclosure has been made in the financial statements.</p>
3.	Point no. (c) of the "Emphasis of Matter" of the Auditor's Report	Note no. 22 'Revenue Recognition and Reconciliation' to the financial statements, regarding modification of calculation of freight due to the company because of diverted route, disputes with Western Railway related to apportionment of revenue and non-recognition of interest receivable from M/s Gujarat Pipavav Port Limited on account of delayed payment of amount due for shortfall in traffic guarantee and on equity contribution.	<ol style="list-style-type: none"> The company has disputed the recoveries made by WR on account of route diversion. However, in view of the recoveries/deductions made by the WR by re-calculating company's share of freight earnings on the basis of diverted carried route (earlier calculated on booked route basis), the impact of same has been accounted for in the financial statements. Current year revenue is under reconciliation at the end of WR on this account. Appropriate disclosure has been made in the financial statements. In view of the BOD decision in the matter of disputed dues from GPPL, and further view taken by BOD for non-recognition of these dues, the necessary disclosures have appropriately been made in the financial statements.



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Pipavav Railway Corporation Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 thereunder.

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 financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- (a) In the case of Balance sheet, of the state of affairs of the Company as at 31st March, 2015;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Attention is drawn to:

- (a) Note no. 2(B)(ii) 'Intangible Assets' to the financial

statements, regarding reclassification of 'Project assets' from Tangible to Intangible assets and, charging of expenditure to statement of profit & loss, incurred in relation to items the historical cost of which are not individually identifiable.

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

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by section 143(3) of the Act and Companies (Audit and Auditors) Rule 2014, we further 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 purpose 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 of accounts;
- (c) The Balance sheet, the Statement Profit and loss and the Cash Flow Statement dealt with this report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on 31st March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015,

from being appointed as a director in terms of sub-section (2) of section 164;

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit & Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact, if any, of pending litigations as at 31st March, 2015 on its financial position in its financial statements as referred to in Note no. 18 to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2015.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Sd/-
CA PUNEET SINGLA

Dated: August 20, 2015
Place: New Delhi

Partner
M.No.506277

Reports under the Companies (Auditor's Report) Order, 2015

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Pipavav Railway Corporation Limited on the financial statements as of and for the year ended March 31, 2015.

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) Fixed assets have been physically verified by the management at reasonable intervals; and no material discrepancies were noticed on such verification;
- (ii) The Company does not have any inventory, consequently clause (ii) of paragraph 3 of the Order is not applicable to the Company.
- (iii) According to information and explanations given to us, the Company has not granted any secured or unsecured loans, to companies, firms or other



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

parties covered in the register maintained under section 189 of the Companies Act, consequently clause (iii) of paragraph 3 of the Order is not applicable.

- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business for purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- (v) In our opinion and according to the information and explanation given to us, the company has not accepted any deposits. Consequently, clause (v) of paragraph 3 of the Order is not applicable.
- (vi) In our opinion and according to the information and explanation given to us, the company is not required to maintain cost records under sub-section (1) of section 148 of the Companies Act.
- (vii) (a) In our opinion, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable;
- (b) According to information and explanation given to us, there are no dues on account of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess, which have not been

deposited on account of any dispute;

- (c) According to information and explanation given to us, there is no amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.
- (viii) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
- (ix) According to the information and explanations given to us, and as per books of records examined by us, the company has no dues to a financial institution or bank or debenture holder, consequently clause (ix) of paragraph 3 of the Order is not applicable.
- (x) In our opinion and according to information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company has not raised any fresh term loans during the year.
- (xii) According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

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

Sd/-
CA PUNEET SINGLA
Partner

Dated: August 20, 2015

M.No.506277

Place: New Delhi



Confidential

भारतीय लेखा परीक्षा एवम् लेखा विभाग
विशेष कार्य अधिकारी का कार्यालय
काफमो, भारतीय रेल, तिलक ब्रिज, नई दिल्ली
INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE OFFICER ON SPECIAL DUTY
COFMOW, INDIAN RAILWAYS, TILAK BRIDGE, NEW DELHI-110002

No. PDA/R-C/PSU/32-23/PRCL/2015-16

Dated : 7.09.2015

To
The Managing Director
Pipavav Railway Corporation Limited,
Statesman House, B.K.. Road,
New Delhi - 110001

Sub: Comments of the Comptroller, and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the Financial Statements of Pipavav Railway Corporation Limited for the year ended 31st March 2015.

Sir,

The non-Review Certificate under Section 143 (6) (b) of the Companies Act 2013 on the Accounts of **Pipavav Railway Corporation Limited** for the year 2014-15 is enclosed. The Non Review Certificate may be placed before the Annual General Meeting along with Financial Statements of the Company in compliance with the provisions of the Companies Act, 2013, Six copies of the printed Annual Report, of the company may please be sent to this office at the earliest.

Receipt of the letter may please be acknowledged.

End: As above

Yours faithfully,

(Dinesh Bhargava)
Pr. Director of Audit
Railway Commercial



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF PIPAVAV RAILWAY CORPORATION LIMITED FOR THE YEAR
ENDED 31 MARCH 2015**

The preparation of financial statements of PIPAVAV RAILWAY CORPORATION LIMITED for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20-08-2015.

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 for the year ended 31 March 2015 and as such have no comments to make under section 143(6)(b) of the Act.

Place: New Delhi

Date: 7-09-2015

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

(Dinesh Bhargava)

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

PIPAVAV RAILWAY CORPORATION LIMITED
BALANCE SHEET AS AT 31st MARCH, 2015

(Amount in ₹)

Particulars	Note	As at 31st March, 2015	As at 31st March, 2014
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	1,96,00,00,200	1,96,00,00,200
(b) Reserves and Surplus	4	73,77,15,753	75,98,62,960
(2) Non-Current Liabilities			
(a) Deferred tax liabilities (Net)	26	22,75,61,152	9,43,62,147
(b) Long term provisions	5	66,07,414	29,89,341
(3) Current Liabilities			
(a) Trade payables	6	14,51,47,761	9,88,45,083
(b) Other current liabilities	7	82,08,174	2,06,21,263
(c) Short term provisions	8	1,26,956	50,18,492
Total		3,08,53,67,410	2,94,16,99,486
II. Assets			
(1) Non-current assets			
(a) <i>Fixed assets</i>	9		
(i) Tangible assets		8,30,995	15,70,535
(ii) Intangible assets		1,66,42,72,363	1,76,66,96,858
(iii) Capital work-in-progress		2,52,60,592	—
(b) Long term loans and advances	10	38,24,61,243	32,52,09,728
(2) Current assets			
	11		
(a) Trade receivables		39,62,66,627	52,33,47,404
(b) Cash and bank balances		48,08,78,925	29,06,13,147
(c) Short-term loans and advances		12,48,55,434	2,96,47,892
(d) Other current assets		1,05,41,231	46,13,922
Total		3,08,53,67,410	2,94,16,99,486

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

As per our report of even date attached

For **Bhudladia and Company****Chartered Accountants**

Firm's Regn. No.: 002511N

Sd/-

CA Puneet Singla

Partner

M. No. : 506277

Place: New Delhi

Dated: 20.08.2015

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/-

Manoj Kumar Srivastava

Director

DIN: 06890877

Sd/-

Leena Narwal

Company Secretary

M. No. : A20516



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

PIPAVAV RAILWAY CORPORATION LIMITED
STATEMENT OF PROFIT & LOSS
FOR THE YEAR ENDED 31st MARCH, 2015

(Amount in ₹)

Particulars	Note	For the Year Ended 31st March 2015	For the Year Ended 31st March 2014
INCOME			
I. Revenue from operations	12	2,26,57,87,021	2,21,74,14,143
II. Other Income	13	5,19,43,531	2,65,77,506
III. Total Revenue (I +II)		2,31,77,30,552	2,24,39,91,649
IV. Expenses:			
Employee benefits expense	14	2,31,86,831	1,94,66,616
Finance costs	15	5,95,228	2,83,405
Depreciation and amortization expense	9	10,39,96,995	14,95,63,476
Operating and Other expenses	16	1,60,09,83,567	1,10,71,74,872
Impairment loss	9	—	7,38,08,872
Corporate Social Responsibility Expenses		2,86,340	—
Total Expenses		1,72,90,48,961	1,35,02,97,241
V. Profit before exceptional and extraordinary items and tax (III - IV)		58,86,81,591	89,36,94,408
VI. Exceptional & Prior Period Items [(Income) / Expenses]	17	38,88,549	(7,19,13,397)
VII. Profit before tax (V - VI)		58,47,93,042	96,56,07,805
VIII. Tax expense:			
(1) Current tax	25	12,25,83,405	20,18,98,921
(2) Deferred tax	26	13,31,99,005	12,44,619
(3) MAT Credit Entitlement (net of reversal)	25	(10,74,62,608)	(4,53,08,296)
IX. Profit(Loss) for the year from continuing operations (VII-VIII)		43,64,73,240	80,77,72,561
X. Earning per equity share (Basic & Diluted):	36	2.23	4.12

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

As per our report of even date attached

For **Bhudladia and Company**
Chartered Accountants

Firm's Regn. No.: 002511N

Sd/-

CA Puneet Singla

Partner

M. No. : 506277

Place: New Delhi

Dated: 20.08.2015

For & on behalf of the Board

Sd/-

Amitabh Lal

Managing Director

DIN: 06720989

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DIN: 00051987

Sd/-

Manoj Kumar Srivastava

Director

DIN: 06890877

Sd/-

Leena Narwal

Company Secretary

M. No. : A20516

PIPAVAV RAILWAY CORPORATION LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

1. BACKGROUND

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

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

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

B. Fixed Assets and Depreciation

(i) Tangible assets:

- a) Tangible assets are stated at cost of acquisition/construction less accumulated depreciation. The cost of assets comprises its purchase price and directly attributable cost of bringing the assets to working condition for its intended use i.e. cost of acquisition of assets including inter-alia interest on borrowing and incidental expenditure during construction incurred up to the date of commissioning.
- b) Capitalization of the expenditure is done only in such cases where such expenses are expected to result in resources in control of the Company and from where continuing economic benefits are expected. In other cases, expenditures are recognized as revenue expenditures.
- c) Depreciation on tangible assets is provided on straight line method as per the provisions, of the Companies Act, 2013 and at the rates and in the manner prescribed under Schedule II of the Companies Act, 2013 and in case of addition to/transfer of tangible assets, depreciation is charged on pro-rata basis from the date of addition/transfer.
- d) Where the historical cost of a depreciable asset undergoes any change on account of supplementary



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

claims/adjustments from suppliers, the depreciation on revised unamortized depreciable amount is provided prospectively over the residual useful life of the asset. Depreciation on assets whose actual cost does not exceed ₹ 10,000/- each is provided at 100% in the year of addition. Further, fully depreciated assets are shown at a nominal value of ₹ 1/- (₹ One) each until the same are disposed off.

(ii) Intangible Assets:

- a) Intangible assets are stated at cost of acquisition less accumulated amortization/depreciation. Intangible assets are amortized as per Accounting Standard- 26 (Intangible Assets) issued by the Institute of Chartered Accountants of India
- b) Expenditure incurred on project development i.e. construction of broad gauge railway line (collectively termed as "project assets") is recognized as "Intangible Assets" w. e. f. 1.4.2014 in accordance with the direction of the Ministry of Corporate Affairs based on the opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India. The depreciable amount of these assets is amortized prospectively over the remaining useful life of project assets under the Straight Line Method. Useful life of the project is lower of the remaining codal life or balance of the concession period as per contract with Ministry of Railways.
- c) Subsequent expenditures incurred on the project assets on account of replacement works or any other expenditure incurred for capacity enhancement to generate future economic benefits in excess of its originally assessed performance are capitalized. All other expenditures incurred on project assets including the expenditures attributable to the asset items the historical cost of which are not individually identifiable are charged to statement of profit & loss.

(iii) Impairment of Assets:

In accordance with Accounting Standard-28 Impairment of Assets (AS-28), the carrying amounts of Company's assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated as the higher of the net selling price and the value in use. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

C. Capital Work in Progress

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

D. Borrowing Cost

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

E. Revenue Recognition

Revenue from rail freight is recognized proportionately as attributable to PRCL line, out of the revenue collected by WR in accordance with Operation and Maintenance Agreement with WR. Revision to past year revenues as carried out, is made adjusted to the current year revenue on the basis of available information/advice,

F. Employee Benefits

a) Short Term Employee Benefits

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

b) Post Employment Benefits

i. Defined Contribution Plans:

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

ii. **Defined Benefit Plans:**

a) *Gratuity:*

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

b) *Other Long Term Benefits:*

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

G. Contingent Liabilities and Provisions

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

H. Prior period/Extra Ordinary items

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

I. Income Tax

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

Minimum alternative tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future years. Accordingly, MAT is recognised as an asset in the financial statements when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably. In case, there is a probability that the Company would not be able to utilize MAT credit in future within the time permitted under the tax laws, balances of MAT credit to that extent are reversed in the year in which the probability so arises.

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

J. Earnings per Share

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

K. Government Grants

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

L. Events occurring after Balance Sheet Date

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



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

3. SHARE CAPITAL

(i) Share Capital	As at 31 st March 2015		As at 31 st March 2014	
	Number of Shares	(Amount in ₹)	Number of Shares	(Amount in ₹)
Authorised Equity Shares of ₹ 10/- each	20,00,00,000	2,00,00,00,000	20,00,00,000	2,00,00,00,000
Issued Equity Shares of ₹ 10/- each	19,60,00,020	1,96,00,00,200	19,60,00,020	1,96,00,00,200
Subscribed & paid up Equity Shares of ₹ 10/- each fully paid	19,60,00,020	1,96,00,00,200	19,60,00,020	1,96,00,00,200
Total	19,60,00,020	1,96,00,00,200	19,60,00,020	1,96,00,00,200

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of financial year 2014-15.

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

(iii) Shareholding Pattern

Name of Shareholder	As at 31st March, 2015		As at 31st March, 2014	
	No. of Shares held (Equity)	% of Holding	No. of Shares held (Equity)	% of Holding
President of India (Ministry of Railways)	9,80,00,010	50.00%	9,80,00,010	50.00%
Gujarat Pipavav Port Limited (GPPL)	7,60,00,010	38.78%	7,60,00,010	38.78%
General Insurance Corporation of India (Assignee of GPPL)	50,00,000	2.55%	50,00,000	2.55%
The New India Assurance Company Limited (Assignee of GPPL)	50,00,000	2.55%	50,00,000	2.55%
IL&FS Transportation and Networks Limited (Assignee of GPPL)	1,20,00,000	6.12%	1,20,00,000	6.12%
	19,60,00,020	100%	19,60,00,020	100%

(iv) Rights, Preferences and Restrictions to Shares:

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

(v) Details of Share Allotted for consideration other than cash during last five years are NIL.

15th Annual Report 2014-15

Note	Particulars	As at 31 st March, 2015	As at 31 st March, 2014
4.	Reserves & Surplus		
	(i) Surplus		
	(a) Surplus as per Statement of Profit and Loss		
	Opening Balance	75,98,62,960	6,67,45,511
	Add: Net Profit/(Net Loss) for the year	43,64,73,240	80,77,72,561
	Less: Interim Dividend distributed during the year	(39,20,00,040)	(9,80,00,010)
	Less: Dividend Distribution Tax paid on above	(6,66,20,407)	(1,66,55,102)
	Less: Transferred to Depreciation Reserve Fund	(10,00,00,000)	—
	Closing Balance	63,77,15,753	75,98,62,960
	(b) Depreciation Reserve Fund		
	Opening Balance	—	—
	Add: Transferred from Profits earned during the period	10,00,00,000	—
	Closing Balance	10,00,00,000	—
	Total (i)	73,77,15,753	75,98,62,960
	(ii) Capital Reserve		
	Opening Balance	—	4,32,00,992
	Add/(Less): Government Grants received/ (utilized) during the year	—	(4,32,00,992)
	Closing Balance	—	—
	Grand Total (i+ii)	73,77,15,753	75,98,62,960
5.	Long Term Provisions		
	Provision for employee benefits		
	Gratuity	17,40,392	5,69,019
	Leaves	48,67,022	24,20,322
	Total	66,07,414	29,89,341



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Note	Particulars	<i>(Amount in ₹)</i>	
		As at 31 st March, 2015	As at 31 st March, 2014
6.	Trade Payables	14,51,47,761	9,88,45,083
	Total	14,51,47,761	9,88,45,083
7.	Other Current Liabilities		
	Duties & Taxes	15,33,644	22,93,872
	Provident Fund	—	2,36,252
	Government Grants	66,66,005	99,51,361
	Others*	8,525	81,39,778
	Total	82,08,174	2,06,21,263
	<i>*It includes an amount of ₹ Nil (previous year ₹ 81.32 lakhs) outstanding for more than 12 months on account of dispute with the party.</i>		
8.	Short Term Provisions		
	Provision for employee benefits (Leaves)	1,26,956	1,04,727
	Provision for Taxes (Net)	—	49,13,765
	Total	1,26,956	50,18,492

(Amount in ₹)

9. FIXED ASSETS

Sl. No.	Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION			IMPAIRMENT LOSS		NET BLOCK	
		Balance as at 1 st April 2014	Additions	Disposals/ Adjustments	Balance as at 1 st April 2014	Depre- ciation/Amorti- zation charge for the year	Adjustment due to disposal/ writing off	Balance as at 31 st March 2015	Loss Provided/ (Reversed) during the Year	Balance as at 31 st March 2015	Balance as at 31 st March 2014
a	Tangible Assets										
1.	Plant & Machinery	23,04,516	7,71,305 (7,15,433)	23,60,388	16,94,321	7,26,338 (7,15,396)	17,05,263	—	—	6,55,125	6,10,185
2.	Vehicles	67,10,136	—	67,10,136	59,80,890	7,20,534	67,014,24	—	—	8,712	7,29,246
3.	Furniture & Fixtures	3,67,148	5,512	3,72,660	1,36,054	69,448	2,05,502	—	—	1,67,158	2,31,094
	Total	93,81,800	7,76,817 (7,15,433)	94,43,184	78,11,265	15,16,320 (7,15,396)	86,12,189	—	—	8,30,995	15,70,535
	Previous Year	93,48,895	94,690 (61,785)	93,81,800	74,21,879	4,38,136 (48,750)	78,11,265	—	—	15,70,535	—
b.	Intangible Assets										
1.	Project Assets										
(i)	Bridges & Buildings	45,79,55,471	—	45,79,55,471	7,69,98,967	1,88,08,212	9,58,07,179	—	—	36,21,48,292	38,09,56,504
(ii)	Formations	18,29,06,155	—	18,29,06,155	8,40,41,097	48,81,069	8,89,22,166	—	—	9,39,83,989	9,88,65,058
(iii)	Plant & Machinery (Project)	36,32,79,717	—	36,32,79,717	18,97,16,933	1,31,25,145	20,28,42,078	—	—	16,04,37,639	17,35,62,784
(iv)	P-Way	2,32,92,28,720	—	2,32,92,28,720	1,21,72,39,747	6,55,25,589	1,28,27,65,336	—	—	1,04,64,63,384	1,11,19,88,973
2.	Licenses Fee	10,00,00,000	—	10,00,00,000	2,61,91,128	—	2,61,91,128	7,38,08,872	7,38,08,872	—	—
3.	Others	19,40,815	56,180	19,96,995	6,17,276	1,40,660	7,57,936	—	—	12,39,059	13,23,539
	Total	3,43,53,10,878	56,180	3,43,53,67,058	1,59,48,05,148	10,24,80,675	1,69,72,85,823	7,38,08,872	7,38,08,872	1,66,42,72,363	1,76,68,96,858
	Previous Year	3,43,39,06,133	14,04,745	3,43,53,10,878	1,44,56,79,808	14,91,25,340	1,59,48,05,148	—	7,38,08,872	1,76,66,96,858	—
c.	Capital Works in Progress (On the Project Assets of the Company)										
	Previous Year	—	2,52,60,592	2,52,60,592	—	—	—	—	—	2,52,60,592	—
	Grand Total	3,44,46,92,678	2,60,93,589 (7,15,433)	3,47,00,70,834	1,60,26,16,413	10,39,96,995 (7,15,396)	1,70,58,98,012	7,38,08,872	7,38,08,872	1,69,03,63,950	1,76,82,67,393
	Previous Year	3,44,32,55,028	14,99,435 (61,785)	3,44,46,92,678	1,45,31,01,687	14,95,63,476 (48,750)	1,60,26,16,413	—	7,38,08,872	1,76,82,67,393	—

Note : I) The "Project Assets" of the Company has been re-classified from "Tangible Assets" to "Intangible Assets" as per the direction received from the Ministry of Corporate Affairs (MCA) based on the opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India. The depreciable amount of these assets is equally amortized prospectively using Straight Line Method over the remaining useful life of assets. The useful life of the various components of the project assets is based on the codal life as specified in Indian Railway Notification, circulars and relevant agreement and is limited upto a maximum period of remaining concession period in term of the Accounting Standard 26 (Intangible Assets). However, the Company has requested MCA and Expert Advisory Committee of the Institute of Chartered Accountants of India for reconsideration as regard to classification of the project assets.

II) License Fee for Container Train Operations amounting to ₹ 1000.00 Lakhs (net after the impact of impairment) is equally amortized over the concession period for container train operation. Other Intangible Assets are amortized based on their usability in accordance with the Accounting Standard 26 (Intangible Assets).

III) The carrying amount of Tangible Assets has been adjusted on the basis of the useful life as provided in the Schedule II of the Companies Act, 2013. The net carrying amount of the Tangible Assets whose useful life has expired as on 1.4.2014 are fully depreciated amounting to ₹ 4.49 lakhs after keeping the residual value at ₹ 1 (one) and has been charged to the profits. The remaining carrying amount of Tangible Assets after adjustments is equally depreciated over the remaining useful life in terms of the Schedule II of the Companies Act, 2013.

IV) Capital Work in Progress represents the amount booked by the Company as per advice received from the executing agency (WR), out of the amount deposited by the Company.



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Note	Particulars	(Amount in ₹)	
		As at 31 st March, 2015	As at 31 st March, 2014
10.	Long Term Loans and Advances		
	Considered good		
	Advances for Capital works	85,20,000	12,73,73,278
	Security Deposits	25,16,989	18,98,448
	Advance Taxes (Including TDS) (Net of Provisions)	6,80,23,644	—
	MAT Credit Entitlement	30,34,00,610	19,59,38,002
		<u>38,24,61,243</u>	<u>32,52,09,728</u>
	Considered doubtful		
	Security Deposits	37,500	—
		<u>38,24,98,743</u>	<u>32,52,09,728</u>
	Less: Provision for doubtful advances/securities	(37,500)	—
	Total	<u>38,24,61,243</u>	<u>32,52,09,728</u>
11.	Current Assets		
	(i) Trade receivables		
	(Unsecured)		
	-Outstanding for a period more than six months (Refer to Note No. 22)		
	<i>Considered good</i>	21,62,27,758	30,65,40,050
	<i>Considered doubtful</i>	18,99,01,430	18,99,01,430
	-Other		
	<i>Considered good</i>	18,00,38,869	21,68,07,354
		<u>58,61,68,057</u>	<u>71,32,48,834</u>
	Less: Provision for Doubtful trade receivables	(18,99,01,430)	(18,99,01,430)
	Total	<u>39,62,66,627</u>	<u>52,33,47,404</u>
	(ii) Cash and bank balances		
	(a) Cash and cash equivalents		
	-Cash on Hand	11,939	15,049
	-Balance with Scheduled Banks	27,55,124	8,44,765
	-Term Deposits (Maturity period of 3 months or less)**	1,93,15,944	1,28,53,333
	(b) Other bank Balances		
	-Term Deposits (Maturity period more than 3 months and not exceeding 1 year)**	37,87,95,918	27,69,00,000
	-Term Deposits (Maturity period more than 1 year)**	8,00,00,000	—
	Total	<u>48,08,78,925</u>	<u>29,06,13,147</u>

**Deposits of ₹ 4,781.12 lakhs maintained by the Company with banks can be withdrawn at any point of time without prior notice and/or penalty on the principal.

Note	Particulars	(Amount in ₹)	
		As at 31 st March, 2015	As at 31 st March, 2014
	(iii) Short-term loans and advances (Unsecured)		
	<i>Considered good</i>		
	-Advances for various capital works	12,32,97,755	—
	-Security Deposits	13,99,699	—
	-Advances recoverable in cash or kind	53,560	2,90,91,083
	-Employees	1,04,420	5,56,809
	Total	12,48,55,434	2,96,47,892
	(iv) Other current assets		
	-Prepaid Expenses	15,17,597	12,36,954
	-Interest Accrued	82,95,979	33,76,968
	-Other recoverable	7,27,655	—
	Total	1,05,41,231	46,13,922
12.	Revenue from Operations (Refer Note No. 22 also)		
	Operating Income from Bulk Traffic	1,05,56,66,373	81,70,07,501
	Operating Income from Container Traffic	1,67,07,82,350	1,50,51,19,082
	Gross Total	2,72,64,48,723	2,32,21,26,583
	Recoveries/deductions made by WR*	(33,46,64,911)	—
	Less Rebate#	(12,59,96,791)	(10,47,12,440)
	Total	2,26,57,87,021	2,21,74,14,143

* During the current financial year, WR has recovered ₹ 1909.14 lakhs from current year revenue being the differential apportioned freight amount for FY 2011 -12 to 2012-13, by re-calculating the Company's share of freight earnings for these two years based on actual diverted carried route, which was earlier calculated based on booked route.

Further, the deductions have also been made by WR from the dues of apportioned earnings of Company for FY 2013-14, which include ₹ 1110.71 lakhs being differential apportioned freight amount calculated by WR on the basis of diverted carried route and ₹ 326.80 lakhs being the other charges not apportioned by WR to the Company for the said year. However, confirmation for such deductions is pending.

During the year, in order to promote coal traffic on PRCL section, the Company has compensated some customers, by way of refunding additional rail freight paid by the customers due to carrying of coal traffic through PRCL Section. The additional rail freight has been borne equally by the Company, GPPL and the customers.



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Note	Particulars	(Amount in ₹)	
		Year ended 31 st March, 2015	Year ended 31 st March, 2014
13. Other Income			
	Interest on Deposits	4,37,84,422	2,62,82,536
	Profit on sale of assets	17,691	1,599
	Provisions/liabilities written off	81,39,933	2,91,509
	Others Income	1,485	1,862
	Total	5,19,43,531	2,65,77,506
14. Employee benefits expense			
	<i>(Disclosure as required by AS-15 on Employees Benefits are at Note No 24)</i>		
	Salaries, Wages & Benefits	1,83,36,665	1,62,95,991
	Contribution to Provident and other funds	32,95,632	16,88,497
	Staff Welfare	15,54,534	14,82,128
	Total	2,31,86,831	1,94,66,616
15. Finance costs			
	Interest on taxes	5,93,484	2,77,439
	Bank charges & Other financial costs	1,744	5,966
	Total	5,95,228	2,83,405
16. Operating and Other expenses			
(i) Operating & Maintenance Expenses			
	<i>(Refer Note No. 20 also)</i>		
(a) Fixed Cost			
	Man Power Cost	29,36,50,324	23,89,03,857
	Material Cost	2,81,59,320	2,78,99,507
(b) Variable Cost			
	Cost of fuel	82,95,15,114	56,96,99,146
	Crew Cost	10,62,49,349	9,97,22,427
	Hiring of Rolling Stock	8,02,69,604	4,86,15,668
	Others	3,25,28,067	2,47,10,662
(c) Other Cost			
	Overhead Cost	6,33,09,851	5,84,82,167
	Cost for additional work [Refer Note No. 20(ii) also]	12,27,40,051	21,17,242
	Total (a+b+c)	1,55,64,21,680	1,07,01,50,676
(ii) Lease Rent Charges		2,58,55,368	1,97,52,000
	<i>(Refer Note No. 19 also)</i>		
(iii) Other Administrative expenses			
	Repairs and maintenance		
	-Buildings	1,51,991	49,955
	-Vehicles	14,44,608	10,61,820
	-Others	6,71,188	3,71,294

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Note	Particulars	(Amount in ₹)	
		Year ended 31 st March, 2015	Year ended 31 st March, 2014
	Rent	80,85,780	52,42,261
	Insurance	14,13,744	17,69,150
	Communication	3,28,701	3,18,713
	Travelling & Conveyance-Director(s)	2,65,072	18,74,792
	Travelling & Conveyance-Others	11,40,505	24,66,525
	Rates, taxes & fees	1,78,879	31,078
	Professional and consultancy fees	25,81,290	17,42,946
	Electricity & Water Charges	5,74,412	4,66,250
	Advertising and Business Promotion	7,16,729	6,99,965
	Loss on Sundry Assets disposed/written off	—	6,590
	Printing & Stationery	2,27,692	2,22,872
	Audit fees	4,37,080	4,37,080
	Meetings and seminars	3,16,197	2,78,881
	Provision for doubtful debts/advances	37,500	—
	Miscellaneous Expenses	1,35,151	2,32,024
	Total	1,87,06,519	1,72,72,196
	Grand Total (i to iii)	1,60,09,83,567	1,10,71,74,872
17.	Exceptional & Prior Period Items		
	Expenditure for various works (net)	38,88,549	4,65,72,575
	Provisions/liabilities written off	—	(11,84,85,972)
	Total	38,88,549	(7,19,13,397)

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

The expenditures for various works represent amount incurred by the Company for removal of infringements for running of Double Stack Container (high cube) trains on the Company's section. These expenditures do not give any control over the assets on which these expenditures have been incurred. Therefore, expenditures incurred by the Company on these works have been charged to profits on the basis on the advice(s) received from the executing agencies in respect of expenditures incurred by them for removal of infringements for running of Double Stack Container (high cube) trains on the Company's section. The expenditures charged are net of the government grant received.



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18. Contingent Liabilities

(i) Capital Commitment

The amount of works to be executed on capital account and not provided for (net of advances) as at 31.03.2015 is ₹ 4,544.26 Lakhs (Previous year - Nil).

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

- ♦ A party had claimed liquidated damages to the tune of USD 2,822,206 {(₹ 1,761.11 Lakhs approximately (Previous year ₹ 1,691.56 Lakhs approximately)}. The Company has not acknowledged the claim and instead filed a counter claim of ₹ 2814.66 Lakhs. The Hon'ble Supreme Court has referred the matter to a sole Arbitrator and the proceedings are in progress.
- ♦ There are claims amounting to ₹ 41.01 lakhs (Previous year - ₹ 41.01 lakhs) from four parties. The Management is of opinion that the same are not payable.
- ♦ During financial year 2011-12, the Company received a Show Cause Notice from the office of Director General of Foreign Trade under section 14 read with section 11(2) of the Foreign Trade (Development and Regulation) Act, 1992, for non fulfillment of export obligations in respect of EPCG license issued to the Company under the Category "RAIL TRANSPORT SERVICE". The Company has filed an application for redemption of EPCG 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.
- ♦ During financial year 2011-12, the Company had received a writ petition filed by an employee demanding the arrears of differential Pay + DA (i.e. ₹ 15,017/- per month) and the corresponding increase in allowances/other benefits resulting out of re-fixation of the Pay of the petitioner from the date of his joining after giving him protection along with interest @18% p.a. and to award ₹ 55,000/- towards cost of litigation. The said employee joined the Company on absorption basis from MOR on 6th January 2010 and superannuated on 30th April, 2012. Pending the decision thereon, the liability on this account if any, has not been provided for.
- ♦ During the current financial year, the Company has received a Show Cause Notice (SCN) from excise 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 FY 2009-10 to 2013-14) and has involved service tax of ₹ 7,639.48 lakhs plus interest and penalty. The company has submitted reply to the SCN to the adjudicating authorities requesting them to withdraw the SCN. Further, the issue has also been referred to Ministry of Railways for taking up the case with the Finance Ministry.

Pending the decision on the issue, the amount has not been recognized in the books of account by the company.

19. Obligations under Operating lease

The amount of future lease rent payable on account of leased properties as at 31.3.2015 are as under: -

- (i) Due within one year ₹ 265.41 lakhs (Previous year - ₹ 259.95 lakhs).
- (ii) Due later than one year and not later than 5 years ₹ 1,116.40 lakhs (Previous year - ₹ 1219.46 lakhs).
- (iii) Later than 5 years ₹ 2,614.30 lakhs (Previous year - ₹ 3000.06 lakhs).

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

♦ Fixed Cost (Material)

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

However, the Bhavnagar division of WR has contended that the Fixed Cost (Material) charged to PRCL using WPI is provisional amount and fresh cost is to be worked out by Railways for each year separately. The Company has disagreed and objected that Fixed Cost (Material) has already been assessed by the Joint Survey Team on actual basis for FY 2009-10 and should be used for 5 years applying WPI indices. The matter has been referred to WR headquarter and is still under consideration. The financial impact of the same is unascertainable.

- (ii) **Bills for additional works:** Bhavnagar division of WR has been issuing bills for various maintenance works year over year which are in addition to the Fixed Cost (Material) as assessed and agreed both by PRCL and WR. There is no provision in the O&M agreement for issuing additional bills on account of maintenance etc., as cost on this account is chargeable/leviable under Fixed Cost (Material) only which has already been fixed by Joint Survey Team for five years and currently being levied on the company. Therefore, Company has disputed these bills, including the bills issued in past years of similar nature. However, following principles of prudence, the Company has provided for ₹ 1,137.18 lakhs (including ₹ 858.82 lakhs towards tamping cost through track machines) based on the bills of these various maintenance works received from Bhavnagar Division during the current financial year. The same has been included in preparation of financial statement under the head "Cost for additional works" (refer to Note no. 16).

♦ **Fixed Cost (Staff)**

During the current financial year, WR has raised additional bills for extra Gazetted posts with retrospective effects, which has resulted in significant increase in the staff cost. The total staff cost includes an amount of ₹ 479.13 lakhs (previous year ₹ 15.38 Lakhs) for the Gazetted posts.

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

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

♦ **Variable Cost**

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

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



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passenger services was taken up by the Company with Railways and is pending with WR headquarter. The amounts charged/levied on account of passenger services could not be ascertained due to non provision of records to the Company by WR and the matter is pending with WR headquarter.

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

21. Settlement of dues with WR

Ministry of Railways vide letter no. 2000/PL/88/15 pt. III dated 15.12.2010 had approved the deferment of the payment for O&M cost for FY 2010-11 & 2011-12, which had fully been recovered by WR from the apportioned earnings of the company during financial year 2013-14. The current dues of the O&M cost is being recovered/settled by WR from the apportioned earnings of the company on monthly basis.

22. Revenue Recognition and Reconciliation

- The Company is maintaining the revenue records on the basis of railway receipts received/abstracted from Western Railway/ Freight Operating Information System. These records are reconciled with WR and the differences observed on reconciliation are adjusted in the books of accounts.
- MOR vide its letter no. 2013/infra/18/5 dated 17.1.2014 decided that no rounding off of the proportion of distance traversed in railway/SPV should be done for apportionment of the earnings to SPVs, instead it should be done on the basis of actual ratio of distance traversed on SPV to the total distance between the originating and the destination points. The said decision was implemented by MOR w. e. f. 1st April 2013. In view of the said decision, the Company has recognized the revenue for the current year on the basis of actual ratio.
- During current financial year, WR has modified the method of calculation of PRCL's share of freight by changing it to diverted/carried route basis instead of the booked route basis. Consequently, PRCL percentage of share of freight has got reduced which has caused significant financial losses to the company. WR has also revised the earlier year's apportioned freight of the company by changing the method of apportionment on diverted/carried route basis. The company has protested against the change in calculation methodology.

However, following the principle of prudence, the loss of revenue due to apportionment of freight by WR on diverted/ carried route basis instead of booked route basis in respect of diversion of freight trains occurred during the current year has been adjusted against the current year's apportioned freight.

Further, WR has also recovered ₹ 1,909.14 lakhs from the current year's apportioned freight by reworking Company's share of freight for FY 2011-12 and 2012-13. Besides this, WR has also made deduction from the revenue dues of the company for FY 2013-14 on account of route diversion and other charges. The company has recognized all the recoveries/deduction made by WR and has adjusted the current year revenue to that extent (refer to note no. 12).

Considering the above, there is a possibility that WR may re-work the apportioned earnings of earlier years also and recover the amount on account of route diversion occurred in those years. The financial impact of same is unascertained in absence of the requisite information/details.

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

- ♦ The revenue on account of shortfall in guaranteed traffic as per 'Transportation and Traffic Guarantee Agreement' entered into amongst GPPL, PRCL and WR is accounted for on the basis of traffic handled by the Company. There is no shortfall in guaranteed traffic during financial year 2014-15.

There are various outstanding dues of PRCL receivable from GPPL pertaining to earlier years, on account of traffic guarantee shortfall amount, interest etc., under different agreements, which GPPL has disputed. A Committee of directors nominated by Board of Directors (BOD) was working on these dues to facilitate One Time Settlement between PRCL and GPPL. The said Committee has finally submitted its report on these dues on 8th January 2015. Details of these disputed dues (as updated /revised) are as under:

Sr. No.	Particulars of Dues	Amount in ₹ lakhs
A	Recognized	
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
B	Un-recognized	
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
	Total	6463.38

Based on the recommendation of the Committee constituted for settlement of dues from GPPL, the Board of Directors in their meeting held on 23rd January, 2015 has decided as under:

- ♦ 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 has 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.
- ♦ Board of Directors accepted the recommendation of the Committee for waiver of interest on traffic guarantee shortfall amount (i. e. ₹ 2,933.71 lakhs & ₹ 1,129.18 lakhs at Sr. no. 5 & 6 above respectively) and directed to make representation to MOR in this regard.
- ♦ Board of Directors further decided that matter for waiver of interest on delayed payment of traffic guarantee shortfall amount (i. e. ₹ 361 lakhs at Sr. no. 3 above) be also made to MOR.
- ♦ 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 at Sr. no. 4 above. The remaining amount of ₹ 484.74 lakhs are unrecognized (mentioned at Sr. no. 7 above).
- ♦ Other miscellaneous dues amounting to ₹ 29.16 lakhs (included in other miscellaneous dues at Sr. no. 4 above) shall also be paid by GPPL.



Pipavav Railway Corporation Limited

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Accordingly, as per BOD's direction, the Company has made a reference to MOR in respect of the above dues, however, the reply of the MOR is awaited. Further, pending acceptance of the Company's claims by GPPL in absence of the complete resolution of above dues between GPPL and PRCL in its entirety, the BOD has taken a view that no adjustments/ reorganization be made in respect of the above dues during the current financial year.

In view of the above, the Company has not recognized any amount and made no adjustment during the current financial year in respect of the above dues in accordance with Accounting Standard 9- "Revenue Recognition". The Company had already made provision for doubtful debts in the earlier years in respect of the dues already recognized.

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

24. EMPLOYEE'S BENEFITS

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

(iii) Change in the present value of the obligations

(Amount in ₹)

	2014-15			2013-14		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Present value of obligation as at the beginning of the Year	22,46,996	17,46,702	7,78,347	19,37,017	17,37,008	8,14,361
Interest Cost	1,90,995	1,48,470	66,159	1,54,961	1,38,961	65,149
Current Service Cost	5,32,729	4,83,625	1,85,761	2,93,652	2,56,176	1,02,310
Benefits Paid	—	(1,51,076)	—	(2,92,067)	(4,82,437)	(1,70,197)
Actuarial loss/(gain) on Obligations	14,59,670	12,46,167	4,89,823	1,53,433	96,994	(33,276)
Present value of obligation at year end	44,30,390	34,73,888	15,20,090	22,46,996	17,46,702	7,78,347

(iv) Change in Fair Value of Plan Assets

(Amount in ₹)

	2014-15			2013-14		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Fair value of Plan Assets at the beginning of the year	16,77,977	—	—	15,91,082	—	—
Expected return on Plan Assets	1,51,018	—	—	1,39,220	—	—
Employer's contribution	8,03,544	—	—	2,25,730	—	—

Benefit Paid	—	—	—	(2,92,067)	—	—
Actuarial (loss)/ gain on Obligations	57,459	—	—	14,012	—	—
Fair value of Plan Assets at the end of the year	26,89,998	—	—	16,77,977	—	—

(v) Amount recognized in Balance Sheet

(Amount in ₹)

	2014-15			2013-14		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Estimated Present Value of obligations as at the end of the year	44,30,390	34,73,888	15,20,090	22,46,996	17,46,702	7,78,347
Fair value of Plan Assets as at the end of the Year	26,89,998	—	—	16,77,977	—	—
Net Assets/(Net Liability) recognized in Balance Sheet	(17,40,392)	(34,73,888)	(15,20,090)	(5,69,019)	(17,46,702)	(7,78,347)

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

(Amount in ₹)

	2014-15			2013-14		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Current Service Cost	5,32,729	4,83,625	1,85,761	2,93,652	2,56,176	1,02,310
Interest Cost	1,90,995	1,48,470	66,159	1,54,961	1,38,961	65,149
Expected return on Plan Asset	(1,51,018)	—	—	(1,39,220)	—	—
Net Actuarial (Gain) / Loss recognized in the year	14,02,221	12,46,167	4,89,823	1,39,421	96,994	(33,276)
Total expenses recognized in the Statement of Profit and Loss	19,74,917	18,78,262	7,41,743	4,48,814	4,92,131	1,34,183



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(vii) Principal actuarial assumption at the Balance Sheet Date

	2014-15			2013-14		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Discount Rate	7.75%	7.75%	7.75%	8.50%	8.50%	8.50%
Expected rate of return on Plan Assets	9.00%	0%	0%	8.75%	0%	0%
Expected rate of Salary Increase	8.30%	8.30%	8.30%	6.00%	6.00%	6.00%
Method used	Projected unit credit					

- The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employee market.
- The Company has created a Trust which has taken a Group Gratuity Policy with Life Insurance Corporation of India for payment of gratuities. The approval of gratuity fund by Income Tax Authority is awaited.
- The amount of liabilities are as per report of a qualified Actuary and assets and return of planned assets are as per details provided by the fund manager i.e. Life Insurance Corporation of India.

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

During the current financial year, the Company has started claiming the deduction u/s 80-IA of the Income Tax Act, 1961. The said tax holiday is available for a period of ten consecutive years i.e. upto 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.

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

26. Deferred Tax assets/ Liabilities

(Amount in ₹)

Deferred Tax Assets/(Liabilities)	Income Tax Impact		
	As on	As on	Amount reversed/ (provided) during current financial Year
	1 st April 2014	31 st March 2015	
	A	B	C (B-A)
Accumulated losses and unabsorbed depreciation as per Income Tax Act	—	—	—
Depreciation and Impairment	(40,08,20,862)	(39,27,28,910)	80,91,952
Provision for Doubtful debts & Advances	—	—	—
Provision for Employees Benefits	—	—	—
Total	(40,08,20,862)	(39,27,28,910)	80,91,952
Less: Timing Difference expected to be reversed during tax holiday period	(30,64,58,715)	(16,51,67,758)	14,12,90,957
Net Deferred Tax Assets/(Liabilities)	(9,43,62,147)	(22,75,61,152)	(13,31,99,005)

- ♦ In accordance with Accounting Standard-22- "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has reassessed the deferred tax taking into consideration all the items, due to which there is timing difference between the taxable income and accounting income as on 31.3.2015.
 - ♦ The Company has started availing the deduction u/s 80IA of the Income Tax Act, 1961 from the Assessment Year 2014-15, due to which there will be a tax holiday period of 10 years i.e. upto Assessment Year 2023-24. Therefore in accordance to para 13 of AS-22, the deferred tax in respect of timing differences which are likely to be reversed during the tax holiday period is not recognized to that extent.
27. The amount payable to Small Scale Industrial undertakings' to whom the Company owns any sum outstanding for more than 30 days is ₹ Nil (previous year ₹ Nil)
This information has been compiled, to the extent, to which they could be identified as small scale undertaking on the basis of information available with the Company. Payment against supplies from small scale industries are in accordance with the agreed terms. Besides, there are no claims from the parties for interest on overdue payments, if any.
28. The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro, small and medium enterprises. Consequently, the amount paid/ payable to these parties during the year is ₹ Nil (previous year ₹ Nil).
29. The Company had applied for patents of certain designs in the joint names of the Company and one of the ex-staff of the Company pending approval of the Board of Directors. Further, the agreement specifying the terms & conditions between the aforesaid parties are yet to be executed. Accordingly, any financial obligation, not anticipated by the Company, has not been provided and will be accounted on the execution of the aforesaid agreement.
30. The Company obtained permission to undertake container operations from MOR by paying the license fee of ₹ 1000.00 Lakhs on 20.01.2006. The Company signed the Concession Agreement on 4.01.2007, according to which, Commercial Operation Date (COD) will be the date of commencement of actual operation or 2nd anniversary of signing of agreement, whichever is earlier. The Ministry of Railways vide its letter No 2009/TT-III/73/1 dt. 13/03/2009 has extended COD by one year. The period of concession is for 20 years which is further extendable for 10 years. During the FY 2009-10, the Company entered into an Agreement for commencing container train operation and run the train. The Company has terminated said agreement on 29.12.2011. The carrying amount of license fee (net after the impact of impairment) is amortized equally over the period to use from the commercial date of operation as per concession agreement.
31. In accordance with AS-28 issued by the Institute of Chartered Accountants of India on 'Impairment of Assets', the management has carried out a review on impairment of all the assets of the Company including intangible assets.
On the basis of review, the management is of the opinion that the economic performance of Fixed Assets is not worse than expected and therefore there is no impairment of any assets as on the Balance Sheet date and therefore, in the subsequent years, the 'Value in Use' will be sufficient to recover the carrying amount. However in case of intangible asset namely license fees for container operation, which is a separate cash generating unit, the Company is not carrying on any business operations due to the poor market conditions and scarcity of funds. Therefore, the Company has performed the impairment test for the license fee which indicates that there is need of impairment of the license fee. The recoverable value of the asset is not ascertainable as on the Balance Sheet date. Impairment loss equivalent to the net carrying amount of the license fee was already booked as expense and charged to profit in the previous financial year. In view thereof, no further adjustment on account of impairment has been made during the current year.
However, in case there are indications in the future that the impairment loss is required to be reversed considering economic performance of the Company from the use of license, the impairment loss shall be reassessed and accordingly reversed on the basis of assessment and the carrying amount of the license fee shall be increased to that extent.
32. In the opinion of Board of Directors, value on realization of current assets, loans and advances in ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.



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33. Additional information

(Amount in ₹)

Sl. No.	Particulars	2014-15	2013-14
1.	C.I. F value of imports	Nil	Nil
2.	Expenditure in Foreign currency (On cash basis) Foreign tour expenses	Nil	Nil
3.	Earnings in foreign currency	Nil	Nil
4.	Remuneration provided/paid to Managing Director :		
	Gross Salary*	18,07,259	22,20,968
	Perquisites (Approx money value)	Nil	Nil
	Provident Fund Contributions (employer's share)	81,327	99,944
	Leave encashment/Availed	Nil	5,49,844
	Gratuity	Nil	2,92,067

*Excluding Contribution to Gratuity fund

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

34. Related Party and Key Managerial Personnel disclosures:-

(i) Name of related Parties and Key Managerial Personnel and relationship with the Company :-

(a) Key Management Personnel :

- Mr. Amitabh Lal, Managing Director (*Joined the Company on 31.7.2014*),
- Ms Leena Narwal, Company Secretary and
- Mr. Vinod Kumar, Chief Financial Officer

(b) Related Party (Associates) : M/s Gujarat Pipavav Port Limited

(ii) Transactions with Key Managerial Personnel and related parties:

(Amount in ₹)

		2014-15		2013-14	
		Key Managerial Personnel	Associates	Key Managerial Personnel	Associates
(a)	Remuneration paid to Key Managerial Personnel are as under:-				
	-Salary and allowance paid to#				
	Managing Director (MD)	18,88,586	—	31,62,823	—
	Company Secretary (CS)	13,63,064	—	12,56,849	—
	Chief Financial Officer (CFO)	13,94,206	—	12,26,459	—
(b)	Transactions with related parties recorded during the year are as under:-				
	-Manpower cost charged to Associates	—	24,29,970	—	18,97,951
(c)	Accumulated balances with related parties are as under:-				
	-Trade Receivables	—	19,14,06,868	—	19,09,18,102
	-Provisions for doubtful debts for above	—	18,90,20,151	—	18,90,20,151

It includes salary, leave encashment, gratuity, ex-gratia & company's contribution towards Provident Fund, leave travel allowance, but excludes the value of gifts given to CFO & CS (₹ 18,390/- each) during current year (Previous year ₹ 20,925/- each to MD, CS & CFO).

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

36. **Earning per share is as under:**

	2014-15	2013-14
A) Numerator:		
(i) Net Profit/loss as disclosed in the Statement of Profit and Loss (<i>in ₹</i>)	43,64,73,240	80,77,72,561
B) Denominator:		
(i) Weighted average number of Equity Shares outstanding (<i>In Numbers</i>)	19,60,00,020	19,60,00,020
C) Basic and Diluted earning per share (<i>in ₹</i>)	2.23	4.12

37. **Comparative figures**

These financial statements have been prepared in the format prescribed by the Schedule III of the Companies Act, 2013. Previous year figures have been regrouped/reclassified to confirm and to make them comparable with those of the current year.

As per our report of even date attached
For **Bhudladia and Company**

Chartered Accountants
Firm's Regn. No.: 002511N

Sd/-
CA Puneet Singla
Partner

M. No. : 506277

Place: New Delhi

Dated: 20.08.2015

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/-
Manoj Kumar Srivastava
Director
DIN: 06890877

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



Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

	Year ended 31st March 2015	(Amount in ₹) Year ended 31st March 2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit(Loss) before tax	58,47,93,042	96,56,07,805
Adjustments for		
Dividend Paid (Including Dividend Distribution Tax)	(45,86,20,447)	(11,46,55,112)
Provision for taxation (Net of MAT credit)	(1,51,20,797)	(15,65,90,625)
Impairment loss	—	7,38,08,872
Depreciation	10,39,96,995	14,95,63,476
Finance costs	5,95,228	2,83,405
Interest earned	(4,37,84,422)	(2,62,82,536)
Profit on sale of Fixed Assets	(17,691)	(1,599)
Loss on assets disposed/ Written off	—	6,590
Operating profit before working capital changes	17,18,41,908	89,17,40,276
Adjustments for		
Trade and other -receivables/assets	12,11,53,468	(28,08,18,425)
Loans & Advances	(15,24,59,057)	(7,82,45,179)
Non Current Liabilities	36,18,073	8,70,908
Trade payables and other Current liabilities/provisions	2,89,98,053	(72,65,06,969)
Total Cash generated from Operating Activities	17,31,52,445	(19,29,59,389)
B. Cash Flow From Investing Activities		
Acquisition/construction of Fixed Assets (net after buy back)	(8,19,469)	(14,99,435)
Sale/disposed off of Assets	4,200	8,044
Capital Works in Progress	(2,52,60,592)	—
Interest Receivable	4,37,84,422	2,62,82,536
Net Cash used in Investing Activities	1,77,08,561	2,47,91,145
C. Cash flow from Financing Activities		
Finance costs	(5,95,228)	(2,83,405)
Government Grants	—	(4,32,00,992)
Net Cash generated from Financing Activities	(5,95,228)	(4,34,84,397)
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	19,02,65,778	(21,16,52,641)
Opening Cash & Cash Equivalents	29,06,13,147	50,22,65,788
Closing Cash & Cash Equivalents	48,08,78,925	29,06,13,147

Notes:-

- The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard -3 (AS-3) on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Cash and Cash Equivalents consist of:
 - Cash on hand ₹ 11,939/- (31st March 2014 – ₹ 15,049/-)
 - Bank Balance in current accounts ₹ 27,55,124/- (31st March 2014 - ₹ 8,44,765/-) and
 - In deposit accounts ₹ 47,81,11,862/- (31st March 2014 - ₹ 28,97,53,333/-).
- Previous year's figures are reclassified/regrouped to confirm and make them comparable with those of the current year.

As per our report of even date attached

For **Bhudladia and Company**

Chartered Accountants

Firm's Regn. No.: 002511N

Sd/-

CA Puneet Singla

Partner

M. No. : 506277

Place: New Delhi

Dated: 20.08.2015

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/-

Manoj Kumar Srivastava

Director

DIN: 06890877

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 abovenamed 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 on my/our behalf at the **15th Annual General Meeting** of the Company to be held **on Wednesday, the 23rd day of September, 2015 at 04:00 p.m. at Committee Room No. II, 2nd Floor, Ministry of Railways, Railway Board, New Delhi-110001** and at any adjournment thereof in respect of such resolutions as are indicated below:

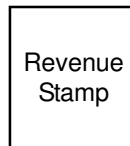
Resolution No. **1 to 8**

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.



TEAR HERE