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## 16th Annual Report 2015-16 Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

### BOARD OF DIRECTORS

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

### Company Secretary

Ms. Leena Narwal

### Chief Financial Officer

Sh. Vinod Kumar

### Statutory Auditor

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

### C & AG Auditor

*Principal Director of Audit*  
*Railway Commercial, New Delhi*

### Bankers

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

### Registered & Corporate Office :

B-1202, 12<sup>th</sup> 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 16<sup>th</sup> Annual General Meeting of the Members of Pipavav Railway Corporation Limited will be held **on Wednesday, the 7<sup>th</sup> September, 2016 at 04.00 p.m. at Committee Room No. 237, 2<sup>nd</sup> 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 31<sup>st</sup> March, 2016 and Statement of Profit & Loss and Cash Flow Statement for the year ended 31<sup>st</sup> March, 2016 together with the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Sh. Pradeep Puri, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sh. Hariharan Iyer, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Sh. Keld Pedersen, who retires by rotation, and being eligible, offers himself for reappointment.
5. To consider fixation of remuneration for the year ending 31<sup>st</sup> March, 2017 payable to the Statutory Auditors to be appointed by Comptroller & Auditor General of India (C&AG) and to authorize Board of Directors to fix such remuneration for the financial year 2016-17. Pursuant to the provisions of Section 139 of the Companies Act, 2013, the appointment of Statutory Auditors, for the year 2016-17 will be made by C&AG. Section 142 of the Companies Act, 2013 provides that general meeting of the Company is empowered to fix the remuneration in such manner as it may determine. The following resolution is placed before the shareholders for their approval:

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

**“RESOLVED THAT** appointment of Statutory Auditors made by Comptroller & Auditor General of India (C&AG) under Section 139 of the Companies Act, 2013 for the financial year 2016-2017 be and is

hereby noted and the Board of Directors of the Company be and are hereby authorized to fix the remuneration payable to them as per Section 142 of the Companies Act, 2013.”

### SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**  
**“RESOLVED THAT** the nomination of Ms. Niva Singh Executive Director (FX-II) (DIN:07088336) made by Ministry of Railways vide its letter No. 2011/Infra/18/13 dated 27<sup>th</sup> January, 2015 and who was appointed as a Nominee Director of the Company pursuant to the provisions of Section 161 (3) of the Companies Act, 2013 read with clause 6.1.3 and 6.1.4 of the Shareholders Agreement and Articles of Association of the Company be and is hereby noted by the Shareholders of the Company.”
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**  
**“RESOLVED THAT** the nomination of Sh. J.P. Pandey, DRM Bhavnagar, (DIN:07164899) made by Ministry of Railways vide its letter No. 2011/Infra/18/13 dated 10<sup>th</sup> March, 2015 and who was appointed as a Nominee Director of the Company pursuant to the provisions of Section 161 (3) of the Companies Act, 2013 read with clause 6.1.3 and 6.1.4 of the Shareholders Agreement and Articles of Association of the Company be and is hereby noted by the Shareholders of the Company.”
8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**  
**“RESOLVED THAT** the nomination of Capt. Padminikant Mishra (DIN: 07335316) made by Gujarat Pipavav Port Limited (GPPL) vide its letter dated 20<sup>th</sup> November, 2015 and who was appointed as a Nominee Director of the Company pursuant to the provisions of Section 161 (3) of the Companies Act, 2013 read with clause 6.1.3 and 6.1.4 of the Shareholders Agreement and Articles of Association of the Company be and is hereby noted by the Shareholders of the Company.”



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

**“RESOLVED THAT** the nomination of Sh. S. C. Jethi, Additional Member (Commercial), Railway Board (DIN: 07421181) made by Ministry of Railways vide its letter No. 2011/Infra/18/15 dated 27th January, 2016 and who was appointed as a nominee Director of the Company pursuant to the provisions of Section 161 (3) of the Companies Act, 2013 read with clause 6.1.3 and 6.1.4 of the Shareholders Agreement and Articles of Association of the Company be and is hereby noted by the Shareholders of the Company.”

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

**“RESOLVED THAT** the nomination of Sh. Sanjay Kumar Mohanty, Executive Director/TT(M), (DIN:07531298) made by Ministry of Railways vide its letter No. 2011/Infra/18/13 dated 6<sup>th</sup> May, 2016 and who was appointed as a Nominee Director of the Company pursuant to the provisions of Section 161 (3) of the Companies Act, 2013 read with clause 6.1.3 and 6.1.4 of the Shareholders Agreement and Articles of Association of the Company be and is hereby noted by the Shareholders of the Company.”

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

**“RESOLVED THAT** the nomination of Sh. G.V.L. Satyakumar, Executive Director/Perspective Planning, (DIN:06913472) made by Ministry of Railways vide its letter No. 2011/Infra/18/13 dated 14<sup>th</sup> June, 2016 and who was appointed as a Nominee Director of the Company pursuant to the provisions of Section 161 (3) of the Companies Act, 2013 read with clause 6.1.3 and 6.1.4 of the Shareholders Agreement and Articles of Association of the Company be and is hereby noted by the Shareholders of the Company.”

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

**“RESOLVED THAT** the nomination of Sh. S.C. Jain, Executive Director/Works, (DIN:07564584) made by Ministry of Railways vide its letter No. 2011/Infra/18/13 dated 30<sup>th</sup> June, 2016 and who was appointed as a Nominee Director of the Company pursuant

to the provisions of Section 161 (3) of the Companies Act, 2013 read with clause 6.1.3 and 6.1.4 of the Shareholders Agreement and Articles of Association of the Company be and is hereby noted by the Shareholders of the Company.”

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

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

**“RESOLVED THAT** consent of Shareholders of the Company be and is hereby accorded to pay a Profit Linked Bonus/ Incentive for the FY 2015-16 to all the regular employees including Managing Director of the Company @ 40% of the annual basic pay and basic pay of the month of March, 2016 will be taken for calculation purpose. Pro- rata payment will be made in case of new employees joining the Company during the Financial Year and a minimum period of 6 months service are to be put in by the employee concerned. Contractual employees including consultants are excluded.

**RESOLVED FURTHER THAT** Sh. Amitabh Lal, Managing Director (DIN: 06720989) be and is hereby authorized to do all such necessary acts, deeds and things as may be deemed necessary to give effect to the aforesaid resolution and to sub-delegate all or any powers hereby conferred to other Officer(s) of the Company as he may deem fit.”

**By order of the Board**

for **PIPAVAV RAILWAY CORPORATION LIMITED**

Sd/-

Leena Narwal

Company Secretary

Place : New Delhi

Dated : June 30, 2016

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. 6 to 13 is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on poll on his behalf and the Proxy need not be a member of the Company. The instrument appointing proxy, in order to be effective, must be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting. A blank proxy form is enclosed.

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

**Item No.6**

Ms. Niva Singh was appointed as a Nominee Director on the Board of Directors of the Company in accordance with provisions of Section 161 (3) of the Companies Act, 2013 read with clause 6.1.3 and 6.1.4 of the Shareholders Agreement and Articles of Association of the Company w.e.f. 24<sup>th</sup> September, 2015.

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 Lal 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.6.

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

**Item No.7**

Sh. J. P. Pandey was appointed as a Nominee Director on the Board of Directors of the Company in accordance with provisions of Section 161 (3) of the Companies Act, 2013 read with clause 6.1.3 and 6.1.4 of the Shareholders Agreement and Articles of Association of the Company w.e.f. 24<sup>th</sup> September, 2015.

Sh. 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. 7.

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

**Item No.8**

Capt. Padminikant Mishra was appointed as a Nominee Director on the Board of Directors of the Company in accordance with provisions of Section 161 (3) of the Companies Act, 2013 read with clause 6.1.3 and 6.1.4 of the Shareholders Agreement and Articles of Association of the Company w.e.f. 4<sup>th</sup> December, 2015.

Capt Padminikant Mishra heads the Bulk & Liquid Business Unit at APM Terminals Pipavav. He has over 23 years of experience in Ports, Shipping & Logistics Industry and has held leadership roles in companies like Essar Ports Ltd, National Institute for Smart Government, Fleet Management Ltd. & Shipping Corporation of India. A Master Mariner, he holds a degree in Nautical Sciences from T.S. Rajendra, University of Mumbai and an Exec- Post Graduate Diploma in Management from IIM Bangalore.

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

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

**Item No.9**

Sh. S.C. Jethi was appointed as a Nominee Director on the Board of Directors of the Company in accordance with provisions of Section 161 (3) of the Companies Act, 2013 read with clause 6.1.3 and 6.1.4 of the Shareholders Agreement and Articles of Association of the Company w.e.f. 1<sup>st</sup> February, 2016.

Sh. S.C. Jethi is an Indian Railway Traffic Service (IRTS) officer of 1980 batch with varied rich experience in rail operations. He has held various positions in Indian Railways and his last position was Chief Commercial Manager, Western Central Railway.

The Board of Directors recommend passing of resolution as set out under item No.9.

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

**Item No.10**

Sh. Sanjay Kumar Mohanty was appointed as a Nominee Director on the Board of Directors of the Company in accordance with provisions of Section



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161 (3) of the Companies Act, 2013 read with clause 6.1.3 and 6.1.4 of the Shareholders Agreement and Articles of Association of the Company w.e.f. 3<sup>rd</sup> June, 2016.

Sh. Sanjay Kumar Mohanty is an Indian Railway Traffic Service (IRTS) officer of 1984 batch with varied rich experience in rail operations. He has held various positions in Indian Railways such as SDGM in East Coast Railway.

The Board of Directors recommend passing of resolution as set out under item No. 10.

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

### **Item No. 11**

Sh. G.V.L. Satyakumar was appointed as a Nominee Director on the Board of Directors of the Company in accordance with provisions of Section 161 (3) of the Companies Act, 2013 read with clause 6.1.3 and 6.1.4 of the Shareholders Agreement and Articles of Association of the Company w.e.f. 30<sup>th</sup> June, 2016.

Sh. G.V.L. Satyakumar is an Indian Railway Traffic Service (IRTS) officer of 1992 batch with varied rich experience in rail operations. He has held various positions in Indian Railways such as CCM/FM in Southern Railway.

The Board of Directors recommend passing of resolution as set out under item No. 11.

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

### **Item No. 12**

Sh. S.C. Jain was appointed as a Nominee Director on the Board of Directors of the Company in accordance with provisions of Section 161 (3) of the Companies Act, 2013 read with clause 6.1.3 and 6.1.4 of the Shareholders Agreement and Articles of Association of the Company w.e.f. 13<sup>th</sup> July, 2016.

Sh. S.C. Jain, an IRSE officer has varied rich experience in rail operations. He has held various positions in Indian Railways such as Executive Director, Civil Engineering (B&S)-II, Railway Board.

The Board of Directors recommend passing of resolution as set out under item No. 12.

None of the Directors, Key Managerial Personnel and

their relatives except Sh. S. C. Jain is concerned / interested in the said resolution.

### **Item No.13**

Nomination and Remuneration Committee in its meeting held on 30<sup>th</sup> June, 2016 decided to recommend to the Board of Directors for the FY 2015-16, a Profit Linked Bonus/incentive @ 40% of the annual basic pay to all the employees of the Company, including Managing Director. Basic pay of the month of March, 2016 will be taken for calculation purpose. Pro- rata payment will be made in case of new employees joining the Company during the Financial Year and a minimum period of 6 months service are to be put in by the employee concerned. Contractual employees including consultants will be paid one month service/ contract fee as applicable in the month of March.

After detailed discussions, the Board of Directors recommended the following for approval by the Shareholders for the FY 2015-16:

1. Profit Linked Bonus/incentive for employees of the Company @ 40% of the annual basic pay and basic pay of the month of March, 2016 will be taken for calculation purpose.
2. Pro-rata payment will be made in case of new employees joining the Company during the Financial Year and a minimum period of 6 months service are to be put in by the employee concerned.
3. Authorized the Managing Director of the Company to take all necessary acts, deeds and things for its implementation.
4. After approval of Shareholders, amount for 2015-16 may be disbursed.

The Board of Directors accordingly recommends the passing of the proposed ordinary resolution as set out under item No. 13 of the notice by the members of the Company.

Save and except the above, none of the other Directors, Key Managerial Personnel and their relatives are concerned / interested in passing of the said ordinary resolution.

**By order of the Board**

**for PIPAVAV RAILWAY CORPORATION LIMITED**

Sd/-

Leena Narwal

Company Secretary

Membership No.: A20516

Place : New Delhi

Dated : June 30, 2016

## DIRECTORS' REPORT

### To The Members

Your Directors take pleasure in presenting the 16<sup>th</sup> Annual Report on the working of your Company, alongwith Audited Annual Accounts for the financial year ended 31<sup>st</sup> March, 2016.

### FINANCIAL SUMMARY OR HIGHLIGHTS/ PERFORMANCE OF THE COMPANY :

Amount in ₹ Crore

	2015-16	2014-15
<b>Income from Operations</b>	<b>241.15</b>	226.58
Other Income	7.54	5.19
<b>Total Income</b>	<b>248.69</b>	231.77
Less: Employee benefits, Operating and CSR and Other expenses	<b>(142.91)</b>	(162.45)
Less: Impairment loss on Intangible assets	—	—
<b>Profit/(Loss) before Interest &amp; Depreciation</b>	<b>105.78</b>	69.32
Less: Interest and Financial Cost	<b>(0.00)</b>	(0.06)
Less: Depreciation	<b>(10.52)</b>	(10.40)
<b>Net Profit/(Loss) before Taxation and Exceptional &amp; prior Period Items</b>	<b>95.26</b>	58.86
Add/(Less): Exceptional & Prior Period Items	—	(0.39)
<b>Profit/(Loss) before Taxation</b>	<b>95.26</b>	58.47
Add/(Less): Taxes (net of MAT Credit)	<b>(2.35)</b>	(1.51)
Add/Less: Deferred Tax Provisions	<b>(1.27)</b>	(13.32)
<b>Balance Profit/(Loss) carried to Balance Sheet</b>	<b>91.64</b>	43.64

### DIVIDEND

The Directors do not propose to recommend payment of dividend for the FY 2015-16 keeping in

view the requirement of expenditure on electrification of Surendranagar- Pipavav Section and other capital enhancement works in the upcoming years.

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

During the financial year 2015-16, the Company has carried 8.55 MT of cargo on the Pipavav line and earned revenue of ₹ 250.42 crore from its freight operations as compared to 10.70 MT of cargo moved and revenue earned of ₹ 272.64 crore during 2014-15, indicating a decline of 8% in revenue & 20% in volume.

1. The performance has been affected on account of washing away of a portion of the track resulting in operations remaining suspended for a period of 16 days.
2. Government policy to discourage use of imported coal for thermal power coupled with increased availability of domestic thermal coal. It resulted in loading of 79 rakes of coal in 2015-16 as compared to 277 rakes of coal in the previous year.
3. General market conditions which affected the rail movement of container traffic.

### RECENT DEVELOPMENTS

In the first phase of undertaking track capacity work on PRCL section, construction of one loop at Kundli and Lathidad was commissioned on 15.06.2015 and 25.08.2015 respectively.

### 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 31<sup>st</sup> March, 2016 is ₹ 1,96,00,00,200/-.

### RESERVES

An amount of ₹ 10 crore is carried to Depreciation Reserve Fund.



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### **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. Further, an initiative for making a Botad Station in PRCL Section as 'Green Railway Station' is being 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, 2016 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, Sh. Pradeep Puri, Sh. Hariharan Iyer and Sh. Keld Pedersen Directors retire by rotation at the 16<sup>th</sup> Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Since the last Annual General Meeting of shareholders, Ms. Niva Singh, Sh. J.P. Pandey, Sh. Sanjay Kumar Mohanty, Sh. G.V.L. Satyakumar and Sh. S.C. Jain were appointed as Nominee Directors of the Company in place of Sh. Vinayak Rao, Sh. Sonvir Singh, Sh. A.S. Upadhyay, Sh. Manoj Kumar Srivastava and Sh. Ved Parkash Dudeja respectively and Sh. S.C. Jethi was appointed as Nominee Director and Chairman of the Company by Ministry of Railways in place of

Sh. Kundan Sinha as per the provisions of Section 161 (3) of the Companies Act, 2013.

Further, Capt. Padminikant Mishra was appointed as Nominee Director of the Company by Gujarat Pipavav Port Limited in place of Sh. Dinesh Kumar Lal as per the provisions of Section 161 (3) of the Companies Act, 2013.

Their appointment will be confirmed in the ensuing Annual General Meeting of the Company.

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

During the Year under review, all the personnel appointed/designated under the head "Key Managerial Personnel (KMP)" as per the provisions of Companies Act, 2013 remained the same. Presently, the following persons are the designated Key Managerial Personnel of the Company:

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

### **NUMBER OF MEETINGS OF THE BOARD**

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

In the Year 2015-2016, the Board met 4 (four) times. The maximum interval between any two board meetings did not exceed 120 (one hundred and twenty) days.

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

### **BOARD EVALUATION**

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

Further, a separate meeting of Independent Directors was also held wherein all the Independent Directors noted that the contribution of non-Independent Directors and the Board as a whole was found



noteworthy and they have actively contributed in the discussions for which the Committees have been formed and overall their contribution has been worthwhile in all the affairs and proceedings of the Company. Independent Directors have also reviewed the performance of Chairperson of the company, taking into account the views of executive Directors and non-executive Directors.

#### **DECLARATION OF INDEPENDENT DIRECTORS**

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

#### **PARTICULARS OF EMPLOYEES**

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

#### **AUDIT COMMITTEE**

The Company has Audit Committee comprises of following seven members as at 31<sup>st</sup> March, 2016:

1. Sh. 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. Sh. Hariharan Iyer - Nominee Director from Gujarat Pipavav Port Limited (DIN: 00151584) as Member of the Committee;
4. Sh. Rajiv Lal - Independent Director (DIN: 07093037) as Member of the Committee;
5. Dr. Rabinarayan Patnaik - Independent Director (DIN: 07087671) as Member of the Committee;
6. Sh. Virendra Kumar Roy - Independent Director (DIN: 06974711) as Member of the Committee;

7. Prof. (Ms.) 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 31<sup>st</sup> March, 2016:

1. Sh. Manoj Kumar Srivastava - Nominee Director from Ministry of Railways (DIN: 06890877) as Chairman of the Committee;
2. Sh. Keld Pedersan - Nominee Director from Gujarat Pipavav Port Limited (DIN: 07144184) as Member of the Committee;
3. Sh. Rajiv Lal - Independent Director (DIN: 07093037) as Member of the Committee;
4. Sh. Virendra Kumar Roy - Independent Director (DIN: 06974711) as Member of the Committee.

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

#### **CORPORATE AND SOCIAL RESPONSIBILITY COMMITTEE AND POLICY**

The Company has Corporate and Social Responsibility Committee comprises of following four members as at 31<sup>st</sup> March, 2016:

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



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

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

### **SHARE ALLOTMENT AND TRANSFER COMMITTEE**

The Share Allotment and Transfer Committee comprises of following members as at 31<sup>st</sup> March, 2016:

1. Sh. Manoj Kumar Srivastava, Nominee Director from Ministry of Railways (DIN: 06890877) as Chairman of the Committee.
2. Sh. Pradeep Puri Nominee Director from Gujarat Pipavav Port Limited (DIN:00051987) as Member of the Committee.
3. Sh. Amitabh Lal, Managing Director/PRCL (DIN: 06720989) as Member of the Committee.

### **LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES**

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

### **CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

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

### **INTERNAL CONTROL SYSTEMS AND IMPLEMENTATION OF RISK MANAGEMENT POLICY**

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

### **SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT**

Pursuant to section 204 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed M/s. Vinod Kumar & Co., Practicing Company Secretaries, New Delhi as its Secretarial Auditor to conduct the Secretarial Audit of the Company for the Financial Year 2015-16. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2015-16 is annexed to this report as **Annexure-F.**

### **ETHICS AND COMPLIANCES - CODE OF ETHICS**

The development of the integrity culture is a key priority for the Company. To re-inforce 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;
4. the directors had prepared annual accounts on a going concern basis;
5. 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 requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Act") and Rules made thereunder, your company has constituted Internal Complaints Committee (ICC) both at its Registered & Corporate office at New Delhi and Branch Office at Bhavnagar. It comprises of the following members at both the offices as under:

**REGISTERED OFFICE**

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

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

**BRANCH OFFICE**

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

4. Mrs. Pushpaben N. Makwana\* - Member

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

**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) and Statutory Auditors of the Company for the financial year 2016-17 will be appointed by the C&AG.

**COMMENTS ON AUDITORS' REPORT**

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

**APPRECIATION AND ACKNOWLEDGEMENTS**

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

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

**For and on behalf of the Board of Directors**

Sd/-

Place : New Delhi  
Dated : June 30, 2016

**S. C. Jethi**  
Chairman



*Pipavav Railway Corporation Limited*

CIN : U45200DL2000PLC151199

**Annexure - A**

**EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31<sup>st</sup> March 2016

*[Pursuant to section 92(3) of the Companies Act, 2013  
and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS:**

CIN	:	U45200DL2000PLC151199
Registration Date	:	30/05/2000
Name of the Company	:	PIPAVAV RAILWAY CORPORATION LIMITED
Category / Sub-Category of the Company	:	PUBLIC LIMITED COMPANY
Address of the Registered office and contact details	:	B-1202 (B WING), 12 <sup>th</sup> FLOOR, STATESMAN HOUSE 148, BARAKHAMBA ROAD, CONNAUGHT PLACE NEW DELHI-110001 Phone: 011-23319309
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)

**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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
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 & FST ANSPORTATION & 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									
<b>Sub-total(A)(1):</b>	<b>86000010</b>	<b>110000010</b>	<b>196000020</b>		<b>86000010</b>	<b>110000010</b>	<b>196000020</b>		
<b>(2) Foreign</b>									
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any other									
<b>Sub-total (A)(2):</b>									
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>									
<b>B. Public Shareholding</b>									
(1) Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt..									
d) State Govt(s)									



*Pipavav Railway Corporation Limited*  
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e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
j) Others (specify)									
<b>Sub-total (B)(1)</b>									
(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)									
<b>Sub-total(B)(2):</b>									
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>									
C. Shares held by Custodian for GDRs & ADRs									
<b>Grand Total (A+B+C)</b>									

**ii. SHAREHOLDING OF PROMOTERS:**

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

**(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				
<b>Total (i + ii + iii)</b>				
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				
<b>Total (i + ii + iii)</b>				



*Pipavav Railway Corporation Limited*

CIN : U45200DL2000PLC151199

**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
		<b>Managing Director</b>				
1	Gross salary ( in ₹) (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	34,28,750				34,28,750
	(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)	1,49,955				1,49,955
	<b>Total (A) (in ₹)</b>	35,78,705				35,78,705

**B. Remuneration to Other Directors:**

(in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors	Sh. Rajiv Lal	Sh. V. K. Roy	Dr. Rabinararyan Patnaik	Prof.(Ms.) Nisha Srivastava	
	Fee for attending Board / Committee meetings (@ ₹ 25,000/- per meeting)	2,50,000	3,00,000	2,00,000	3,00,000	10,50,000
	Commission					
	Others, please specify					
	<b>Total (1)</b>	2,50,000	3,00,000	2,00,000	3,00,000	10,50,000
2.	Other Non-Executive Directors					
	Fee for attending Board / Committee meetings					
	Commission					
	Others, please specify					
	<b>Total (2)</b>					
	<b>Total (B)=(1+2)</b>					
	<b>Total Managerial Remuneration</b>	2,50,000	3,00,000	2,00,000	3,00,000	10,50,000



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

(in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		14,43,203	13,74,966	28,18,169
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
	- others, specify				
5	Others, please specify		1,10,330	1,08,987	2,19,317
	Total		15,53,533	14,83,953	30,37,486

**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					



*Pipavav Railway Corporation Limited*

CIN : U45200DL2000PLC151199

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**Annexure B**

**DECLARATION OF INDEPENDENCE**

April 1, 2016

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

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

I, Virendra Kumar Roy S/o 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 thereunder.

**I certify that:**

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

- b. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
  - c) holds together with my relatives 2% or more of the total voting power of the company; or
  - d) is a Chief Executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company; or
- I am not a material supplier, service provider or customer or a lessor or lessee of the company;
  - I am not less than 21 years of age.

#### **Declaration**

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

Further, I do hereby declare and confirm that the above said 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**



*Pipavav Railway Corporation Limited*

CIN : U45200DL2000PLC151199

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## **DECLARATION OF INDEPENDENCE**

April 1, 2016

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

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

I, Rajiv Kumar Lal S/o Rang Behari Lal R/o J-101, Amrapali Sapphire, Sector- 45, Noida, Uttar Pradesh- 201303 hereby certify that I am a Non-executive Director of Pipavav Railway Corporation Limited and comply with all the criteria of independent director as per the provisions of Companies Act, 2013 and rules made thereunder.

**I certify that:**

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

or associate company amounting to 10% or more of the gross turnover of such firm;

- c) holds together with my relatives 2% or more of the total voting power of the company; or
- d) is a Chief Executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company; or

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

#### **Declaration**

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

Further, I do hereby declare and confirm that the above said 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**  
**J-101, Amrapali Sapphire**  
**Sector- 45, Noida**  
**Uttar Pradesh- 201303**  
**Ph No. 9999563930**  
**Email id : rajivlal53@gmail.com**



*Pipavav Railway Corporation Limited*

CIN : U45200DL2000PLC151199

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## **DECLARATION OF INDEPENDENCE**

April 1, 2016

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

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

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

**I certify that:**

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

or associate company amounting to 10% or more of the gross turnover of such firm;

- c) holds together with my relatives 2% or more of the total voting power of the company; or
- d) is a Chief Executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company; or

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

#### **Declaration**

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

Further, I do hereby declare and confirm that the above said 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*

CIN : U45200DL2000PLC151199

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## **DECLARATION OF INDEPENDENCE**

April 1, 2016

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

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

I, Nisha Srivastava W/o 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 thereunder.

**I certify that:**

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



- or associate company amounting to 10% or more of the gross turnover of such firm;
- c) holds together with my relatives 2% or more of the total voting power of the company; or
  - d) is a Chief Executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company; or
- I am not a material supplier, service provider or customer or a lessor or lessee of the company;
  - I am not less than 21 years of age.

#### **Declaration**

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

Further, I do hereby declare and confirm that the above said 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/-

**Prof. (Ms.) Nisha Srivastava**  
**DIN: 07086450**  
**100-B, Nyay Marg, Ashok Nagar, Allahabad**  
**Uttar Pradesh- 211001**  
**Ph No. 9810863346**  
**Email id: nisha2000@gmail.com**



## **NOMINATION AND REMUNERATION POLICY**

**August, 2015**

### **INTRODUCTION**

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

### **CONSTITUTION OF COMMITTEE**

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

### **OBJECTIVE**

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read 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.

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**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



## Pipavav Railway Corporation Limited

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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;

Sd/-

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

Sd/-

**Dinesh Lal**  
(Director/PRCL &  
Member of Committee)

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/-

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

Sd/-

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

**Annexure D**

**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 2015-16**  
**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. 1<sup>st</sup> April 2014.

**2. The composition of the CSR committee as on 31.03.2016**

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

**3. Average net profit of the Company for last three financial years - ₹ 74,13,84,027/-.**

**4. Prescribed CSR Expenditure (two per cent of the amount as in the item 3 above). - ₹ 1,48,27,681/-.**

**5. Details of CSR spent during the financial Year - 2015-16**

(a) Total amount to be spent for the financial year - ₹ 1,48,27,681/-

(b) Amount unspent, if any - ₹ 1,22,78,319/-

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>S. No.</b>	<b>CSR project or activity identified</b>	<b>Sector in which the project is covered</b>	<b>Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was under taken</b>	<b>Amount Outlay (budget ) Project or Programwise</b>	<b>Amount spent on the projects or program Subhead: (1) Direct Expenditure on projects or programs (2) Overheads</b>	<b>Cumulative expenditure upto to the reporting period</b>	<b>Amount spent: Direct or through implementing agency</b>
1.	Construction of Internal Roads in Raska Village and Construction of Community Hall on Panchayat Land in the village, with two-three rooms, toilets,	<b>Rural development Project - "Raska" village, Limbdi</b>	This project of constructing internal roads in Raska village on PRCL Section was undertaken in Distt Limbdi in	₹ 32 Lacs	<b>Not yet spent</b>	<b>Not yet spent</b>	Clearance is awaited from District Administration for construction of internal roads and location for



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

	which shall be managed by the Panchayat for the purpose of holding marriages etc. also, the same shall be used by the Company for holding any medical camps, providing vocational training, education for skill development, sports activities etc.in Raska Village.	<b>Taluka, Distt SUNR Gujarat</b>	the state of Gujarat.				community centre is being identified by District Administration. Therefore no amount has been spent during the FY 2015-16.
2.	Project proposal received from an NGO namely Amateurs Society & Creative View for grant under CSR for establishing and running a shelter home for street children who have been living in and around the Guwahati Railway Station.	<b>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.</b>	This project of establishing and running a shelter home for street children was undertaken in Guwahati Distt in the state of Assam.	₹ 40 Lacs	Direct Expenditure on projects or programs - ₹ <b>736,826/-</b> (Out of the total amount of ₹ <b>877,500/-</b> given/paid by the company, the society has incurred an amount of ₹ 736,826 only).	₹ <b>736,826/-</b>	Spent through implementing agency viz Amateurs Society & Creative View, Guwahati.
3.	Project from Sahyogg for the purpose of providing shelter and capacity building of young girls in the shelter home and educates and develops vocational skills among street children in Allahabad district, Uttar PradeSh. The objective of this project	<b>Promoting gender equality and empowering women; setting up homes and hostels for women and orphans,</b>	The project of establishing and running a shelter home and capacity building of young girls was undertaken in Allahabad Distt in the state of Uttar PradeSh.	₹ <b>26 Lacs</b>	Direct Expenditure on projects or programs - ₹ <b>353,977/-</b> (Out of the amount of ₹ <b>370,000/-</b> given/paid by the company, the society has incurred an amount of	₹ <b>353,977/-</b>	Spent through implementing agency viz Sahyogg, Allahabad

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

	is to help, rehabilitate and build up self reliance of women and children in crisis situation.	<b>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.</b>			₹ 353,977/- only)		
4.	Periodic health check-up, vaccination, nutrition etc.	<b>Promoting preventive health care and sanitation and making available safe drinking water.</b>	Project for periodic health check up was undertaken in Distt Limbdi in the state of Gujarat.	₹ 5 Lacs	Not yet spent	Not yet spent	
5.	Safe drinking water, hygiene, construction of toilets.	<b>Promoting preventive health care and sanitation and making available safe drinking water.</b>	Project for construction of toilets in Raska Village on PRCL Section was undertaken in Distt Limbdi in the state of Gujarat.	₹ 17 Lacs	Direct Expenditure on projects or programs - ₹ 13,23,887/- (Out of the amount of ₹ 12,73,250/- given/paid by the company, the society has incurred an amount of ₹ 13,23,887/- only).	₹ 13,23,887/-	Spent through implementing agency viz Community Friendly Management (CFM)
6.	Project proposal received from a NGO called CHETNA for rehabilitation of children at platform near old Delhi Railway Platform	<b>Setting up homes and hostels for women and orphans, setting up old age homes, day care centres,</b>	<b>Project for rehabilitation of children at platform near old Delhi Railway Platform was undertaken in the Distt and</b>	₹ 3,30,000	Direct Expenditure on projects or programs - ₹ 1,34,672/- (Out of the amount of ₹ 1,65,000/- given/paid by the company,	₹ 1,34,672/-	Spent through implementing agency viz Childhood Enhancement through Training and Action (CHETNA), Delhi.



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

		and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	state of NCT of Delhi.		the society has incurred an amount of ₹ 134,672/- only).		
7.	Proposal received from WR regarding making any Railway Station on PRCL section "A Green Railway Station"	<b>Ensuring environmental sustainability, conservation of natural resources and maintain of quality of soil, air and water.</b>	Project for making Botad Railway Station on PRCL section "A Green Railway Station" was undertaken in the Distt Botad in the state of Gujarat.	₹ 25 Lacs approx.	Not yet spent	Not yet spent	
	Total			₹ 1,48,27,681	₹ 25,49,362	₹ 25,49,362	

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

The Company has not been able to spend the total amount required to be spend upto 31<sup>st</sup> March, 2016 as some projects require clearance from the State Government Authorities which includes construction of roads and community hall in Raska village. Also, other projects were started for execution with respective NGOs in the month of October/ November, 2015 only after following up the due process of approval by the Board of Directors, their scrutiny and signing of the agreement. It was desired by the management and the Board that the amount should be spent in a productive manner for the real benefit of the society at large and not for the sake of compliance.

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

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

**For Pipavav Railway Corporation Limited**

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



**PIPAVAV RAILWAY CORPORATION LIMITED (PRCL)**  
**CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY**  
**23<sup>rd</sup> 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. 1<sup>st</sup> 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 CSR Committee and with necessary approval of the Board undertake any of the following activities as part of its corporate social responsibility initiatives which are defined in Schedule VII of the Companies Act 2013 as under:
  - i. Eradicating extreme hunger and poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
  - ii. Promotion of education; including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
  - iii. Promoting gender equality and empowering women; setting up homes and hostels for women and orphans, setting up old age homes, day care centres, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
  - iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintain of quality of soil, air and water.
  - v. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts;
  - vi. Measures for the benefits of armed forces veterans, war widows and their dependents;
  - vii. Training to promote rural sports, nationally recognized sports and paraolympic sport and Olympic sports;
  - viii. Contribution to the Prime Minister's National Relief fund or any other fund set up by the Central Government or the State Government for socio-economic development and relief and welfare of the Scheduled castes, Scheduled Tribes, other backward classes, minorities and women;
  - ix. Contribution or funds provided to technology incubators located within academic institution which are approved by the Central Government.
  - x. Rural development projects;
  - xi. Slum area development.
3. The CSR Committee shall frame rules or issue directives with regard to monitoring of the CSR projects or programmes or activities.
4. The Board of Directors of the Company may on the recommendations of the CSR Committee decide to undertake CSR projects or programmes or activities by the Company itself directly or through a registered trust or a registered society or a Company or an associate Company established by PRCL or other wise (implementing Agency) provided that if such trust, society or Company is not established by the Company or its holding or subsidiary or associate Company, it shall have an established track record of three years in undertaking similar programs or projects complying with the provision related to companies (Corporate Social Responsibility) Rules, 2014.
5. While undertaking CSR projects or programmes or activities, preference shall be given to the local area or area of operation of the Company. Such area of operation for any identified project or programme or activity shall be finalized by the Board of Directors upon recommendation of CSR Committee.
6. In the initial years of CSR activity, Company will focus on girl child education; health care / hygiene; skill development; eradicating extreme hunger, poverty and malnutrition; protection of fauna; animal welfare;

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

#### **5.0 PROHIBITED ACTIVITIES UNDER CSR**

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

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

#### **6.0 CSR COMMITTEE**

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

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

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

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

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

#### **7.0 QUANTUM OF INVESTMENT**

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

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

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

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

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

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



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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 31<sup>ST</sup> MARCH, 2016**

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

CIN:- U45200DL2000PLC151199

NOMINAL CAPITAL:- ₹ 2,000,000,000

To,

The Members,

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 31<sup>st</sup> March, 2016 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 31<sup>st</sup> March, 2016 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 Company has complied the Secretarial Standards issued and notified by The Institute of Company Secretaries of India during the financial year under review.



*Pipavav Railway Corporation Limited*

CIN : U45200DL2000PLC151199

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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.

We further report that

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

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.

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.

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.

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.

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:- 21-06-2016**

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:- 21-06-2016**



**COMPANY'S REMARKS ON THE OBSERVATIONS OF THE STATUTORY AUDITOR'S REPORT  
ON THE ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2015-16**

<b>Sr. No.</b>	<b>Ref. No. of Audit Report</b>	<b>AUDITOR'S OBSERVATIONS</b>	<b>MANAGEMENT'S REPLIES</b>
1.	Point no. 5(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 depreciation on remaining useful life of codal assets to statement of Profit and Loss, and the expenditure incurred in relation to these assets the historical cost of which are not individually identifiable.	<p>The Cost incurred by the Company in construction of project railway had been classified in the books as Project assets of the Company under following heads:</p> <ol style="list-style-type: none"><li>1. Bridges &amp; Buildings</li><li>2. Formations</li><li>3. Plant &amp; Machinery and</li><li>4. P-Way</li></ol> <p>Various items of the project assets are incorporated in the assets register based on the report received from WR containing quantitative details of project assets.</p> <p>Upto FY 2013-14, the assets had been shown as tangible assets of the Company and the depreciation thereon was provided based on rates specified in Schedule XIV of the Companies Act, 1956.</p> <p>After applicability of the Companies Act, 2013, the Company sought clarification for providing depreciation on project assets. As per the direction received from Ministry of Corporate Affairs, the project assets had been reclassified from tangible to intangible assets in FY 2014-15. The accounting policy in respect of the project asset were also suitably modified in line with the Accounting Standard-26 which deals with the accounting for intangible assets. And, the depreciation on the project assets had been provided based on the remaining useful life of the assets. Same treatment has been done in current years also. The useful life of the assets is based on the codal life of various asset items. However, in case the codal life exceeds the concession period, the useful is taken as the maximum available concession period.</p>



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

Sr. No.	Ref. No. of Audit Report	AUDITOR'S OBSERVATIONS	MANAGEMENT'S REPLIES
2.	Point no. 5(b) of the "Emphasis of Matter" of the Auditor's Report	Note No. 21 'Operating and Maintenance cost' (O&M Cost) to the financial statement, Bill for additional works charged as fixed cost material uncovered in the agreement and the fixed cost staff incurred as per manpower deployed by the WR on PRCL section in which the category wise manpower deployed unidentified.	<p>1. There are certain activities which are not carried out by WR every year. These activities are carried out on need basis e.g. recoupment of ballast, operation of TTM, purchase of store items etc. The cost of these activities is not included in material cost as assessed for five years. Therefore, these need based activities are carried out and cost of same is charged to the Company by WR. Besides this, the fixed cost (material) does not include the cost incurred due to unforeseen events e.g. flood etc., which is separately charged to the Company. The cost of all these works is shown separately in the financial statement.</p> <p>2. In respect of the fixed staff cost, the Company has been pursuing with WR to obtain the requisite details of the staff cost charged by WR. The process of obtaining category wise staff information as per O&amp;M Agreement is under consideration of WR.</p>
3.	Point no. 5(c) of the "Emphasis of Matter" of the Auditor's Report	<p>(a)(i) Note No. 23 'Revenue Recognition' and Reconciliation, to the financial statement, regarding calculation of freight considering the diverted route and the consequential recovery from bills of revenue to the extent of ₹ 4,85,46,000/- for the financial year 2010-11 and the disputes thereon with WR related to appointment of revenue.</p> <p>(ii) Dues on account of delayed payment for shortfall in traffic guarantee and equity contribution by M/s Gujarat Pipavav Port Ltd.</p>	<p>(i) During the current year, WR has made recovery on account of route diversion related to FY 2010 - 11 amounting to ₹ 4,85,46,000/- unilaterally without PRCL's consent and without furnishing any details of such recovery. The Company has not accepted the recovery made by WR and requested them to release said amount.</p> <p>(ii) During the current financial year, Good Faith Negotiation under Transportation and Traffic Guarantee Agreement has been initiated by GPPL with PRCL to settle to dues by respective Managing Directors of both the companies.</p> <p>Pending the final decision on the dues, no adjustment has been made in books during current financial year.</p>



*Pipavav Railway Corporation Limited*

CIN : U45200DL2000PLC151199

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

Sr. No.	Ref. No. of Audit Report	AUDITOR'S OBSERVATIONS	MANAGEMENT'S REPLIES
		(iii) Interest Dues on account of delayed payment of share of apportionment revenue of PRCL as per agreement not provided for and the details of delay are unidentified and the amount is not ascertained.	<p>I. The Company desires to realize the interest on delayed payment of share of apportionment revenue from WR and accordingly, it has been writing to WR for timely payment of dues along with interest. However, in absence of specific provisions of the Agreement, the Company is unable to enforce the payment of interest by WR. Under the O&amp;M agreement, interest is payable by WR to PRCL in case of event of WR's default. The event of WR's default is defined as under as "The non-payment of dues by WR to PRCL, in accordance with the terms of this Agreement for three consecutive months" [Article No. 8.1(III)].</p> <p>During the current year, there was no occasion of non-payment by WR for consecutively three months as WR has been making apportionment of freight every month on provisional basis. In absence thereof, the Company is unable to invoke relevant clause of Agreement to realize interest from WR.</p>
4.	Point no. 5(d) of the "Emphasis of Matter" of the Auditor's Report	The charging of excess variable cost for operation of the section which is calculated on Gross Tone Kilometers (GTKM) basis including the operation of the empty runs of the wagons in case of Bulk cargoes.	The O&M agreement / JPO provides for charging of various components of variable cost for accrual of GTKM, wagon days, wagons hours, NTKM etc. on PRCL section. Since movement of empty bulk on PRCL sections also accrues GTKM etc., the cost for is also charged by WR to PRCL.
5.	Point no. 5(e) of the "Emphasis of Matter" of the Auditor's Report	GPPL has confirmed 1.03% of the Total outstanding dues and WR confirmation of outstanding dues is not available	<p>1. Mainly, the confirmation has not been received from GPPL for the dues which are the items of One Time Settlement between PRCL and GPPL. A process of Good Faith Negotiation has been started by GPPL and PRCL in respect of these dues (Refer to Note No. 23).</p> <p>2. The reconciliation of PRCL's freight apportionment is under process with WR. In view of this, confirmation has not been received from WR.</p>

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

Sr. No.	Ref. No. of Audit Report	AUDITOR'S OBSERVATIONS	MANAGEMENT'S REPLIES
6.	Point no. 5(f) of the "Emphasis of Matter" of the Auditor's Report	<p>Note No. 16 and 21, In our opinion and according to information and explanation given to us, internal controls are generally commensurate with the size of the company and nature of its business. However, in certain area of transaction with WR and GPPL, internal control needs further strengthening like monitoring of billing schedule and reconciliation of traffic and its diversion and follow up of unpaid dues beyond the due dates, and in respect of the deposit work executed through WR the verification of estimates nearest to actual expenditure and excess advance/deposit and classification of revenue and capital expenditures of these works like charging the expenditure of ₹ 5,95,39,969/- in respect of Restoration &amp; Protection work by PRCL for which certification of expenditure as revenue is not available.</p>	<p>Over the period, the Company has been able to get the O&amp;M billing process streamlined in line with the Agreement to a great extent by continuous perusal with railways. A process is in place to reconcile revenue and cost data to put a check on revenue leakage and to ensure that there is no excess billing of cost. Continuous follow-up is done with railways for timely settlement of the dues, removal of billing discrepancies etc. The Company has also been continuously pursuing with WR to get requisite details of cost data and other recoveries made by railways.</p> <p>Further, the Company has been contesting and representing the case before appropriate railway authorities in respect of unilaterally deductions/recoveries made by WR e.g. on account of route diversion etc. Further also as suggested, in order to further strengthening the control system, the necessary steps will be taken in consultation with railways.</p>
7.	Point no. 5(g) of the "Emphasis of Matter" of the Auditor's Report	<p>Note No.21(iii), an insurance claim for loss of Project Assets in PRCL section occurred due to flood at "Liliyamota-Savarkundla" has been intimated on 24-06-15 with United India Insurance Co. to raise claim out of the total insurance cover of ₹ 3,92,81,94,041/- for Project area as a whole but amount of claim has not been lodged as on 31-03-2016. In respect of loss of profit policy of ₹ 88,55,00,000/-, a claim for ₹ 11,59,07,488/- on account of gross loss of profit has been lodged on 09-12-2015 but not yet settled by insurance company as on 31-03-2016. The value of loss due to damage will be dealt with on settlement of claims with Insurance Company. The expenditure incurred for replacement of the damaged track is accounted for as revenue expenditure.</p>	<ol style="list-style-type: none"> <li>1. After the flood occurred on section, the insurance Company was intimated on 25.6.2015. The Insurance Company had appointed the surveyor who visited the affected area. The line was put in operation 11.7.2015.</li> <li>2. The Company has been collecting details of the expenditures incurred from WR in respect to the restoration work to lodge the claim. However, in the meanwhile, the Company has informed the insurance Company about the loss of profit. Complete details of the expenditures are still awaited from WR. However, without waiting further, the Company has filed first claim of loss incurred on line on 13.5.2016.</li> <li>3. The expenditure incurred on flood restoration work is incurred to keep rail line in working condition by restoring it as to its original state. It does not result in increase in the line capacity and therefore the same has been charged to revenue. Further, same is also chargeable to revenue as per Indian Railway's code of classification.</li> </ol>



## INDEPENDENT AUDITORS' REPORT

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

### 1. Report on the Financial Statements

We have audited the accompanying financial statements of M/s. Pipavav Railway Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### 2. Management's Responsibility for the Financial Statements

The Company's Board of Directors 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 the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### 3. 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 there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the 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, An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### 4. 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 31<sup>st</sup> March, 2016;
- (b) In the case of statement of Profit and Loss, of the profit for the year ended on that date; and

- (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

#### 5. 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 depreciation on remaining useful life of codal assets to statement of Profit and Loss, and the expenditure incurred in relation to these assets the historical cost of which are not individually identifiable.
- (b) Note No. 21 'Operating and Maintenance cost'(O&M Cost) to the financial statement, Bill for additional works charged as fixed cost material uncovered in the agreement and the fixed cost staff incurred as per manpower deployed by the WR on PRCL section in which the category wise manpower deployed unidentified.
- (c) (i) Note No. 23 'Revenue Recognition' and Reconciliation, to the financial statement, regarding calculation of freight considering the diverted route and the consequential recovery from bills of revenue to the extent of ₹ 4,85,46,000/- for the financial year 2010-11 and the disputes thereon with WR related to apportionment of revenue.
- (ii) Dues on account of delayed payment for shortfall in traffic guarantee and equity contribution by M/s Gujarat Pipavav Port Ltd.
- (iii) Interest Dues on account of delayed payment of share of apportionment revenue of PRCL as per agreement not provided for and the details of delay are unidentified and the amount is not ascertained.
- (d) The charging of excess variable cost for operation of the section which is calculated on Gross Tonne Kilometers (GTKM) basis including the operation of the empty runs of the wagons in case of Bulk cargoes.
- (e) GPPL has confirmed 1.03% of the Total outstanding dues and WR confirmation of outstanding dues is not available.

- (f) Note No. 16 and 21, In our opinion and according to information and explanation given to us, internal controls are generally commensurate with the size of the company and nature of its business. However, in certain area of transaction with WR and GPPL, internal control needs further strengthening like monitoring of billing schedule and reconciliation of traffic and its diversion and follow up of unpaid dues beyond the due dates, and in respect of the deposit work executed through WR the verification of estimates nearest to actual expenditure and excess advance/deposit and classification of revenue and capital expenditures of these works like charging the expenditure of ₹ 5,95,39,969/- in respect of Restoration & Protection work by PRCL for which certification of expenditure as revenue is not available.
- (g) Note No.21(iii), an insurance claim for loss of Project Assets in PRCL section occurred due to flood at "Liliyamota-Savarkundla" has been intimated on 24-06-15 with United India Insurance Co. to raise claim out of the total insurance cover of ₹ 3,92,81,94,041/- for Project area as a whole but amount of claim has not been lodged as on 31-03-2016. In respect of loss of profit policy of ₹ 88,55,00,000/-, a claim for ₹ 11,59,07,488/- on account of gross loss of profit has been lodged on 09-12-2015 but not yet settled by insurance company as on 31-03-2016. The value of loss due to damage will be dealt with on settlement of claims with Insurance Company. The expenditure incurred for replacement of the damaged track is accounted for as revenue expenditure.

Our opinion is not qualified in respect of these matters.

#### 6. Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("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 para 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



*Pipavav Railway Corporation Limited*

CIN : U45200DL2000PLC151199

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 of Profit and Loss and the Cash Flow Statement dealt with this report are in agreement with the books of accounts;
- (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 31<sup>st</sup> March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016, from being appointed as a director in terms of sub-section 164 (2) of the Act;
- (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 of pending litigations on its financial position in its financial statements — Refer Note No. 19 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts as at 31<sup>st</sup> March, 2016.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

**Sd/-**  
**CA K.S. Ponnuswami**

*Partner*

M.No. 070276

Place: New Delhi  
Dated: 30<sup>th</sup> June, 2016

**Annexure to the Auditor's Report referred to in paragraph 6 of our report of even date on the accounts of PIPAVAV RAILWAY CORPORATION LIMITED for the year ended 31<sup>st</sup> March, 2016.**

- (i) (a) The Company has maintained fixed assets records to show full particular including quantitative details and situation of fixed assets.
  - (b) The Fixed Assets of the company were physically verified by the management and the western Railway for the Projects Assets as on 31<sup>st</sup> March, 2016, as certified by the management no material discrepancies has been found on such physical verification.
  - (c) The title deed of Immovable Property as certified by the management are held in the name of the company.
- (ii) The Company being a joint sector company with Ministry of Railways dealing in Railway cargo Traffic does not have any inventory, as such this clause is not applicable.
- (iii) (a) According to the information and explanations given to us, the corporation has not granted any loans secured or unsecured to any corporation, firms or other party covered in register maintained u/s 189 of the Companies Act, 2013. Accordingly, clause iii, iii(a), iii(b), iii(c) of the order are not applicable.
- (iv) According to the information and explanations given to us, the company has no loans, guarantees and securities, secured and unsecured to any corporation, firms, any other party covered in the register maintained under the provision of Section 185, 186 of Companies Act, 2013.
- (v) According to the information and explanations given to us, the company has not accepted deposits and not contravened the directives issued by the RBI covered under the provision of Section 73 to 76 or any other provision of Companies Act, 2013
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Companies Act, 2013 for the products/services of the company, accordingly this clause of the order is not applicable.
- (vii) (a) The Corporation is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident

Fund, Employees State Insurance, Income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues as applicable to the appropriate authorities and there are no undisputed amounts outstanding for a period of more than six month from the date they became payable.

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

Type of Tax	Disputed Amount	Forum where Dispute is pending	Year
Service Tax	₹ 7639.48 lakhs (against Show Cause Notice)	Principle Commissioner of Service Tax, New Delhi	FY 2009-10 to FY2013-14
Service Tax	₹ 2800.51 lakhs (against Show Cause Notice)	Principle Commissioner of Service Tax, New Delhi	FY 2014-15

- (viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowing to Financial Institutions, Bank, Government
- (ix) In our opinion and according to the information and explanations given to us, there is no money raised by Initial Public Offer or Further Public Offer (Including debt instruments).
- (x) In our opinion and according to the information and explanations given to us, no case of any fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year.

- (xi) In our opinion and according to the information and explanations given to us, the managerial remuneration has been paid to the managing director of the company as provided in accordance with the requisite approval mandated by the provision of section 197 read with Schedule V of the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the company is not a Nidhi Company, therefore this clause of the order is not applicable to the company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013, where applicable and the details have been disclosed in the financial statements as required by the applicable Accounting Standards.
- (xiv) In our opinion and according to the information and explanations given to us, during the year the company has not made any preferential allotment of private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion and according to the information and explanations given to us, the company has not entered into any non-cash transaction with directors or persons connected with him as required u/s 192 of the Companies Act, 2013.
- (xvi) In our opinion and according to the information and explanations given to us, the company is not required to register u/s 45(1A) of the Reserve Bank of India Act, 1934.

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

**Sd/-**  
**CA K.S. Ponnuswami**  
*Partner*  
M.No. 070276

Place: New Delhi  
Dated: 30<sup>th</sup> June, 2016



*Pipavav Railway Corporation Limited*

CIN : U45200DL2000PLC151199

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

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

We have audited the internal financial controls over financial reporting of M/s. Pipavav Railway Corporation Limited ("the Company") as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that :

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;



- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2016, read with our Independent Auditors Report, item No. 5(f) of "Emphasis of matters" attention drawn to Note No. 16 and 21 of the Report of even date.

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

**Sd/-**  
**CA K.S. Ponnuswami**  
*Partner*  
M.No. 070276

Place: New Delhi  
Dated: 30<sup>th</sup> June, 2016



*Pipavav Railway Corporation Limited*

CIN : U45200DL2000PLC151199

Date: 30<sup>th</sup> June, 2016

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

**Sub: The supplementary audit under 143 (5) of the Companies Act, 2013 of  
PIPAVAV RAILWAY CORPORATION LIMITED for the year ended 31<sup>st</sup> March, 2016**

Sir/Madam,

Please find enclosed herewith the supplementary audit report under section 143(5) of the Companies Act, 2013 of M/s PIP AVA V RAILWAY CORPORATION LIMITED for the year ended 31<sup>st</sup> March, 2016.

Thanking You,

Yours faithfully,

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

**Sd/-**

**CA K.S. Ponnuswami**

*Partner*

M.No. 070276

Place: New Delhi

Dated: 30<sup>th</sup> June, 2016

**Directions u/s 143(5) of the Companies Act, 2013 (Earlier u/s 619(3) (a) of the Companies Act, 1956) for the year ended 31<sup>st</sup> March, 2016:**

	<b>Directions</b>	<b>Auditor's Observation</b>
(1)	Whether the Company has clear title /lease deeds for free hold and lease hold respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available?	The Company has clear lease deed for land with MOR for which Company has been paying annual lease rent to MOR.
(2)	Whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons thereof and the amount involved.	During the FY 2015-16, there is no case of waiver/write off of debts/loans/interest by the Company, except writing off of security deposit of ₹ 37,500/- withheld by Sh. Madhukar Jetley.
(3)	Whether proper records are maintained for inventories lying with third parties & assets received as gift/ grant(s) from Govt. or other authorities.	This clause is not applicable.

**COMPLIANCE CERTIFICATE**

We have conducted the audit of accounts of M/s. PIPAVAV RAILWAY CORPORATION LIMITED for the year ended 31<sup>st</sup> March 2016 in accordance with the direction/sub directions issued by the C&AG of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with all direction / sub directions issued to us.

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

***Sd/-***  
**CA K.S. Ponnuswami**  
*Partner*  
M.No. 070276

Place: New Delhi  
Dated: 30<sup>th</sup> June, 2016



*Pipavav Railway Corporation Limited*

CIN : U45200DL2000PLC151199



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

No. PDA/RC/RPSU/32-42/PIPAVAV/2016-17/189

दिनांक : 20.07.2016

सेवा में,

प्रबन्ध निदेशक,  
पिपावाव रेलवे कारपोरेशन लिमिटेड  
नई दिल्ली

**विषय: 31 मार्च 2016 को समाप्त वर्ष के लिये पिपावाव रेलवे कारपोरेशन लिमिटेड के वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143 (6)(b) के अन्तर्गत भारत के नियंत्रक एवं महालेखा परीक्षक की टिप्पणियाँ।**

महोदय,

मैं, पिपावाव रेलवे कारपोरेशन लिमिटेड के 31 मार्च 2016 को समाप्त वर्ष के वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143 (6)(b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अग्रहित कर रहा हूँ।

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

संलग्न: यथोपरि।

भवदीय,

*दिनेश भार्गव*  
(दिनेश भार्गव)  
महानिदेशक / आर.सी.

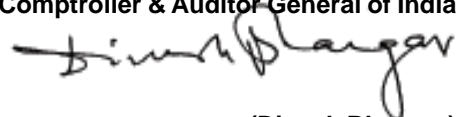
**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL  
STATEMENTS OF PIPAVAV RAILWAY CORPORATION LIMITED FOR THE YEAR  
ENDED 31 MARCH 2016**

The preparation of financial statements of PIPAVAV RAILWAY CORPORATION LIMITED for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30 June, 2016.

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 2016 under section 143(6)(a) of the Act.

Place: New Delhi  
Date: 20 July, 2016

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



(Dinesh Bhargava)

Director General of Audit  
Railway Commercial, New Delhi



*Pipavav Railway Corporation Limited*

CIN : U45200DL2000PLC151199

**PIPAVAV RAILWAY CORPORATION LIMITED**  
**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2016**

(Amount in ₹)

Particulars	Note	As at 31st March, 2016	As at 31st March, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	3	1,96,00,00,200	1,96,00,00,200
(b) Reserves and Surplus	4	1,65,41,82,564	73,77,15,753
<b>(2) Non-Current Liabilities</b>			
(a) Deferred tax liabilities (Net)	27	24,02,66,957	22,75,61,152
(b) Long term provisions	5	76,16,933	66,07,414
<b>(3) Current Liabilities</b>			
(a) Trade payables	6	9,59,33,855	14,51,47,761
(b) Other current liabilities	7	18,95,383	82,08,174
(c) Short term provisions	8	1,48,738	1,26,956
<b>Total</b>		<b>3,96,00,44,630</b>	<b>3,08,53,67,410</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
(a) <i>Fixed assets</i>	9		
(i) Tangible assets		50,41,616	8,30,995
(ii) Intangible assets		1,61,16,21,037	1,66,42,72,363
(iii) Capital work-in-progress		2,47,94,817	2,52,60,592
(b) Long term loans and advances	10	55,20,59,264	38,24,61,243
<b>(2) Current assets</b>			
(a) Trade receivables	11	44,83,99,022	39,62,66,627
(b) Cash and bank balances		1,17,45,65,224	48,08,78,925
(c) Short-term loans and advances		9,66,23,041	12,48,55,434
(d) Other current assets		4,69,40,609	1,05,41,231
<b>Total</b>		<b>3,96,00,44,630</b>	<b>3,08,53,67,410</b>

Notes 1 to 36 form an integral Part of the Financial Statements

As per our report of even date attached

For **P. K. Chopra & Co.**  
**Chartered Accountants**

Firm's Regn. No.: 06747N

Sd/-

**CA K. S. Ponnuswami**  
*Partner*

M. No. : 070276

Place: New Delhi

Dated: 30.06.2016

For & on behalf of the Board

Sd/-

**Pradeep Puri**

Director

DIN: 00051987

Sd/-

**G.V.L. Satya Kumar**

Director

DIN: 06913472

Sd/-

**Vinod Kumar**

Chief Financial Officer

Sd/-

**Leena Narwal**

Company Secretary

M. No. : A20516

**PIPAVAV RAILWAY CORPORATION LIMITED**  
**STATEMENT OF PROFIT & LOSS**  
**FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016**

(Amount in ₹)

Particulars	Note	For the Year Ended 31st March 2016	For the Year Ended 31st March 2015
<b>INCOME</b>			
I. Revenue from operations	12	2,41,14,93,030	2,26,57,87,021
II. Other Income	13	7,53,99,874	5,19,43,531
III. <b>Total Revenue (I +II)</b>		<b>2,48,68,92,904</b>	<b>2,31,77,30,552</b>
<b>IV. Expenses:</b>			
Employee benefits expense	14	2,55,89,405	2,31,86,831
Finance costs	15	424	5,95,228
Depreciation and amortization expense	9	10,51,75,920	10,39,96,995
Operating and Other expenses	16	1,39,09,25,825	1,60,09,83,567
Corporate Social Responsibility Expenses	17	1,25,70,380	2,86,340
<b>Total Expenses</b>		<b>1,53,42,61,954</b>	<b>1,72,90,48,961</b>
V. <b>Profit before exceptional and extraordinary items and tax (III - IV)</b>		<b>95,26,30,950</b>	<b>58,86,81,591</b>
VI. Exceptional & Prior Period Items [(Income) / Expenses]	18	—	38,88,549
VII. <b>Profit before tax (V - VI)</b>		<b>95,26,30,950</b>	<b>58,47,93,042</b>
<b>VIII. Tax expense:</b>			
(1) Current tax	26	20,32,98,684	12,25,83,405
(2) Deferred tax	27	1,27,05,805	13,31,99,005
(3) MAT Credit Entitlement (net of reversal)	26	(17,98,40,350)	(10,74,62,608)
IX. <b>Profit(Loss) for the year from continuing operations (VII-VIII)</b>		<b>91,64,66,811</b>	<b>43,64,73,240</b>
X. Earning per equity share (Basic & Diluted):	35	4.68	2.23

Notes 1 to 36 form an integral Part of the Financial Statements

As per our report of even date attached

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

Sd/-  
**CA K. S. Ponnuswami**  
 Partner

M. No. : 070276

Place: New Delhi

Dated: 30.06.2016

For &amp; 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/-  
**Leena Narwal**  
 Company Secretary  
 M. No. : A20516

Sd/-  
**G.V.L. Satya Kumar**  
 Director  
 DIN: 06913472



# Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016

	Year ended 31st March 2016	Year ended 31st March 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit(Loss) before tax</b>	<b>95,26,30,950</b>	58,47,93,042
<i>Adjustments for</i>		
Dividend Paid (Including Dividend Distribution Tax)		(45,86,20,447)
Provision for taxation (Net of MAT credit)	<b>(2,34,58,334)</b>	(1,51,20,797)
Depreciation	<b>10,51,75,920</b>	10,39,96,995
Finance costs	<b>424</b>	5,95,228
Interest earned	<b>(7,53,52,177)</b>	(4,37,84,422)
Profit on sale of Fixed Assets	<b>(27,615)</b>	(17,691)
Loss on assets disposed/ Written off	<b>31,097</b>	—
<b>Operating profit before working capital changes</b>	<b>95,90,00,265</b>	17,18,41,908
<i>Adjustments for:</i>		
Trade and other receivables/assets	<b>(8,85,31,773)</b>	12,11,53,468
Loans & Advances	<b>(14,13,65,628)</b>	(15,24,59,057)
Non Current Liabilities	<b>10,09,519</b>	36,18,073
Trade payables and other current liabilities/provisions	<b>(5,55,04,915)</b>	2,89,98,053
<b>Total Cash generated from Operating Activities</b>	<b>67,46,07,468</b>	17,31,52,445
<b>B. Cash Flow From Investing Activities</b>		
Acquisition/construction of Fixed Assets (net after buy back )	<b>(5,63,16,936)</b>	(8,19,469)
Sale/disposed off of Assets	<b>44,014</b>	4,200
Capital Works in Progress	—	(2,52,60,592)
Interest Receivable	<b>7,53,52,177</b>	4,37,84,422
<b>Net Cash used in Investing Activities</b>	<b>1,90,79,255</b>	1,77,08,561
<b>C. Cash flow from Financing Activities</b>		
Finance costs	<b>(424)</b>	(5,95,228)
<b>Net Cash generated from Financing Activities</b>	<b>(424)</b>	(5,95,228)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>69,36,86,299</b>	19,02,65,778
Opening Cash & Cash Equivalents	<b>48,08,78,925</b>	29,06,13,147
<b>Closing Cash &amp; Cash Equivalents</b>	<b>1,17,45,65,224</b>	48,08,78,925

### 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 ₹ 13,934/- (31st March 2015 – ₹ 11,939/-)
  - Bank Balance in current accounts ₹ 74,59,060/- (31st March 2015 - ₹ 27,55,124/- ) and
  - In deposit accounts ₹ 1,16,70,92,230/- (31st March 2015 - ₹ 47,81,11,862/-) for different maturity period as under:
    - Term Deposits for maturity period of 3 months or less: ₹ 19,014,919/- (31st March 2015 : ₹ 19,315,944/-)
    - Maturity period more than 3 months and not exceeding 1year: ₹ 531,288,673/- (31st March 2015: ₹ 378,795,918/-)
    - Term Deposits maturity period more than 1year : ₹ 616,788,638/- (₹ 80,000,000/-)
- 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 **P. K. Chopra & Co.**  
**Chartered Accountants**

Firm's Regn. No.: 06747N

Sd/-

**CA K. S. Ponnuswami**

Partner

M. No. : 070276

Place: New Delhi

Dated: 30.06.2016

Sd/-  
**Amitabh Lal**  
Managing Director  
DIN: 06720989

Sd/-  
**Vinod Kumar**  
Chief Financial Officer

For & on behalf of the Board

Sd/-  
**Pradeep Puri**  
Director  
DIN: 00051987

Sd/-  
**G.V.L. Satya Kumar**  
Director  
DIN: 06913472

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



## PIPAVAV RAILWAY CORPORATION LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

#### 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. 28<sup>th</sup> June 2001. It has been conferred with the rights of a "Railway Administration" under the Railway Act, 1989. Upon expiry of the Concession Agreement, all the assets created by PRCL with the Project Area shall revert back to Ministry of Railways for a consideration in accordance with the terms of Concession Agreement. The Surendranagar - Pipavav Port rail link project has been successfully commissioned in a record time of eighteen months. The entire 269 km section, with all operational and commercial activities is carried out under the terms of the Operation and Maintenance Agreement.

#### 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 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 on taxes and/or other statutory dues is accounted for as and when demand is raised.
- 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 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



## Pipavav Railway Corporation Limited

CIN : U45200DL2000PLC151199

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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 only) 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*

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2016**

**3. SHARE CAPITAL**

(i) Share Capital	As at 31 <sup>st</sup> March 2016		As at 31 <sup>st</sup> March 2015	
	Number of Shares	(Amount in ₹)	Number of Shares	(Amount in ₹)
<b>Authorised</b> Equity Shares of ₹ 10/- each	20,00,00,000	2,00,00,00,000	20,00,00,000	2,00,00,00,000
<b>Issued</b> Equity Shares of ₹ 10/- each	19,60,00,020	1,96,00,00,200	19,60,00,020	1,96,00,00,200
<b>Subscribed &amp; paid up</b> 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
<b>Total</b>	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 2015-16.

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	—	—	—	—
<b>Shares outstanding at the end of the year</b>	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 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	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.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2016**

(Amount in ₹)

Note	Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
4.	<b>Reserves &amp; Surplus</b>		
	(i) <b>Surplus</b>		
	<b>(a) Surplus as per Statement of Profit and Loss</b>		
	Opening Balance	63,77,15,753	75,98,62,960
	Add: Net Profit/(Net Loss) for the year	91,64,66,811	43,64,73,240
	Less: Interim Dividend distributed during the year	—	(39,20,00,040)
	Less: Dividend Distribution Tax paid on above	—	(6,66,20,407)
	Less: Transferred to Depreciation Reserve Fund	(10,00,00,000)	(10,00,00,000)
	<b>Closing Balance (a)</b>	<b>1,45,41,82,564</b>	<b>63,77,15,753</b>
	<b>(b) Depreciation Reserve Fund</b>		
	Opening Balance	10,00,00,000	—
	Add: Transferred from Profits earned during the year	10,00,00,000	10,00,00,000
	<b>Closing Balance (b)</b>	<b>20,00,00,000</b>	<b>10,00,00,000</b>
	<b>Grand Total (a+b)</b>	<b>1,65,41,82,564</b>	<b>73,77,15,753</b>
5.	<b>Long Term Provisions</b>		
	<b>Provision for employee benefits</b>		
	Gratuity	19,71,196	17,40,392
	Leaves	56,45,737	48,67,022
	<b>Total</b>	<b>76,16,933</b>	<b>66,07,414</b>
6.	<b>Trade Payables</b>	9,59,33,855	14,51,47,761
	<b>Total</b>	<b>9,59,33,855</b>	<b>14,51,47,761</b>
7.	<b>Other Current Liabilities</b>		
	Duties & Taxes	8,22,682	15,33,644
	Provident Fund	3,29,681	—
	Government Grants	—	66,66,005
	Security Deposits	5,05,325	—
	Incentives to Employees	2,28,970	—
	Others	8,725	8,525
	<b>Total</b>	<b>18,95,383</b>	<b>82,08,174</b>
8.	<b>Short Term Provisions</b>		
	Provision for employee benefits (Leaves)	1,48,738	1,26,956
	<b>Total</b>	<b>1,48,738</b>	<b>1,26,956</b>



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(Amount in ₹)

**9. FIXED ASSETS**

Sl. No.	Particulars	GROSS BLOCK		ACCUMULATED DEPRECIATION			IMPAIRMENT LOSS		NET BLOCK		
		Balance as at 1 <sup>st</sup> April 2015	Additions	Disposals/ Adjustments	Balance as at 31 <sup>st</sup> March 2016	Depre- ciation/Amorti- zation charge for the year	Adjustment due to disposal/ writing off	Balance as at 31 <sup>st</sup> March 2016	Loss Provided/ (Reversed) during the Year	Balance as at 31 <sup>st</sup> March 2016	Balance as at 31 <sup>st</sup> March 2015
<b>a</b>	<b>Tangible Assets</b>										
1.	Plant & Machinery	23,60,388	6,92,223	(9,28,304)	21,24,307	5,75,115	(8,84,503)	—	—	7,28,432	6,55,125
2.	Vehicles	67,10,136	35,86,575	—	1,02,96,711	1,95,585	—	—	—	33,99,702	8,712
3.	Furniture & Fixtures	3,72,660	6,85,757	(69,096)	9,89,321	3,40,257	(65,401)	—	—	5,08,963	1,67,158
4.	Electrical Installation and Equipments	—	4,37,382	—	4,37,382	32,863	—	—	—	4,04,519	—
	<b>Total</b>	<b>94,43,184</b>	<b>54,01,937</b>	<b>(9,97,400)</b>	<b>1,38,47,721</b>	<b>11,43,820</b>	<b>(9,49,904)</b>	<b>—</b>	<b>—</b>	<b>50,41,616</b>	<b>8,30,995</b>
	Previous Year	93,81,800	7,76,817	(7,15,433)	94,43,184	15,16,320	(7,15,396)	—	—	8,30,995	—
<b>b</b>	<b>Intangible Assets</b>										
1.	Project Assets										
(i)	Bridges & Buildings	45,79,55,471	—	—	45,79,55,471	1,88,59,744	—	—	—	34,32,88,548	36,21,48,292
(ii)	Formations	18,29,06,155	—	—	18,29,06,155	48,94,442	—	—	—	8,90,89,547	9,39,83,889
(iii)	Plant & Machinery (Project)	36,32,79,717	—	—	36,32,79,717	20,28,42,078	—	—	—	14,75,66,629	16,04,37,639
(iv)	P-Way	2,32,92,28,720	5,13,80,774	—	2,38,06,09,494	6,72,57,193	—	—	—	1,03,05,86,965	1,04,64,63,384
2.	Licenses	10,00,00,000	—	—	10,00,00,000	2,61,91,128	—	—	—	—	—
3.	Others	19,96,995	—	—	19,96,995	1,51,711	—	—	—	10,87,348	12,39,059
	<b>Total</b>	<b>3,43,53,67,058</b>	<b>5,13,80,774</b>	<b>(3,48,67,47,832)</b>	<b>1,69,72,85,823</b>	<b>10,40,32,100</b>	<b>—</b>	<b>7,38,08,872</b>	<b>—</b>	<b>1,61,16,21,037</b>	<b>1,66,42,72,363</b>
	Previous Year	3,43,53,10,878	56,180	(3,43,53,67,058)	1,69,72,85,823	10,24,80,675	—	7,38,08,872	—	1,66,42,72,363	—
<b>c</b>	<b>Capital Works in Progress</b>										
		2,52,60,592	2,47,94,817	(2,52,60,592)	2,47,94,817	—	—	—	—	2,47,94,817	2,52,60,592
	<b>Grand Total</b>	<b>3,47,00,70,834</b>	<b>8,15,77,528</b>	<b>(2,62,57,992)</b>	<b>3,52,53,90,370</b>	<b>10,51,75,920</b>	<b>(9,49,904)</b>	<b>7,38,08,872</b>	<b>—</b>	<b>1,64,14,57,470</b>	<b>1,69,03,63,950</b>
	Previous Year	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)	7,38,08,872	1,69,03,63,950	—

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 various components of the project assets is based on the code life as specified in Indian Railway notification. Circulars and relevant Agreement and is limited up to 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 During the current financial year, the work of construction of two additional loops lines has been completed and lines have become operational. Accordingly, the amount deposited by the Company with WR for this work has been capitalized as per WR's advice for the expenditure incurred on said work and the expense has been classified under the head "Project Assets". The depreciation on these loop lines has been provided using Straight Line Method based on the useful life (i.e. code life) subject to maximum remaining Concession period as per Concession Agreement. The carrying amount of loop lines and depreciation thereon are subject to adjustment on final settlement of the account. The balance amount of the deposit work which remained unspent/unutilized by WR has been shown as short term advances receivable from WR.

III License Fee of ₹ 1,000.00 lakhs paid to MOR by the Company for Container Train Operations has been shown as Intangible asset and the same is equally amortized over the concession period for container train operation. The provision for impairment loss equal to net carrying amount of license fee (i.e. ₹ 738.09 lakhs) had been made in respect of the license fee in the earlier year, as a result of which, the carrying amount of the license had become NIL. However, in case there are the indications in the future that the impairment loss is required to be reversed considering economic performance of the Company from the use of license, the impairment loss shall be reassessed and accordingly be reversed on the basis of assessment and the carrying amount of the license fee shall be increased to that extent. Other intangible assets are amortized based on their usability in accordance with the Accounting Standard-26 (Intangible Assets).

IV The carrying amount of Tangible Assets had been adjusted in the earlier year on the basis of the useful life as provided in the Schedule II of the Companies Act, 2013. 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.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2016**

Note	Particulars	(Amount in ₹)	
		As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>10.</b>	<b>Long Term Loans and Advances</b>		
	<b>Considered good</b>		
	Advances for Deposit works (Net)	85,20,000	85,20,000
	Security Deposits	24,58,534	25,16,989
	Advance Taxes (Including TDS) (Net of Provisions)	5,78,39,770	6,80,23,644
	MAT Credit Entitlement	48,32,40,960	30,34,00,610
		<u>55,20,59,264</u>	<u>38,24,61,243</u>
	<b>Considered doubtful</b>		
	Security Deposits	—	37,500
		<u>55,20,59,264</u>	<u>38,24,98,743</u>
	Less: Provision for doubtful advances/securities deposits	—	(37,500)
	<b>Total</b>	<u><u>55,20,59,264</u></u>	<u><u>38,24,61,243</u></u>
<b>11.</b>	<b>Current Assets</b>		
	(i) <b>Trade receivables</b>		
	<b>(Unsecured)</b>		
	-Outstanding for a period more than six months (Refer to Note No. 23)		
	Considered good	38,34,60,122	21,62,27,758
	Considered doubtful	18,99,01,430	18,99,01,430
	-Other		
	Considered good	6,49,38,900	18,00,38,869
		<u>63,83,00,452</u>	<u>58,61,68,057</u>
	Less: Provision for Doubtful trade receivables	(18,99,01,430)	(18,99,01,430)
	<b>Total</b>	<u><u>44,83,99,022</u></u>	<u><u>39,62,66,627</u></u>
	(ii) <b>Cash and bank balances</b>		
	<b>(a) Cash and cash equivalents</b>		
	-Cash on Hand	13,934	11,939
	-Balance with Scheduled Banks	74,59,060	27,55,124
	-Term Deposits (Maturity period of 3 months or less)**	1,90,14,919	1,93,15,944
	<b>(b) Other bank Balances</b>		
	-Term Deposits (Maturity period more than 3 months and not exceeding 1 year)**	53,12,88,673	37,87,95,918
	-Term Deposits (Maturity period more than 1 year)**	61,67,88,638	8,00,00,000
	<b>Total</b>	<u><u>1,17,45,65,224</u></u>	<u><u>48,08,78,925</u></u>

\*\*Deposits of ₹ 11,670.92 lakhs (previous year ₹ 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.



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**Notes Forming Part of the Financial Statements for the Year ended on 31<sup>st</sup> March, 2016**

Note	Particulars	(Amount in ₹)	
		As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	<b>(iii) Short-term loans and advances</b>		
	<b>(Unsecured)</b>		
	<i>Considered good</i>		
	Security Deposits	—	13,99,699
	-Advances for various capital works (net)	<b>9,50,64,553</b>	12,32,97,755
	Advances to Employees	<b>371,464</b>	104,420
	Advances for CSR activities	<b>187,024</b>	—
	Other Advances (Including recoverable in cash or kind)	<b>1,000,000</b>	53,560
	<b>Total</b>	<b>9,66,23,041</b>	12,48,55,434
	<b>(iv) Other current assets</b>		
	-Prepaid Expenses	<b>16,69,688</b>	15,17,597
	-Interest Accrued	<b>4,47,02,683</b>	82,95,979
	-Other recoverable	<b>5,68,238</b>	7,27,655
	<b>Total</b>	<b>4,69,40,609</b>	1,05,41,231
<b>Note</b>	<b>Particulars</b>	<b>Year ended 31<sup>st</sup> March, 2016</b>	<b>Year ended 31<sup>st</sup> March, 2015</b>
12.	<b>Revenue from Operations</b>		
	<i>(Refer Note No. 23)</i>		
	Operating Income from Bulk Traffic	<b>71,36,91,630</b>	1,05,56,66,373
	Operating Income from Container Traffic	<b>1,79,05,39,408</b>	1,67,07,82,350
	<b>Gross Total</b>	<b>2,50,42,31,038</b>	2,72,64,48,723
	Recoveries/deductions made by WR*	<b>(4,85,46,000)</b>	(33,46,64,911)
	Less Rebate#	<b>(4,41,92,008)</b>	(12,59,96,791)
	<b>Total</b>	<b>2,41,14,93,030</b>	2,26,57,87,021
13.	<b>Other Income</b>		
	Interest on Deposits	<b>7,53,52,177</b>	4,37,84,422
	Profit on sale of assets	<b>27,615</b>	17,691
	Others Income	<b>20,082</b>	1,485
	Provisions/liabilities written off	—	81,39,933
	<b>Total</b>	<b>7,53,99,874</b>	5,19,43,531

\* WR has recovered freight based on diverted route amounting to ₹ 485.46 lakhs related to FY 2010-11 (previous year ₹ 3,346.65 Lakhs related to FY 2011-12 to 2013-14). Recoveries made during the current year based on diverted route related to earlier years have been shown separately.

#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.



**Notes Forming Part of the Financial Statements for the Year ended on 31<sup>st</sup> March, 2016**

Note	Particulars	(Amount in ₹)	
		Year ended 31 <sup>st</sup> March, 2016	Year ended 31 <sup>st</sup> March, 2015
<b>14. Employee benefits expense</b>			
	<i>(Disclosure as required by AS-15 on Employees Benefits are at Note No 25)</i>		
	Salaries, Wages & Benefits	2,22,53,505	1,85,40,080
	Contribution to Provident and other funds	20,12,322	32,95,632
	Staff Welfare	13,23,578	13,51,119
	<b>Total</b>	<b>2,55,89,405</b>	<b>2,31,86,831</b>
<b>15. Finance costs</b>			
	Interest on taxes	—	5,93,484
	Bank charges & Other financial costs	424	1,744
	<b>Total</b>	<b>424</b>	<b>5,95,228</b>
<b>16. Operating and Other expenses</b>			
(i) <b>Operating &amp; Maintenance Expenses</b>			
	<i>(Refer Note No. 21)</i>		
(a) <b>Fixed Cost</b>			
	Man Power Cost	27,14,12,585	29,36,50,324
	Material Cost	4,15,94,310	2,81,59,320
(b) <b>Variable Cost</b>			
	Cost of fuel	64,28,14,781	82,95,15,114
	Crew Cost	10,73,72,487	10,62,49,349
	Hiring of Rolling Stock	6,99,53,231	8,02,69,604
	Others	2,69,36,087	3,25,28,067
(c) <b>Other Cost</b>			
	Overhead Cost	6,73,80,500	6,33,09,851
	Cost for additional works [Refer to Note No. 21(ii) & (iii) also]	11,18,10,241	12,27,40,051
	<b>Total (a+b+c)</b>	<b>1,33,92,74,222</b>	<b>1,55,64,21,680</b>
(ii) <b>Lease Rent Charges</b>		2,24,60,987	2,58,55,368
	<i>(Refer to Note No. 20)</i>		
(iii) <b>Other Administrative expenses</b>			
	Repairs and maintenance		
	-Buildings	29,65,188	1,51,991
	-Vehicles	31,53,229	14,44,608
	-Others	7,18,125	6,71,188
	Rent	74,33,752	80,85,780
	Insurance	13,45,605	14,13,744
	Communication	4,57,177	3,28,701
	Travelling & Conveyance-Director(s)	17,78,029	2,65,072
	Travelling & Conveyance-Others	22,78,897	11,40,505



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**Notes Forming Part of the Financial Statements for the Year ended on 31<sup>st</sup> March, 2016**

Note	Particulars	<i>(Amount in ₹)</i>	
		Year ended 31 <sup>st</sup> March, 2016	Year ended 31 <sup>st</sup> March, 2015
	Rates, taxes & fees	1,22,170	1,78,879
	Professional and consultancy fees	41,36,021	25,81,290
	Sittings fees to Directors	11,94,900	—
	Electricity & Water Charges	3,02,330	5,74,412
	Advertising and Business Promotion	5,48,978	7,16,729
	Loss on Sundry Assets disposed/written off	31,097	—
	Printing & Stationery	3,11,041	2,27,692
	Audit fees	8,10,766	4,37,080
	Meetings and seminars	3,05,396	3,16,197
	Membership fees	3,43,500	—
	Brokerage and commission	5,87,311	—
	Provision for doubtful debts/advances	—	37,500
	Miscellaneous Expenses	3,67,104	1,35,151
	<b>Total</b>	<b>2,91,90,616</b>	<b>1,87,06,519</b>
	<b>Grand Total (i to iii)</b>	<b>1,39,09,25,825</b>	<b>1,60,09,83,567</b>

**17. Corporate Social Responsibility Expenses**

Chain Link Fencing Work	60,00,000	—
Construction of Overhead Water Tank	9,45,500	—
Construction of Road	28,00,000	—
Construction of Toilets	13,23,887	—
Other CSR Projects	12,25,476	2,80,000
Overhead and Other expenses	2,75,517	6,340
<b>Total</b>	<b>1,25,70,380</b>	<b>2,86,340</b>

**18. Exceptional & Prior Period Items**

Expenditure for various works (net)	—	38,88,549
<b>Total</b>	<b>—</b>	<b>38,88,549</b>

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**Notes Forming Part of the Financial Statements for the Year ended on 31<sup>st</sup> March, 2016**

**19. Contingent Liabilities**

**(i) Capital Commitment**

The amount of works to be executed on capital account and not provided for (net of advances) as at 31.03.2016 is Nil (Previous year: ₹ 4,544.26 Lakhs).

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

- ♦ Claims against the Company not acknowledged by the Company as debts as certified by the management is ₹ 7.72 lakhs (Previous year ₹ 41,01 lakhs).
- ♦ During financial year 2011-12, the Company had received a Show Cause Notice from the office of Director General of Foreign Trade under section 14 read with section 11(2) of the Foreign Trade (Development and Regulation) Act, 1992, for non fulfillment of export obligations in respect of EPCG license issued to the Company under the Category "RAIL TRANSPORT SERVICE". The Company has filed an application for redemption of EPCG 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.
- ♦ The Company had received a Show Cause Notice (SCN) during financial year 2014-15 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 penalties. Subsequently, tax authorities have also issued another SCN on the Company on the same grounds involving a demand of ₹ 2,800.51 lakhs plus interest and penalties for FY 2014-15. The Company has submitted reply to the SCNs 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.
- ♦ During financial year 2011-12, the Company had received a writ petition filed by an employee named Sh. S. S. Negi demanding the arrears of differential Pay + DA (i.e. ₹ 15,017/- per month) and the corresponding increase in allowances/other benefits resulting out of re-fixation of the pay of the petitioner from the date of his joining after giving him protection alongwith 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 6<sup>th</sup> January 2010 and superannuated on 30<sup>th</sup> April, 2012. The case has been listed for regular hearing by Delhi High Court. Pending the decision thereon, the liability on this account, if any, has not been provided for.

**20. Obligations under Operating lease**

The amount of future lease rent payable on account of leased properties as at 31.3.2016 are as under: -

- (i) Due within one year ₹ 259.34 lakhs (Previous year- ₹ 265.41 lakhs).
- (ii) Due later than one year and not later than 5 years ₹ 1,054.57 lakhs (Previous year ₹ 1,116.40 lakhs).
- (iii) Later than 5 years ₹ 2,416.78 lakhs (Previous year ₹ 2,614.30 lakhs).

**21. Operating and Maintenance cost (O&M COST)**

♦ **Fixed Cost (Material)**

- (i) During the current financial year 2015-16, the cost survey was done by Joint Survey Team to assess the fixed cost (Material), a component of O&M cost for a period of five years. In assessment of the cost, the relevant data for FY 2014-15 has been used and the cost has been fixed at ₹ 426.86 lakhs (previously assessed at ₹ 203.00 lakhs). The fixed cost (Material) for FY 2015-16 has been charged to the Company by WR based on this assessed cost after considering the impact of inflation index (Refer to Note No. 16).



**Notes Forming Part of the Financial Statements for the Year ended on 31<sup>st</sup> March, 2016**

- (ii) **Bills for additional works:** In addition to above assessed cost, the Company has also incurred the cost of certain activities which are carried out by WR on case to case basis as and when required. The Company has booked ₹ 1,118.10 Lakhs (previous year ₹ 1,227.40 Lakhs) for such cost incurred in addition to the above assessed cost. The same has been shown as "Cost for additional works" [Refer to Note No. 16(i) (c)].
- (iii) During the current year, flood occurred on PRCL section in the month of June 2015; the expenditure incurred on flood restoration work has been charged to revenue. The expenditure on flood restoration work has been shown and included in above "Cost for additional works" booked by the Company during the year. [Refer to Note No. 16(i) (c)]. Against the damage caused by said flood, the Company has filed its first claim with the Insurance Company. The claim is yet to be settled by the Insurance Company.

♦ **Fixed Cost (Staff)**

The fixed cost (Staff) has been booked by the Company as per bills received from WR. However, the bill does not contain category wise details of manpower deployed by WR on PRCL section. The process of obtaining Category wise staff information as per O&M Agreement is under consideration of WR.

♦ **Variable Cost**

The bills of variable cost are prepared by WR on the basis of reconciled operating data (e.g. GTKM, wagon hours etc.) as per O&M agreement.

**22. Settlement of dues with WR**

WR has been settling the O&M cost on monthly basis by adjusting the same from the monthly apportioned earnings of the Company as per O&M agreement.

**23. Revenue Recognition and Reconciliation**

- ♦ The Company is maintaining the revenue records on the basis of railway receipts abstracted from Freight Operating Information System maintained by Centre for Railway Information Systems (CRIS) of Indian Railways. These records are reconciled with WR and the differences observed on reconciliation are adjusted in the books of accounts. The reconciliation of PRCL's freight apportionment is under process with WR.
- ♦ During the current year, WR has made recoveries by calculating PRCL's share of freight based on diverted/carried route instead of the booked route basis amounting to ₹ 1182.29 lakhs. Consequently, current year freight has come down to that extant (Refer to Note No. 12).
- ♦ WR has also recovered freight based on diverted route amounting to ₹ 485.46 lakhs related to FY 2010-11 (Previous Year ₹ 3,346.65 lakhs related to FY 2011-12 to 2013-14). Recoveries made during the current year based on diverted route related to earlier years have been shown separately as "Recoveries/ deductions made by WR" (Refer to Note No. 12).
- ♦ PRCL is contesting these recoveries which is not as per Agreement and therefore, on a prudential basis requesting WR to reconsider this methodology of recoveries.
- ♦ The Company has issues with WR in respect to apportionment of revenue for earlier years e.g. rounding off of percentage share of the Company in revenue at lower side, non-payment of terminal charge on traffic originated from Pipavav station, recovery of maintenance charges on higher side, etc. WR has not accepted the views of the Company on disputed items; therefore, the exact amount pending reconciliation 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.

**Notes Forming Part of the Financial Statements for the Year ended on 31<sup>st</sup> March, 2016**

- The following outstanding dues on account of traffic guarantee shortfall amount, interest etc., under Traffic and Transportation Agreement, Shareholders Agreement, Pipavav Port Rail Siding Agreement, which had been decided by the Board of Directors as receivable from GPPL. The Committee of directors nominated by Board of Directors (BOD) was working on these dues and had submitted their final report dated 8<sup>th</sup> January 2015 on these dues to the Board of Directors in their meeting held on 23<sup>rd</sup> January 2015 and recommended to facilitate One Time Settlement between PRCL and GPPL. Details of these disputed dues as on 31.3.2016 and the recommendation are given below:

Sr. No.	Particulars of Dues	Amount in ₹ lakhs
<b>A</b>	<b>Recognized in books</b>	
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>Sub-Total A</b>	<b>1890.19</b>
<b>B</b>	<b>Un-recognized in books</b>	
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
	<b>Sub-Total B</b>	<b>4573.18</b>
	<b>Total dues unresolved by GPPL as on 31.3.2016</b>	<b>6463.37</b>

Based on the recommendation of the Committee constituted for settlement of dues from GPPL, the Board of Directors in their meeting on 23<sup>rd</sup> January, 2015 decided and item wise details are given below:

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



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**Notes Forming Part of the Financial Statements for the Year ended on 31<sup>st</sup> March, 2016**

During the current financial year, Good Faith Negotiation under Transportation and Traffic Guarantee Agreement has been initiated by GPPL with PRCL to settle to above dues by respective Managing Directors of both organizations.

The Company had already recognized ₹ 1890.19 lakhs against which provision for doubtful debt was made in earlier years and ₹ 4573.18 lakhs has not been recognized in the books pending the decision.

There is no shortfall in guaranteed traffic during financial year 2015-16.

24. 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.

**25. 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 1<sup>st</sup> 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 ₹)**

	2015-16			2014-15		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Present value of obligation as at the beginning of the Year	44,30,390	34,73,888	15,20,090	22,46,996	17,46,702	7,78,347
Interest Cost	3,43,355	2,69,226	1,17,807	1,90,995	1,48,470	66,159
Current Service Cost	5,94,723	6,11,030	2,27,756	5,32,729	4,83,625	1,85,761
Benefits Paid	—	(5,66,111)	(1,52,378)	—	(1,51,076)	—
Actuarial loss/(gain) on Obligations	(2,75,448)	2,35,926	57,241	14,59,670	12,46,167	4,89,823
Present value of obligation at year end	50,93,020	40,23,959	17,70,516	44,30,390	34,73,888	15,20,090

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

	2015-16			2014-15		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Fair value of Plan Assets at the beginning of the year	26,89,998	—	—	16,77,977	—	—
Expected return on Plan Assets	2,42,100	—	—	1,51,018	—	—
Employer's contribution	1,94,436	—	—	8,03,544	—	—
Benefit Paid	—	—	—	—	—	—
Actuarial (loss)/ gain on Obligations	(4,710)	—	—	57,459	—	—
Fair value of Plan Assets at the end of the year	31,21,824	—	—	26,89,998	—	—

**Notes Forming Part of the Financial Statements for the Year ended on 31<sup>st</sup> March, 2016**

**(v) Amount recognized in Balance Sheet**

**(Amount in ₹)**

	2015-16			2014-15		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Estimated Present Value of obligations as at the end of the year	50,93,020	40,23,959	17,70,516	44,30,390	34,73,888	15,20,090
Fair value of Plan Assets as at the end of the Year	31,21,824	—	—	26,89,998	—	—
Net Assets/(Net Liability) recognized in Balance Sheet	(19,71,196)	(40,23,959)	(17,70,516)	(17,40,392)	(34,73,888)	(15,20,090)

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

**(Amount in ₹)**

	2015-16			2014-15		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Current Service Cost	5,94,723	6,11,030	2,27,756	5,32,729	4,83,625	1,85,761
Interest Cost	3,43,355	2,69,226	1,17,807	1,90,995	1,48,470	66,159
Expected return on Plan Asset	(2,42,100)	—	—	(1,51,018)	—	—
Net Actuarial (Gain) / Loss recognized in the year	(2,70,738)	2,35,926	57,241	14,02,221	12,46,167	4,89,823
Total expenses recognized in the Statement of Profit and Loss	4,25,240	11,16,182	4,02,804	19,74,917	18,78,262	7,41,743

**(vii) Principal actuarial assumption at the Balance Sheet Date**

	2015-16			2014-15		
	Gratuity	Earned Leave	Sick Leave	Gratuity	Earned Leave	Sick Leave
Discount Rate	8.00%	8.00%	8.00%	7.75%	7.75%	7.75%
Expected rate of return on Plan Assets	8.35%	0%	0%	9.00%	0%	0%
Expected rate of Salary Increase	8.50%	8.50%	8.50%	8.30%	8.30%	8.30%
Method used	Projected unit credit					



## Pipavav Railway Corporation Limited

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### Notes Forming Part of the Financial Statements for the Year ended on 31<sup>st</sup> March, 2016

- ♦ 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.

#### 26. Provision for Income Tax/ Minimum Alternate Tax (MAT)

The Company has been claiming the deduction u/s 80-IA of the Income Act, 1961. The said tax holiday is available for a period of ten consecutive years i.e. up to assessment year 2023-24. Therefore, there would be no tax liability under the normal provisions of the Income Tax Act, 1961 during said period. However, the Company is liable to pay Minimum Alternate Tax (MAT) u/s 115JB of the Income Tax Act, 1961 and the same has been provided for ₹ 2,032.99 Lakhs during the current year (Previous Year: ₹ 1,225.83 lakhs).

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. The cumulative balance as per books as on 31.3.2016 is ₹ 4,832.41 Lakhs (As on 31.3.2015 was ₹ 3,034.01 Lakhs).

#### 27. 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 <sup>st</sup> April 2015	31 <sup>st</sup> March 2016	
	A	B	C (B-A)
Timing difference on account of depreciation, amortization and impairment	(39,27,28,910)	(39,01,10,847)	26,18,063
Less: Timing Difference expected to be reversed during tax holiday period	(16,51,67,758)	(14,98,43,890)	1,53,23,868
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>(22,75,61,152)</b>	<b>(24,02,66,957)</b>	<b>(1,27,05,805)</b>

- ♦ 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 31.3.2016.
- ♦ 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.

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

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



**Notes Forming Part of the Financial Statements for the Year ended on 31<sup>st</sup> March, 2016**

29. The Company obtained permission to undertake container operations from MOR by paying the license fee of ₹ 1,000.00 lakhs on 20.01.2006. The Company signed the Concession Agreement on 4.01.2007. Date of commencement of actual operation was 20.8.2009. 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 (Refer to Note no. 9).

30. 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 has been made as on the Balance Sheet date.

However, in case of license fee of ₹ 1,000.00 lakhs to run the container trains, the impairment loss equivalent to the net carrying amount of the license fee was already booked as expenses and charged to profit in the earlier year. In view thereof, no further adjustment on account of impairment has been made during the current year. 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 said license, the impairment loss shall be re-assessed and accordingly reversed on the basis of assessment and the carrying amount of the license fee shall be increased to that extent.

31. 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.

**32. Additional information**

(Amount in ₹)

Sl. No.	Particulars	2015-16	2014-15
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.	<b>Remuneration provided/paid to Managing Director :</b>		
	Gross Salary*	34,28,750	18,07,259
	Perquisites (Approx money value)	Nil	Nil
	Provident Fund Contributions (employer's share)	1,49,955	81,327
	Leave encashment/Availed	Nil	Nil
	Gratuity	Nil	Nil

\*Excluding Contribution to Gratuity fund

5.	<b>Auditors' Remuneration :</b>		
	Statutory Audit Fee	4,50,000	2,50,000
	Tax Audit	75,000	50,000
	Service Tax on above	78,750	37,080
	Out of Pocket Expenses	Nil	Nil

**33. 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 :

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

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



*Pipavav Railway Corporation Limited*

CIN : U45200DL2000PLC151199

**Notes Forming Part of the Financial Statements for the Year ended on 31<sup>st</sup> March, 2016**

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

		2015-16		2014-15	
		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)	35,78,705	—	18,88,586	—
	Company Secretary (CS)	15,53,533	—	13,63,064	—
	Chief Financial Officer (CFO)	14,83,953	—	13,94,206	—
(b)	Transactions with related parties recorded during the year are as under:-				
	-Manpower cost charged to Associates	—	23,25,521	—	24,29,970
(c)	Accumulated balances with related parties are as under:-				
	-Trade Receivables	—	19,13,45,672	—	19,14,06,868
	-Provisions for doubtful debts for above	—	18,90,20,151	—	18,90,20,151

# It includes salary, leave pay, productivity linked pay, Company's contribution towards Provident Fund, leave travel allowance and other allowances.

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

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

	2015-16	2014-15
A) <b>Numerator:</b>		
(i) Net Profit/loss as disclosed in the Statement of Profit and Loss (in ₹)	91,64,66,811	43,64,73,240
B) <b>Denominator:</b>		
(i) Weighted average number of Equity Shares outstanding (In Numbers)	19,60,00,020	19,60,00,020
C) Basic and Diluted earning per share (in ₹)	4.68	2.23

36. **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 **P. K. Chopra & Co.**  
**Chartered Accountants**

Firm's Regn. No.: 06747N

Sd/-

**CA K. S. Ponnuswami**

Partner

M. No. : 70276

Place: New Delhi

Dated: 30.06.2016

For & on behalf of the Board

Sd/-

**Pradeep Puri**

Director

DIN: 00051987

Sd/-

**G.V.L. Satya Kumar**

Director

DIN: 06913472

Sd/-

**Vinod Kumar**

Chief Financial Officer

Sd/-

**Leena Narwal**

Company Secretary

M. No. : A20516



# PIPAVAV RAILWAY CORPORATION LIMITED

CIN : U45200DL2000PLC151199

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

## FORM NO. MGT-11

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

Name of the member(s) :

Registered Address :

E-mail Id :

Folio No./Client Id :

DP ID :

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

1. Name: .....

Address: .....

E-mail Id: .....

Signature....., or failing him

2. Name: .....

Address: .....

E-mail Id: .....

Signature....., or failing him

3. Name: .....

Address: .....

E-mail Id: .....

Signature.....or failing him

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **16<sup>th</sup> Annual General Meeting** of the Company to be held **on Wednesday, the 7th day of September, 2016 at 04:00 p.m. at Committee Room No. 237, 2<sup>nd</sup> Floor, Ministry of Railways, Railway Board, New Delhi-110001** and at any adjournment thereof in respect of such resolutions as are indicated below:

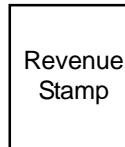
Resolution No. **1 to 13**

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