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*10th Annual Report 2013-14*  
**KUTCH RAILWAY COMPANY LIMITED**

**BOARD OF DIRECTORS**

Shri Asim Kumar Maitra  
Shri Alok Kumar Tewari  
Shri Arun Kumar  
Shri Ved Prakash Dudeja  
Shri Pramod Kumar Singh  
Dr. Meenu Dang  
Dr. Monica Agnihotri  
Shri M. S. Balani  
Shri G. J. Rao  
Capt. Unmesh Abhyankar  
Shri A. P. Mishra

Chairman  
Director/Nominee/ Rail Vikas Nigam Limited  
Director/ Nominee/ Rail Vikas Nigam Limited  
Director/ Nominee/ Rail Vikas Nigam Limited  
Director/ Nominee/ Rail Vikas Nigam Limited  
Director/Nominee/ Rail Vikas Nigam Limited  
Director/Nominee/ Rail Vikas Nigam Limited  
Director/ Nominee/ Kandla Port Trust  
Director/ Nominee/ Adani Ports and SEZ Limited  
Director/ Nominee/ Adani Ports and SEZ Limited  
Managing Director

**Company Secretary**

Shri Sanjeev Sharma

**Statutory Auditors**

M/s PVR-N & Co.  
Chartered Accountants  
New Delhi

**Bankers**

Bank of Baroda

**Registered Office**

2<sup>nd</sup> Floor, Indra Palace Building  
H-Block, Connaught Circus  
New Delhi – 110 001

**Project office**

1<sup>st</sup> Floor, old DRM office Building  
Railwaypura, Kalupura  
Ahmedabad – 380 002

**Control office**

Area Manager's office  
Western Railway  
Behind Natraj Hotel  
Gandhidham – 370 211

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### NOTICE

**NOTICE** is hereby given that the 10<sup>th</sup> **ANNUAL GENERAL MEETING** of the Shareholders of **KUTCH RAILWAY COMPANY LIMITED** will be held on Friday, 26<sup>th</sup> September 2014, at 4.30 PM at the Registered office of the Company at 2<sup>nd</sup> Floor, Indra Palace Building, H-Block, Connaught Circus, New Delhi – 110001 to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as on 31<sup>st</sup> March 2014 and the Profit & Loss Account for the period ended on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Pramod Kumar Singh (DIN 06485280) who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri G. J. Rao (DIN 01724002) who retires by rotation and being eligible, offers himself for reappointment.
5. To fix the remuneration of M/s AKS and Associates, the Statutory Auditors for the Financial Year 2014-15.

Pursuant to Section 139 (5) of the Companies Act, 2013 the auditors of the Government Company are appointed by the Comptroller & Auditor General of India (C&AG) and in terms of Section 142 of the Companies Act, 2013, the remuneration has to be fixed by the Company in the Annual General Meeting or in such manner as the company in General Meeting may determine. The Members of the Company, in 9<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> September 2013 authorised the Board of Directors to fix the remuneration of Statutory Auditors for the financial year 2013-14. Accordingly, the Board of Directors has fixed audit fee of ₹ 1,85,000/- plus service tax.

M/s AKS and Associates, have been appointed by the C&AG as Statutory Auditors of the Company for the year 2014-15. The Members may authorise the Board to fix an appropriate remuneration of Statutory Auditors as may be deemed fit by the Board for the year 2014-15.

#### **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** Capt. Unmesh Abhyankar (DIN 03040812) who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 4<sup>th</sup> November 2013, in terms of Section 260 of the Companies Act, 1956 [corresponding section 161(1) of the Companies Act, 2013] and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.”
7. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**  
“**RESOLVED THAT** Shri Ashim Kumar Maitra (DIN 06835316) who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 18<sup>th</sup> November 2013, in terms of Section 260 of the Companies Act, 1956 [corresponding section 161(1) of the Companies Act, 2013] and whose term of office expires at the Annual General Meeting and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall not be liable to determination by retirement of Directors by rotation.”
8. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**  
“**RESOLVED THAT** Dr. Monica Agnihotri (DIN 06953119) who was appointed as an Additional Director of the Company w.e.f. 21<sup>st</sup> August 2014 in terms of section 161(1) of the Companies Act, 2013 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice



## Kutch Railway Company Limited

under 160 of the Companies Act, 2013 in writing proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

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

“**RESOLVED THAT** the members in the 9<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> September 2013, pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment(s) thereof, for the time being in force) approved the appointment of Shri A. P. Mishra (DIN 03319240) as Managing Director of the Company for a initial period of three years extendable to five years with effect from 17.05.2013

“**RESOLVED THAT** in accordance with the provisions of section 198, 269 and 309 read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions, if any, including any statutory modifications or re-enactment thereof for the time being in force and subject to the limits prescribed under the Companies Act, 1956 and subject to the approval of the Shareholders of the Company and also subject to requisite approvals of the Central Government and / or other authorities as may be required, the appointment of Shri A. P. Mishra shall be on the following terms and conditions :

S. No.	Item	
1	Pay	Pay Scale of ₹ 75,000 to ₹ 1,00,000/-. Pay fixation at Minimum of the scale i.e. ₹ 75,000/- per month with annual increment of 3% (Three Percent)
2	Dearness Allowance	DA as per the current IDA scheme. The officer has the option of drawing DA either on pay or on pension only.
3	Provident Fund Deduction	EPF will be deducted @12% of Basic Pay+ DA and equal contribution from employer
4	Performance Related Incentive	To be decided by the Company's Board of Directors on year to year basis
5	Allowances Cafeteria Approach (As per IDA Guidelines)	Maximum 50% of the basic pay as per DPE guidelines against the different heads as per the rules applicable to Directors of RVNL
6	HRA/Lease Accommodation	30% of the Basic or lease (including self lease) maximum of ₹ 50,000/- per month. Standard rent recovery @ 2.5% of the basic from the salary.
7	Entertainment	Reimbursable on actual.
8	Reimbursement for annual Medical Check up (Self & Spouse)	Reimbursable on actual.
9	Provision for Mobile Instrument	Reimbursable on actual. To be depreciated as per RVNL rules.
10	Mobile and Telephone with internet facility	Reimbursable on actual. To be depreciated as per RVNL rules.
11	Provision of Laptop	One laptop including cost of maintenance to be depreciated as per RVNL rules.
12	Provision of Car	MD will be entitled to a chauffer driven car. Car would be Honda City or similar (maximum value). Recovery of ₹ 2,000/- per month as per DPE guidelines.
13	Medical	1 Outdoor Reimbursement for treatment of disease as specified in relevant RVNL rules. 2 Reimbursement on expenditure on diagnostics prescribed by RMP.

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S. No.	Item	
		3. Indoor – Reimbursement limited to deluxe room of Apollo Hospital and expenditure on medicines/ diagnostics etc as per RVNL rules.
14	Hard & Soft furnishing allowance	₹ 5,00,000/- (Five Lakhs) once in 5 years, value of the items will be depreciated as per RVNL rules.
15	Travelling on tour	While travelling on official duty by Air- Executive Class; by Rail 1st AC; and by Road – AC – Car.
16	Daily allowance	₹ 1500/- or actual supported by bill if more than ₹ 1500/- daily allowance may be drawn for broken period or a 'day' on the following scales. (i) For absence of less than 6 hours – 30% of the Normal Rate. (ii) For absence of 6 hours and more but less than 12 hours and more – 70% of normal daily rate. (iii) For absence of 12 hours and above – 100%
17	Lodging – Hotel Entitlement on tour	On official duty, lodging charges limited to rent of a suite in Ashoka Hotel, Delhi for A-1 Class cities. For A class city, the same will be 90% of the above and other places 75% of the same.
18	Leave in a calendar year	Casual Leave- 10 days + 2 RH Sick Leave – 12 days (24 half days) LAP – 30 days ( As per KRC Policy)
19	Provision for brief Case	₹ 7500/- once in 3 years.
20	Membership of a club	Reimbursement of subscription for membership of one club.

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

**RESOLVED FURTHER THAT** Shri A. P. Mishra shall continue to hold the office of Director, without being subjected to retire by rotation, so far he continues to be the Managing Director of the Company.”

*By Order of the Board of Directors*

Place : New Delhi  
Dated: 9th September, 2014

(Sanjeev Sharma)  
Company Secretary

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF/ HERSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. 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.
3. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the meeting.
4. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days except Saturdays Between 11.00 AM and 1.00 PM upto the date of the meeting.
5. An explanatory statement pursuant to Section 173 (2) of the Companies Act 1956 [corresponding Section 102 of the Companies Act, 2013] relating to the special business to be transacted at the meeting is annexed hereto.



**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956  
[CORRESPONDING SECTION 102 OF THE COMPANIES ACT, 2013]**

**Item No. 6**

Capt. Unmesh Abhyankar was appointed as an Additional Director on the Board of Directors of the Company in accordance with Section 260 of the Companies Act, 1956 and Article 128 of the Articles of Association of the Company w.e.f. 4.11.2013. He holds office as a Director up to the date of this Annual General Meeting. The Company has received notice in writing from a member signifying the intention to propose his candidature for the office of Director under Section 257 of the Companies Act, 1956.

Capt. Unmesh Abhyankar is Chief Operating Officer (COO), Adani Ports and SEZ Limited.

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

None of the Directors except Capt. Unmesh Abhyankar is concerned / interested in the said resolution.

**Item No. 7**

Shri Ashim Kumar Maitra was appointed as an Additional Director on the Board of Directors of the Company in accordance with Section 260 of the Companies Act, 1956 and Article 128 of the Articles of Association of the Company w.e.f. 18.11.2013. He holds office as a Director up to the date of this Annual General Meeting. The Company has received notice in writing from a member signifying the intention to propose his candidature for the office of Director under Section 257 of the Companies Act, 1956.

Shri Ashim Kumar Maitra is an officer of Indian Railway Traffic Service (IRTS). He is Additional Member (Traffic), Railway Board, Ministry of Railways.

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

None of the Directors except Shri Ashim Kumar Maitra is concerned / interested in the said resolution.

**Item No. 8**

Dr. Monica Agnihotri (DIN 06953119) who was appointed as an Additional Director of the Company w.e.f. 21<sup>st</sup> August 2014 in terms of section 161(1) of the Companies Act, 2013 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under 160 of the Companies Act, 2013 in writing proposing her candidature for the office of Director.

Dr. Monica Agnihotri is an officer of Indian Railway Traffic Service (IRTS). She is General Manager, Marketing, Rail Vikas Nigam Limited.

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

None of the Directors except Dr. Monica Agnihotri is concerned / interested in the said resolution.

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### **Item No. 9**

The Board of Directors, on the basis of the recommendation of a Selection Committee constituted for the purpose in their 46<sup>th</sup> Meeting held on 17<sup>th</sup> May 2013 approved the Selection of Shri A. P. Mishra as the Managing Director of the Company for an initial period of three years extendable to five years. A letter of offer for appointment to Shri A. P. Mishra was made and he accepted the offer and took charge as the Managing Director of the Company w.e.f. 17.05.2013 (A/N). Shri A. P. Mishra is retired Member Engineering / Railway Board/ Ministry of Railways and has held various positions in the Ministry of Railways.

In terms of the Advertisement issued for the post of Managing Director, the remuneration (Salary, allowances and perquisites other than PRP of the Managing Director of the Company will be the same as that of a Director of Schedule 'A' Central Public Sector Enterprise (CPSE). The Managing Director shall also be entitled for the Performance Linked Incentive as decided by the Company's Board from year to year. The Board of Directors of the Company had nominated a committee for giving their recommendations to Board regarding the remuneration / Salary, allowances, perquisites and other expenses payable to Shri A. P. Mishra, Managing Director.

In the 9<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> September 2013 the members approved the appointment of Shri A. P. Mishra w.e.f. 17.05.2013 for a period of 3 years extendable to 5 years. The members decided to approve the remuneration payable to Managing Director in their subsequent meeting as the Committee was yet to submit its recommendations to the Board of Directors.

The remuneration committee submitted its recommendation to the Board regarding the remuneration / Salary, allowances, perquisites and other expenses payable to Shri A. P. Mishra, Managing Director. The Board of Directors approved the recommendations of the Committee on 21.10.2013. The remuneration / Salary, allowances, perquisites and other expenses payable to Shri A. P. Mishra, Managing Director as approved by the Board are set out in the resolution.

Except Shri A. P. Mishra, no other Director of the Company is concerned or interested in the aforesaid resolutions and your Directors recommend your approval to the resolutions as set out under item No. 9.

*By Order of the Board of Directors*

Place : New Delhi  
Dated: 9th September, 2014

(Sanjeev Sharma)  
Company Secretary



## DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting the 10<sup>th</sup> Annual Report on the working of Company together with the Audited Statement of Accounts and the Auditors Report for the financial period ending March 31, 2014. It also has an addendum containing Management replies to the observations made in the Auditor Report.

### FINANCIAL RESULTS

	( ₹ in Crores)	
	Year 2013-14	Year 2012-13
Income from Operations	483.30	501.42
Other Income	34.44	21.34
Total Income	517.74	522.76
Total expenditure (excluding interest, depreciation & taxes)	329.14	310.46
Profit/(Loss) before interest & depreciation	188.60	212.30
Less: Financial Cost	—	—
Depreciation	25.19	24.47
Provision for tax	18.10	11.92
Net Profit/(Loss) for the Year	145.31	175.91
Profit/(Loss) after tax	145.31	175.91
Profit/(Loss) brought forward from earlier years	230.53	104.10
Profit available for appropriation	375.84	280.01
Appropriations:		
Dividend (Proposed)	10.00	35.00
Corporate Dividend Tax	1.70	5.68
Transfer to General Reserve	—	8.79
Surplus profit carried to Balance Sheet	364.14	230.53

### DIVIDEND

Your Directors have recommended a Dividend of 4% on equity share for the financial year ended 31<sup>st</sup> March 2014 i.e. ₹ 0.40 per share. The payment of the dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting.

The Dividend payout is linked to long term performance, keeping in view of the capital needs of the company's growth plans and desire to achieve optimal financing of such plans through internal accruals.

### OPERATIONS OF THE COMPANY

The Income from operations of your Company has decreased from ₹ 501.42 Crores in Financial Year 2012-13 to ₹ 483.30 Crores in Financial Year 2013-14. The reduction in the Income from operations is due to various factors as outlined below:

- i) Decrease in revenue by ₹ 18.12 crores (₹ 501.42 crores in 2012-13 and ₹ 483.3 crores in 2013-14) (due to change by Western Railway in basis of computation of Apportioned earnings from 'booked route' to 'carried route').
- ii) Reduction in traffic moved on the section: During the financial year 2013-14, 15256 freight trains, (11592 loaded & 3664 empty) were handled on the section whereas during the financial year 2012-13, 15317 freight trains, (11676 loaded & 3641 empty) were handled.

The Gross Ton Kilometer (GTKM) for the year 2013-14 is 7394894849 as compared to GTKM 8391464361 for 2012-13. The downward trend during the year was due to sluggish economy leading to less movement of loaded trains in the section. Your directors expect improvement in the coming year.

- iii) Increase in Operation & Maintenance Cost by ₹ 18.32 crores. Besides general increase in prices, it is increased due to inclusion of Staff Cost of Operating & Maintenance aggregating ₹ 13.05 crores for Gandhidham & Palanpur Stations. This has been done for the first time. A protest has been made to ADI division.

In the current financial year (2014-15) upto August 2014, a total of 6891 goods trains (5177 loaded & 1715 empty) had run on the section carrying total cargo of 12.67 million tones.



### **SHOW CAUSE NOTICE FROM DIRECTOR GENERAL OF CENTRAL EXCISE INTELLIGENCE (DGCEI)**

During the year, a team from Director General of Central Excise Intelligence (DGCEI), Chennai Zone issued summons to the Company. According to DGCEI team, KRC should charge Service Tax from Railways on apportionment of revenue for Services provided by KRC to the Railway as 'Business Support Service'. Therefore, KRC should collect service tax from railways for providing infrastructure on the KRC section to the Railways for carrying out transportation of goods & passengers by the Railways and deposit this amount into the Government. It was informed by the team that after 01.07.2012, all services rendered are taxable except those mentioned under the negative list.

In view of above, as per DGCEI, KRC is liable to pay service tax for last five year commencing from 2009-10. It was mentioned to them that, although, KRC is the Owner of the line but it has no mandate to operate trains on the line Railways are carrying train operations on behalf of KRC. A meeting with both MT & FC/ Railway Board was held by MD/KRC. Your Directors had decided to thoroughly examine the matter and obtain suitable legal and expert advice to peruse the matter appropriately with the DGCEI.

### **DOUBLING BETWEEN SAMAKHYALI- PALANPUR**

As you are aware the Doubling of Palanpur- Samakhiali project of the Company was sanctioned and included in the Works Programme of 2013-14 of the Ministry of Railways at a cost of ₹ 1266.89 Crore. Your Company took immediate steps for taking for the execution of the project and appointed Rail Vikas Nigam Limited (RVNL) as the client agency for executing the work. The detailed estimate of the project had been revised. The revised detailed estimate as submitted by RVNL is ₹ 1548.66 Cr. The Board of Directors of the Company had approved the revised detailed estimate. Your Directors proposes to enter into Memorandum of Understanding / Construction Agreement with RVNL for carrying out the Doubling of the Section.

### **FUTURE OUTLOOK**

Your Company foresees sustained growth of traffic on Gandhidham-Palanpur section. As per estimates, Gandhidham area accounts for the 40% of the Western Railway Loading. Kandla & Mundra Ports have very ambitious development plans and they have projected substantial increase in the future traffic. The Gandhidham-Palanpur line has been identified as feeder route to the Western corridor of Dedicated

Freight Corridor (DFC). Work on the Western Corridor now making progress and is targeted for completion by March 2017.

In view of the Railway Board's request for the Electrification of the Palanpur- Gandhidham Section, your Company took up the matter and decided that since the project requires huge capital investments, before a commitment to Railway Board is made, a detailed Bankability study for the Electrification be carried out and, accordingly your company is taking steps to carry out the study.

Kandla & Mundra Ports are connected to Gandhidham station with double lines. Bhuj-Nallia Meter Gauge line has also been sanctioned by Ministry of Railway for conversion from Meter Gauge to Broad Gauge along with extension from Nallia to Vayor to provide rail connectivity to Cement factories coming up in that area. All these developments have raised optimism for Kutch Railway Company's about increase in traffic on Gandhidham-Palanpur line.

### **FIXED DEPOSITS**

During the year under review, your Company has not accepted / invited any deposits within the meaning of Section 58 A of the Companies Act, 1956 and the rules made there under.

### **PARTICULARS OF CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

The particulars required to be disclosed pursuant to Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 in respect of the Conservation of Energy and Technology Absorption shall be treated as NIL as the Company is presently neither energy intensive nor technology intensive.

### **FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.**

The Company has neither earned nor spent any foreign exchange during the period under review.

### **PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A)**

During the year under report, no employee of the Company was in receipt of salary of ₹ 5,00,000/- per month or ₹ 60,00,000/- per annum and hence the particulars of such employees to be disclosed under section 217(2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975 and amendments thereof from time to time are not attached.



## ***Kutch Railway Company Limited***

### **BOARD OF DIRECTORS**

The Board of Directors of the Company consists of nominees of Ministry of Railways/Rail Vikas Nigam Limited (RVNL), Kandla Port Trust (KPT), Adani Ports and SEZ Limited (APSEZL) and Government of Gujarat (GoG).

During the year under review, Shri Pramod Kumar Singh and Shri G. J. Rao retire at the 10<sup>th</sup> Annual General Meeting of the Company and, being eligible, offer themselves for re-appointment.

Since the last Annual General Meeting, Shri Ashim Kumar Maitra, Capt. Unmesh Abhyankar and Dr. Monica Agnihotri were appointed as Additional Directors of the Company. These Directors hold office upto the date of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received notices under section 257 of the Companies Act, 1956 proposing the appointment of Capt. Unmesh Abhyankar and Dr. Monica Agnihotri as Directors of the Company subject to retirement by rotation, and of Shri Ashim Kumar Maitra not to retire by rotation as he is the Chairman of the Company. The Board recommends these appointments.

During the year, Shri Sudesh Paul Vatsa, Shri A. K. Sharma and Shri Dinesh Chandra Pandey vacated the office of Director. Your Board places on record its deep appreciation for the valuable services and contributions made by them during their tenure as Director of the Company.

### **AUDIT COMMITTEE**

The Board of Directors had constituted Audit Committee as per the provisions of Section 292A of the Companies Act, 1956. As on the date of this report, the following are its members:

1. Dr. Meenu Dang
2. Capt. Unmesh Abhyankar
3. Shri A. P. Mishra

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors of the Company in pursuance of Section 217 (2AA) of the Companies Act, 1956 as amended hereby confirms:

- i) That in the preparation of the annual accounts, all the applicable accounting standards have been followed and there has been no material departure.
- ii) That such accounting policies were selected and applied consistently and such judgments and

estimates were made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the period ended on 31<sup>st</sup> March 2014.

- iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Annual Accounts have been prepared on a going concern basis.

### **AUDITORS**

Under the provisions of Section 619 B of the Companies Act, 1956, The Comptroller & Auditor General of India (C&AG) has appointed M/s PVRN & Co, Chartered Accountants as the Statutory Auditors of the Company for the period ended March 2014.

### **AUDITORS OBSERVATIONS**

The remarks on the observations of the Statutory Auditors for the period under review are placed at **Annexure I** and appropriate disclosures in regard thereof are contained in the accounting policies and notes on accounts forming integral part of the Accounts.

### **ACKNOWLEDGEMENT**

Your Directors place on record their appreciation of the assistance, active support and guidance received from Ministry of Railways, Western Railways Head office at Mumbai & its Ahmedabad Division, Northern Railway & North Western Railway, Rail Vikas Nigam Limited, Government of Gujarat, Kandla Port Trust and Adani Ports and SEZ Limited. Your Directors also acknowledge the valuable co-operation and support from Bank of Baroda. Your Directors also acknowledge their deep appreciation for the unstinted support and contribution made by the management and employees in the working of the Company to achieve the performance during the year under review and the Board look forward to the same in the time ahead.

*For and on behalf of the Board of Directors*

Sd/-

Place: New Delhi  
Dated: 9th September, 2014

**A. P. Mishra**  
*Managing Director*

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### ANNEXURE I to the Directors' Report

S. No.	Extracts from Auditors' Report	Management's Reply
1.	Note No. 27 regarding fixed assets capitalised by Company (as per advice received from Western Railway), material supplied by Company & balance outstanding as advance to Western Railway are yet to be verified by the company and subject to reconciliation with Western Railway. The impact of the same is unascertainable, and consequent impact on depreciation is also unascertainable.	As per letter received from the Western Railway (WR), a credit of ₹ 0.91 crores has been intimated by WR for the financial year 2013-14. The Company had also supplied material to WR amounting to ₹ 119.97 crores and balance to WR amounting to ₹ 3.66 crores is outstanding as on 31.03.2014. With regard to finalisation of construction accounts, the matter has been raised at various administrative levels in Western Railway and the matter is being further pursued.
2.	Note No. 29 regarding division of addition in Bridges & Buildings, Formation, Plant & Machinery (Project) and Permanent Way in proportion of their gross opening balances. The impact of the same is unascertainable, and consequent impact on depreciation is also unascertainable.	In the aforesaid letter from WR, it has been mentioned that Railway has introduced AFRES accounting system since 2011. Therefore, it is not feasible to prepare the details of asset wise expenditure. In view of this the addition in fixed assets is divided in proportion of their gross opening balances.
3.	Note no.31 regarding non-confirmation of receivables including advances and payables. The impact of the same is unascertainable.	Letters were sent for Confirmation of Accounts to all parties shown as receivables / payables stating therein that if no confirmation is received within 30 days, it will be presumed that the respective party has accepted the copy of account. Confirmation has been received from most of the parties. Further, the details of account of Western Railway, which forms a major part of KRC account, have been received which has been accounted for in the Books of Accounts of the Company.



S. No.	Extracts from Auditors' Report	Management's Reply
1.	1a The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets. <i>However, it is updated up to 31.03.2013 i.e. updation has not done for the financial year 2013-14.</i>	The Fixed Assets Register has been completed up to 31.03.2014. It has not been updated for the financial year 2013-14 as the detail of addition/deletion from the fixed assets has been received late. The updation will be carried out shortly.
2.	1b Major assets, which are under the control of Western Railway, have been physically verified by a consultant appointed by the management during the year. Further, in case of Assets, under the control of Company, as explained to us, have been physically verified by the management. No material discrepancies were noticed on such verification. <i>There is no approved regular program of verification for all assets.</i>	The fixed assets have been verified during the financial year. The program for verification for all assets will be finalized soon.
3.	4 <i>In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and for the sale of services. There is no sale of goods during the year. During the course of our audit, no major weakness has been noticed in the internal controls. However, in the absence of determination of Joint Procedure Order till date in terms of Operation &amp; Maintenance Agreement the income from traffic and respective costs are accounted for on provisional basis as advised by WR based on calculation as decided in the Agreement.</i>	Joint Procedure Order is under finalization in consultation with Western Railway.



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

No. PDA/R-C/RPSU/32-57/Kutch/2013-14/  
356

Dated: 15.09.2014

To

**The Managing Director,  
Kutch Railway Company Limited,  
2<sup>nd</sup> Floor, Indra Palace, H-block,  
Connaught Circus,  
New Delhi-110001**

**Subject: Comments of the Comptroller and Auditor General of India under Section 619 (4) of the Companies Act, 1956 on the Accounts of Kutch Railway Company Limited, for the year 2013-14**

Sir,

The Non- Review Certificate under Section 619 (4) of the Companies Act, 1956 on the accounts of Kutch Railway Company Limited for the year 2013-14 is enclosed. The Non Review Certificate may be placed before the Annual General Meeting along with accounts of the Company in compliance with the provisions of Section 619 (5) of the Companies Act, 1956. Six copies of the printed Annual Report of the company may please be sent to this office at the earliest.

Receipt of the letter may please be acknowledged.

Encl: As above

Yours faithfully,

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



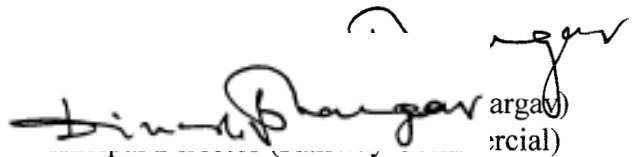
**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE  
ACCOUNTS OF KUTCH RAILWAY COMPANY LIMITED FOR THE YEAR  
ENDED 31 MARCH 2014**

The preparation of financial statements of Kutch Railway Company Limited for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statement under Section 227 of the Companies Act, 1956 based on independent audit in accordance with auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 9<sup>th</sup> September 2014.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Kutch Railway Company Limited for the year ended 31 March 2014 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

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

Place: New Delhi  
Dated: 12 September 2014

  
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**INDEPENDENT AUDITOR'S REPORT**

TO  
THE MEMBERS OF  
KUTCH RAILWAY COMPANY LIMITED

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Kutch Railway Company Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2014, and the statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs) and in accordance of with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements; whether due to fraud or error. In making those risk assessments, the auditor considers internal

control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

**OPINION**

In our opinion and to the best of our information and according to the explanations given to us, subject to item nos (a) and (c) below:-

- (a) **Note No. 27 regarding fixed assets capitalized by Company (as per advice received from Western Railway), material supplied by Company & balance outstanding as advance to Western Railway are yet to be verified by the company and subject to reconciliation with Western Railway. The impact of the same is unascertainable, and consequent impact on depreciation is also unascertainable.**
- (b) **Note No. 29 regarding division of deletion in Bridges & Buildings, Formation, Plant & Machinery (Project) and Permanent Way in Proportion of their gross opening balances. The impact of the same is unascertainable, and consequent impact on depreciation is also unascertainable.**
- (c) **Note No. 31 regarding non-confirmation of receivables including advances and payables. The impact of the same is unascertainable.**

**EMPHASIS OF MATTER**

**Without qualifying our report we draw attention to note no.22 to the financial statements.**

The aforesaid financial statements give the information required by the Act in the manner so required and given a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2014;
- b. In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date.



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

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2003 ("The Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs).
  - e. On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Act nor has it issued any Rules under the section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For PVRN & Co.  
Chartered Accountants  
FRN:004062N

CA Vinay Gupta  
Partner  
(M.No. 086879)

Place: New Delhi  
Dated: 9.9.2014

**ANNEXURE TO THE AUDITORS' REPORT**

**Referred to in Paragraph (3) of our report of even date on accounts for the year ended on 31.3.2014 of KUTCH RAILWAY COMPANY LIMITED**

1. a. The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets. *However, it is updated up to 31.03.2013 i.e. updation has not done for the financial year 2013-14.*
  - b. Major assets, which are under the control of Western Railway, have been physically verified by a consultant appointed by the management during the year. Further, in case of Assets, under the control of Company, as explained to us, have been physically verified by the management. No material discrepancies were noticed on such verification. *There is no approved regular program of verification for all assets.*
  - c. Fixed Assets disposed off during the year were not substantial and therefore do not affect the going concern status of the company.
2. The company did not maintain with it any inventory during the year.
3. a. The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - b. The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and for the sale of services. There is no sale of goods during the year. During the course of our audit, no major weakness has been noticed in the internal controls. *However, in the absence of determination of Joint Procedure Order till date in terms of Operation & Maintenance Agreement the income from traffic and respective costs are accounted for on provisional basis as advised by WR based on calculation as decided in the Agreement.*
5. a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered in the



## 10th Annual Report 2013-14

- Register maintained under section 301 of the Companies Act' 1956 have been so entered.
- b. According to the information and explanations given to us, there is no transaction or arrangement exceeding the value of five lac Rupees in respect of any party during the year and hence the question of reasonable prices in respect of such transactions with regard to prevailing market price does not arise.
6. The company has not accepted any deposit from public during the year.
  7. The Company has appointed a firm of Chartered Accountants as its internal auditors. In our opinion, the internal audit system is commensurate with the size and nature of its business. However, in our opinion, the internal auditors should visit other offices of the Company to give their opinion on their working.
  8. The company is not required to maintain any of the books of account relating to materials, labour and other items of cost pursuant to the Rules made by the Central Government for the maintenance of cost records u/s 209 (1)(d) of the Companies Act, 1956.
  9. a. According to the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, Service tax, custom-duty, excise duty, cess and other statutory dues, applicable to the company. According to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31.03.2014 for a period of more than 6 months from the date they became payable.  
b. According to the records of the company, there are no dues of sale tax, income-tax, customs duty/wealth tax/Service tax/excise duty/ cess which have not been deposited on account of any dispute.
  10. The Company is profit making and there are no accumulated losses at the end of the financial year and it has not incurred cash losses during the year and immediately preceding financial year.
  11. Based on our audit procedures and according to the information and explanations given to us, the company has not delayed repayment of dues to financial Institutions, banks or debenture-holders.
  12. Based on our examination of documents and records, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  13. In our opinion and according to information provided to us, any special statute for chit fund/nidhi/mutual benefit fund/societies is not applicable to the company.
  14. During the year, the company has not dealt in shares, securities, debentures and other investments.
  15. In our opinion and as per information provided to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
  16. According to the information and explanations given to us and on the basis of records examined by us, no term loans are availed by the company during the year.
  17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no short-term funds have been raised during the year.
  18. Based on our examination of records and the information provided to us by management we report that the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
  19. During the period covered by our audit report, the company has not issued any debentures during the year.
  20. The company has not raised any money by way of public issues.
  21. Based on audit procedures performed and information and explanations given by the management, we report that no frauds on or by the company has been noticed or reported during the course of our audit.

For PVRN & Co.  
Chartered Accountants  
FRN:004062N  
CA Vinay Gupta  
Partner  
(M.No. 086879)

Place: New Delhi  
Dated: 9.9.2014



# Kutch Railway Company Limited

## BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note	As at 31st March 2014 (Amount in ₹)	As at 31st March 2013 (Amount in ₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholder's Funds</b>			
(a) Share Capital	2	2,50,00,00,000	2,50,00,00,000
(b) Reserves & Surplus	3	3,72,93,98,695	2,39,32,58,806
<b>2. Non-current Liabilities</b>			
(a) Deferred Tax Liabilities (Net)		69,74,30,651	63,70,35,380
(b) Other Long Term Liabilities	4	3,53,32,99,341	2,74,51,68,378
(c) Long Term Provisions	5	67,09,112	56,91,457
<b>3. Current Liabilities</b>			
(a) Trade Payables	6	3,65,94,963	4,56,91,682
(b) Other Current Liabilities	7	26,24,242	27,75,631
(c) Short Term Provisions	8	11,69,95,000	40,67,78,750
<b>TOTAL</b>		<b>10,62,30,52,004</b>	<b>8,73,64,00,084</b>
<b>II. Assets</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	9	4,13,66,40,747	4,29,73,42,049
(ii) Intangible Assets	9	1,053	1,14,426
(iii) Capital Work in Progress	10	6,97,33,792	1,17,69,147
(b) Long Term Loan & Advances	11	6,11,53,107	8,66,97,246
(c) Other Non-Current Assets	12	12,31,324	5,42,274
		<b>4,26,87,60,023</b>	<b>4,39,64,65,142</b>
<b>2. Current Assets</b>			
(a) Trade Receivables	13	78,28,15,312	1,18,46,28,567
(b) Cash & Cash Equivalents	14	4,75,24,60,969	2,68,98,71,282
(c) Short Term Loans and Advances	15	64,97,32,912	38,23,47,608
(d) Other Current Assets	16	16,92,82,788	8,30,87,485
<b>TOTAL</b>		<b>10,62,30,52,004</b>	<b>8,73,64,00,084</b>

### Significant Accounting Policies and Notes on Financial Statement

1 to 45

### Notes referred above form integral part of financial statements

#### Auditor's Report

As per our report of even date attached

For PVRN & Co.

Chartered Accountants

FRN: 004062N

Sd/-

**CA Vinay Gupta**

Partner

M.No.:086879

Place: New Delhi

Date: 9.9.2014

For & on behalf of the Board

Dr. Meenu Dang

Director

(DIN No.:05171078)

Aditya Prakash Mishra

Managing Director

(DIN No.:03319240)

Sanjeev Sharma  
Company Secretary

M.No.:F3640

## 10th Annual Report 2013-14

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2014

Particulars	Note	Year ended 31st March, 2014 (Amount in ₹)	Year ended 31st March, 2013 (Amount in ₹)
I Revenue from Operations	17	4,83,30,33,133	5,01,42,34,500
II Other Income	18	34,44,27,446	21,33,83,299
<b>III Total Revenue</b>		<b>5,17,74,60,579</b>	<b>5,22,76,17,799</b>
<b>IV Expenses:</b>			
Operating & Other Expenses	19	3,25,92,03,096	3,07,60,16,270
Employees Benefit Expenses	20	1,77,49,572	1,50,27,375
Depreciation and amortization expenses		25,19,01,992	24,46,94,397
Other Expenses	21	1,44,33,772	1,36,07,066
<b>Total Expenses</b>		<b>3,54,32,88,432</b>	<b>3,34,93,45,108</b>
<b>V Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>1,63,41,72,147</b>	<b>1,87,82,72,691</b>
VI Prior Period Expenses		—	—
<b>VII Profit before tax (V-VI)</b>		<b>1,63,41,72,147</b>	<b>1,87,82,72,691</b>
<b>VIII Tax Expenses</b>			
(1) Current Tax		32,70,00,000	38,05,50,000
(2) Current Tax Related to earlier years		88,53,580	—
(3) MAT Credit Entitlement		(21,52,11,593)	(30,65,67,893)
Net Current Tax		12,06,41,987	7,39,82,107
(2) Deferred Tax		6,03,95,271	4,52,46,794
		<b>18,10,37,258</b>	<b>11,92,28,901</b>
<b>IX Profit / (Loss) for the period from continuing operations (VII-VIII)</b>		<b>1,45,31,34,889</b>	<b>1,75,90,43,790</b>
<b>X Earning Per Share</b>			
- Basic		5.813	7.036
- Diluted		5.813	7.036

#### Significant Accounting Policies and Notes on Financial Statement

1 to 45

#### Notes referred above form integral part of financial statements

##### Auditor's Report

As per our report of even date attached

For PVRN & Co.

Chartered Accountants

FRN: 004062N

Sd/-

**CA Vinay Gupta**

Partner

M.No.:086879

Place: New Delhi

Date: 9.9.2014

For & on behalf of the Board

Dr. Meenu Dang      Aditya Prakash Mishra  
Director              Managing Director  
(DIN No.:05171078)      (DIN No.:03319240)

Sanjeev Sharma  
Company Secretary  
M.No.:F3640



# Kutch Railway Company Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

	As on 31st March 2014 (Amount in ₹)	As on 31st March 2013 (Amount in ₹)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before taxation and extraordinary items	1,63,41,72,147	1,87,82,72,691
Adjustment for:		
Depreciation	25,19,01,992	24,46,94,397
Intrest Paid(net)	(34,43,34,686)	(20,84,01,711)
Loss/(Profit) on Fixed Assets disposed	(92,090)	1,08,874
Deferred Liability for Overhead Charges	78,81,30,963	73,55,57,325
Long Term Provision	10,17,655	(2,13,483)
Prior Period Expenses	—	—
<b>Operation profit before working capital changes</b>	<b>2,33,07,95,981</b>	<b>2,65,00,18,093</b>
(Increase) / Decrease in Trade Receivables	40,18,13,255	(92,02,65,414)
(Increase) / Decrease in other Current Assets	(13,83,69,014)	(5,71,90,093)
Increase / (Decrease) in Trade Payables & other Liabilities	(92,48,108)	4,57,38,143
Cash generated from operations	<b>2,58,49,92,114</b>	<b>1,71,83,00,729</b>
Direct Taxes paid / deducted at source	<b>(33,58,53,580)</b>	<b>(38,26,79,102)</b>
Net cash from operating activities	<b>2,24,91,38,534</b>	<b>1,33,56,21,627</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of Fixed Assests	(10,01,94,359)	(22,49,65,711)
Capital Work in Progress	(5,79,64,645)	(98,11,474)
Fixed Assets Disposed	91,99,131	1,60,387
Decrease in Long Term Loan & Advances	2,55,44,140	(3,90,17,919)
Increase in Other Non Current Assets	(6,89,050)	3,89,59,145
Interest	34,43,34,686	2,084,01,711
Net Cash used in Investing Activities	<b>22,02,29,903</b>	<b>(2,62,73,861)</b>
<b>C. Cash flow from Financing Activities</b>		
Receipt of Equity Share Capital	—	—
Proceeds from Short Term Borrowing	—	—
Repayment of Long Term Borrowing	—	—
Dividend Paid (including dividend tax)	(40,67,78,750)	(29,05,56,250)
Intrest Paid	—	—
Net Cash inflow from Financial Activities	<b>(40,67,78,750)</b>	<b>(29,05,56,250)</b>
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	<b>2,06,25,89,687</b>	<b>1,01,87,91,516</b>
Cash & Cash Equivalents Opening Balance	<b>2,68,98,71,282</b>	<b>1,671,0,79,766</b>
Cash & Cash Equivalents Closing Balance	<b>4,75,24,60,969</b>	<b>2,68,98,71,282</b>
<b>Cash &amp; Cash Equivalents Includes</b>		
Cash in hand	45,952	16,157
With Banks		
- In Current Accounts	5,29,402	5,80,212
- In Fixed Deposit Accounts	4,75,18,85,615	2,68,92,74,913
	<b>4,75,24,60,969</b>	<b>2,68,98,71,282</b>

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.
- Previous year's figures have been regrouped and rearranged, wherever necessary.

As per our report of even date attached

**Auditor's Report**

As per our report of even date attached

For PVRN & Co.

Chartered Accountants

FRN: 004062N

Sd/-

**CA Vinay Gupta**

Partner

M.No.:086879

Place: New Delhi

Date: 9.9.2014

For & on behalf of the Board

Dr. Meenu Dang

Director

(DIN No.:05171078)

Aditya Prakash Mishra

Managing Director

(DIN No.:03319240)

Sanjeev Sharma  
Company Secretary

M.No.:F3640

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

**Note 1**

**Significant accounting policies**

**a. Basis of Preparation of Financial Statements**

These financial statements have been prepared on an accrual basis under historical cost convention in accordance with the generally accepted accounting principles & standard in India including the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of Companies Act, 1956.

**b. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses for the years presented. Actual results could differ from those estimates.

**c. Fixed Assets**

Fixed assets are stated at historical cost and all directly attributable expenses related to the assets are capitalized along with respective assets.

Intangible Assets are stated at cost of acquisition and all directly attributable expenses related to the asset are capitalized along with respective asset.

The addition/deletion in the Fixed Assets (advised by Western Railway) are accounted for in the year of advice by Western Railway.

**d. Impairment of Assets**

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recovery amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the profit and loss account to the extent the carrying amount exceeds the recoverable amount.

**e. Assets on Lease**

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the Lessor are classified as operating leases. Lease rents are charged to Profit & Loss Account on accrual basis.

**f. Capital Work in Progress**

- i. Indirect expenses incidental to construction of various assets will be apportioned on pro-rata basis to respective assets.
- ii. Deposit Works contracts are accounted for on the basis of statement of accounts received from executing agencies.
- iii. In respect of supply cum erection contracts, the value of supplies received at site and accepted is treated as capital work in progress.
- iv. Expenses not identifiable with projects under execution are treated as pre-operative expenses, and will be apportioned after identification before final completion of works.

**g. Provision for doubtful debts**

Provision is made in respect of debts/receivables if in the opinion of the management the same are doubtful of recovery, and in respect of debts/ receivables which are more than three years old, the same are considered doubtful of recovery.



## **h. Depreciation**

- i. Depreciation on Fixed assets (excluding intangible assets) is computed under the Straight Line Method on the rates prescribed in the Schedule XIV of the Companies Act, 1956. Individual assets costing less than ₹ 5,000/- are depreciated in full in the year of acquisition.
- ii. Depreciation on additions to assets by Western Railway, from its own sources or out of material supplied by Company where exact date of addition is not advised by WR, is charged for half of the year.
- iii. No depreciation is charged on the assets for the year in which deletion is advised by the Western Railway.
- iv. Intangible assets are amortised according to the period of useful life of the assets. Individual assets costing less than ₹ 5,000/- are depreciated in full in the year of acquisition. Computer Software is depreciated at the rates applicable to computers.

## **i. Preliminary Expenses**

Preliminary and other expenses incurred towards incorporation of the Company, in connection with issue of shares, increase of authorised share capital of the Company, issue of share certificates etc. are to be written off over a period of five years from the date of commencement of commercial operations.

## **j. Revenue Recognition**

- i. Operating revenue i.e. income from railway traffic is recognized on accrual basis as advised by Western Railway on provisional basis.
- ii. Interest earned on deposits with banks is recognised on accrual basis
- iii. Insurance claims are accounted for on receipt basis.
- iv. Claims other than insurance claims are accounted for only on recognition of such claims by the party on whom such claim is made
- v.
  - a) Prepaid expenses and prior period expenses/income up to ₹ 5,000/-per item are charged as and when incurred/adjusted/received.
  - b) Operating revenue and operation & maintenance cost of earlier years in respect of operation of goods trains (as advised by Western Railway on provisional basis) are accounted for in the year of advice by Western Railway.

## **k. Cost Recognition**

Out of total cost, the Operation & Maintenance Cost are recognized as advised by Western Railway on Provisional Basis.

## **l. Retirement Benefits**

Liability in respect of Gratuity and leave encashment is provided on the basis of actuarial valuation.

## **m. Contingent Liabilities**

Contingent liabilities are usually not provided for unless it is probable that the future outcome may be materially detrimental to the Company.

## **n. Income Tax & Deferred Tax**

Current Income Tax is determined as per the provisions of the Income Tax Act in respect of Taxable Income for the year. Deferred Tax Liabilities / Deferred Tax Assets are computed as per accounting standard (AS-22). Deferred Tax Asset and Deferred Tax Liability are computed by applying tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet Date.

## 10th Annual Report 2013-14

### NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2014

	As at 31st March 2014 (Amount in ₹)	As at 31st March 2013 (Amount in ₹)
<b>Note - 2 SHARE CAPITAL</b>		
<b>1. Authorised</b>		
25,00,00,000 Equity Shares of ₹ 10/- each	<u>2,50,00,00,000</u>	<u>2,50,00,00,000</u>
<b>2. Issued, Subscribed and paid up</b>		
25,00,00,000 Equity shares of ₹ 10/- each fully paid up	2,50,00,00,000	2,50,00,00,000
(Includes 2,73,50,100 Shares issued for consideration other than cash & 5,00,00,000 bonus shares)	<u>2,50,00,00,000</u>	<u>2,50,00,00,000</u>

(a) There is no movement in share capital during the year and previous year.

	As at 31st March 2014		As at 31st March 2013	
(b) Shareholders holding more than 5% of total shares	No. of Share	% of holding	No. of Share	% of holding
Rail Vikas Nigam Ltd.	124999994	50	124999994	50
Kandla Port Trust	65000000	26	65000000	26
Mundra Port & SEZ Ltd.	50000000	20	50000000	20

(c) **Aggregate No. of Shares issued for Consideration other than cash during the period of 5 years immediately preceding the reporting date**  
 (Alloted during the F.Y. 2011-12 as fully Paid equity share to the existing shareholders in the ratio of 1:4) 50,00,00,000 (nos.)



# Kutch Railway Company Limited

## NOTES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014

	As at 31st March 2014 (Amount in ₹)	As at 31st March 2013 (Amount in ₹)
<b>Note - 3 RESERVES AND SURPLUS</b>		
<b>General Reserve</b>		
Opening Balance	8,79,52,190	—
Add; Transferred form Statement of Profit & Loss	—	8,79,52,190
<b>Total</b>	<b>8,79,52,190</b>	<b>8,79,52,190</b>
<b>Surplus - In Statement of Profit &amp; Loss</b>		
Opening Balance	2,30,53,06,616	1,04,09,93,766
Add; Net Profit for the Current Year	1,45,31,34,889	1,75,90,43,790
	3,75,84,41,505	2,80,00,37,556
Less; Proposed Dividend	10,00,00,000	35,00,00,000
Corporate Dividend Tax	1,69,95,000	5,67,78,750
Transferred to General Reserve	—	8,79,52,190
	11,69,95,000	49,47,30,940
<b>Total</b>	<b>3,64,14,46,505</b>	<b>2,30,53,06,616</b>
	<b>3,72,93,98,695</b>	<b>2,39,32,58,806</b>
	As at 31st March 2014 (Amount in ₹)	As at 31st March 2013 (Amount in ₹)
<b>Note - 4 OTHER LONG TERM LIABILITIES</b>		
Deferred Liability for Overhead Charges on Operation & Maintenance Cost (Overhead charges on Operation & Maintenance Cost for the first ten years of operations shall be repayable from F.Yr. 2016-17 in twenty years) (also refer note no.32(b) of Notes to Financial Statements)	3,53,32,99,341	2,74,51,68,378
	<b>3,53,32,99,341</b>	<b>2,74,51,68,378</b>
	As at 31st March 2014 (Amount in ₹)	As at 31st March 2013 (Amount in ₹)
<b>Note - 5 LONG TERM PROVISIONS</b>		
Provision for Retirement benefits to Employees	67,09,112	56,91,457
	<b>67,09,112</b>	<b>56,91,457</b>



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### NOTES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014

	As at 31st March 2014 (Amount in ₹)	As at 31st March 2013 (Amount in ₹)
<b>Note - 6 TRADE PAYABLES</b>		
Western Railway	3,65,94,963	4,56,91,682
	<u>3,65,94,963</u>	<u>4,56,91,682</u>

	As at 31st March 2014 (Amount in ₹)	As at 31st March 2013 (Amount in ₹)
<b>Note - 7 OTHER CURRENT LIABILITIES</b>		
Expenses Payable	15,28,331	15,36,659
Security from Suppliers	2,51,633	2,36,373
Taxes Payable	80,661	1,74,950
Others	7,53,778	8,27,649
Current Account with Bank of Baroda (Cheques issued in excess of balance)	9,839	—
	<u>26,24,242</u>	<u>27,75,631</u>

	As at 31st March 2014 (Amount in ₹)	As at 31st March 2013 (Amount in ₹)
<b>Note - 8 SHORT TERM PROVISIONS</b>		
Proposed Dividend	10,00,00,000	35,00,00,000
Provision for Tax on dividend	1,69,95,000	5,67,78,750
	<u>11,69,95,000</u>	<u>40,67,78,750</u>



# Kutch Railway Company Limited

## NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2014

### Note - 9 FIXED ASSETS

S. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As at 01.04.2013	Addition during the year	Sales/Adjustment during the year	Total as on 31.3.2014	As at 01.04.2013	For the Year	Sales/Adjustment during the year	As at 31.3.2014	As at 31.3.2013
<b>A</b>	<b>Tangible Assets</b>									
1	Bridges & Buildings (a) (b)	83,73,17,216	—	13,19,010	<b>83,59,98,206</b>	8,56,29,857	1,36,26,771	10,750	<b>73,67,52,328</b>	75,16,87,359
2	Formation (a) (b)	6,54,34,931	—	1,03,078	<b>6,53,31,853</b>	1,98,18,883	31,03,263	2,448	<b>4,24,12,155</b>	4,56,16,048
3	Plant & Machinery (Project) (b)	54,61,70,413	—	8,60,372	<b>54,53,10,041</b>	15,01,83,611	2,59,02,227	20,434	<b>36,92,44,637</b>	39,59,86,802
4	Permanent Way (a) (b)	4,32,57,42,154	9,94,75,395	68,14,259	<b>4,41,84,03,290</b>	1,23,04,67,914	20,75,11,616	1,61,839	<b>2,98,05,85,599</b>	3,09,52,74,240
5	Vehicles	64,37,357	—	—	<b>64,37,357</b>	34,77,657	6,11,549	—	<b>23,48,151</b>	29,59,700
6	Plant & Machinery	27,15,946	2,36,800	1,97,344	<b>27,55,402</b>	9,58,517	1,36,109	23,830	<b>16,84,606</b>	17,57,429
7	Furniture & Fixtures	69,05,449	2,29,900	—	<b>71,35,349</b>	33,12,258	4,94,443	—	<b>33,28,648</b>	35,93,191
8	Computers	23,32,193	2,52,264	50,000	<b>25,34,457</b>	18,64,913	4,02,641	17,720	<b>2,84,623</b>	4,67,280
	Tangible Assets (Total)	5,79,30,55,659	10,01,94,359	93,44,063	<b>5,88,39,05,955</b>	1,49,57,13,610	25,17,88,619	2,37,021	<b>4,13,66,40,747</b>	4,29,73,42,049
<b>B</b>	<b>Intangible Assets (c)</b>	6,41,378	—	—	<b>6,41,378</b>	5,26,952	1,13,373	—	<b>1,053</b>	1,14,426
	<b>Current Year</b>	<b>5,79,36,97,037</b>	<b>10,01,94,359</b>	<b>93,44,063</b>	<b>5,88,45,47,333</b>	<b>1,49,62,40,562</b>	<b>25,19,01,992</b>	<b>2,37,021</b>	<b>4,13,66,41,800</b>	<b>4,29,74,56,475</b>
	Previous Year	5,56,92,76,603	22,49,65,711	5,45,277	5,79,36,97,037	1,25,18,22,181	24,46,94,397	2,76,016	4,29,74,56,475	4,29,74,56,475

Notes: (a) The 'Bridges & Buildings', 'Formation' and 'Permanent Way' have been constructed on the land held by the company under a lease for 32 years (refer note no.27) commencing from 08.11.2005

(b) Deletion from 'Bridges & Buildings', 'Formation', 'Plant & Machinery (Project)' and 'Permanent Way' as advised by Western Railway are assumed to be out of additions made during the financial year 2012-13. No depreciation is charged on these assets during the current financial year.

(c) Represents the cost of Computer Softwares & Website

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### NOTES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014

	As at 31st March 2014 (Amount in ₹)	As at 31st March 2013 (Amount in ₹)
<b>Note - 10 CAPITAL WORK IN PROGRESS</b>		
Opening Balance	1,17,69,147	19,57,673
Add: Addition during the year	<u>5,79,64,645</u>	<u>98,11,474</u>
	6,97,33,792	1,17,69,147
Less: Transferred to Fixed Assets	<u>—</u>	<u>—</u>
<b>TOTAL</b>	<u><u>6,97,33,792</u></u>	<u><u>1,17,69,147</u></u>
	As at 31st March 2014 (Amount in ₹)	As at 31st March 2013 (Amount in ₹)
<b>Note - 11 LONG TERM LOAN &amp; ADVANCES</b>		
Capital Advances (Unsecured considered good)	<u>6,11,53,107</u>	<u>8,66,97,246</u>
<b>TOTAL</b>	<u><u>6,11,53,107</u></u>	<u><u>8,66,97,246</u></u>
	As at 31st March 2014 (Amount in ₹)	As at 31st March 2013 (Amount in ₹)
<b>Note - 12 OTHER NON CURRENT ASSETS</b>		
Security Deposit	<u>12,31,324</u>	<u>5,42,274</u>
<b>TOTAL</b>	<u><u>12,31,324</u></u>	<u><u>5,42,274</u></u>
	As at 31st March 2014 (Amount in ₹)	As at 31st March 2013 (Amount in ₹)
<b>Note - 13 TRADE RECEIVABLES</b>		
Outstanding for a period more than six months from the date they are due for payment (Unsecured considered good)	3,40,73,275	—
Others (Unsecured considered good)	<u>74,87,42,037</u>	<u>1,18,46,28,567</u>
<b>TOTAL</b>	<u><u>78,28,15,312</u></u>	<u><u>1,18,46,28,567</u></u>
	As at 31st March 2014 (Amount in ₹)	As at 31st March 2013 (Amount in ₹)
<b>Note - 14 CASH AND CASH EQUIVALENTS</b>		
Cash in hand	45,952	16,157
Bank Balances with Schedule Banks		
- In Current Accounts	5,29,402	5,80,212
- In Fixed Deposit Accounts	<u>4,75,18,85,615</u>	<u>2,68,92,74,913</u>
<b>TOTAL</b>	<u><u>4,75,24,60,969</u></u>	<u><u>2,68,98,71,282</u></u>



**NOTES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014**

	As at 31st March 2014 (Amount in ₹)	As at 31st March 2013 (Amount in ₹)
<b>Note - 15 SHORT TERM LOAN AND ADVANCES</b>		
Others (Unsecured & considered good)	17,03,423	8,18,214
Advance Income Tax & TDS (net of Provisions for Taxes)	5,75,77,257	62,88,755
MAT Credit Entitlement	59,04,52,232	37,52,40,639
<b>TOTAL</b>	<b>64,97,32,912</b>	<b>38,23,47,608</b>
	As at 31st March 2014 (Amount in ₹)	As at 31st March 2013 (Amount in ₹)
<b>Note - 16 OTHER CURRENT ASSETS</b>		
Interest Accrued but not due on Fixed Deposits	169282788	83087485
<b>TOTAL</b>	<b>169282788</b>	<b>83087485</b>

**NOTES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2014**

	Year ended 31st March 2014 (Amount in ₹)	Year ended 31st March 2013 (Amount in ₹)
<b>Note - 17 REVENUE FROM OPERATIONS</b>		
Income from Bulk & Container Traffic	4,83,30,33,133	5,01,42,34,500
<b>TOTAL</b>	<b>4,83,30,33,133</b>	<b>5,01,42,34,500</b>
	Year ended 31st March 2014 (Amount in ₹)	Year ended 31st March 2013 (Amount in ₹)
<b>Note - 18 OTHER INCOME</b>		
Interest [TDS ₹ 3,32,88,502 (Previous Year ₹ 2,08,21,192)]	34,43,12,337	20,83,62,668
Interest on Advances to Employees	22,349	39,043
Miscellaneous Income	92,760	49,81,588
<b>TOTAL</b>	<b>34,44,27,446</b>	<b>21,33,83,299</b>

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### NOTES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2014

	Year ended 31st March 2014 (Amount in ₹)	Year ended 31st March 2013 (Amount in ₹)
<b>Note - 19 OPERATING &amp; OTHER EXPENSES</b>		
Man Power Cost	99,01,57,836	91,11,45,555
Fixed Maintenance Cost	13,76,27,742	21,73,37,868
Cost of Fuel	1,14,71,39,211	99,45,69,250
Hiring Charges of Rolling Stock	12,18,72,442	13,95,02,254
Wagon Repair Charges	5,76,16,782	6,04,77,870
Vehicle Hire Charges	59,64,882	59,43,289
Deferred Overhead Cost	78,81,30,963	73,55,57,325
Other Costs	1,06,93,238	1,14,82,859
<b>TOTAL</b>	<b>3,25,92,03,096</b>	<b>3,07,60,16,270</b>

	Year ended 31st March 2014 (Amount in ₹)	Year ended 31st March 2013 (Amount in ₹)
<b>Note - 20 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages & Benefits	1,30,84,301	1,18,86,916
Contribution to PF & Other Funds	10,72,945	8,06,024
Managing Director's Remuneration	16,68,780	19,10,205
Provisions for Retirement Benefits	14,10,102	55,152
Staff Welfare	5,13,444	3,69,078
<b>TOTAL</b>	<b>1,77,49,572</b>	<b>1,50,27,375</b>



**NOTES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2014**

	<b>Year ended 31st March 2014 (Amount in ₹)</b>	<b>Year ended 31st March 2013 (Amount in ₹)</b>
<b>Note - 21 OTHER EXPENSES</b>		
Professional Charges	<b>31,41,288</b>	30,77,685
Rent	<b>32,57,606</b>	22,56,811
Electricity	<b>2,87,906</b>	2,72,328
Communication	<b>5,22,284</b>	5,76,830
Travelling & Conveyance	<b>12,22,457</b>	8,98,404
Printing & Stationery	<b>2,37,949</b>	1,82,353
Advertisement & Sponsorship	<b>1,61,400</b>	13,71,283
Books & Periodicals	<b>35,674</b>	22,264
Insurance	<b>18,60,372</b>	19,22,761
Entertainment & Business Promotion	<b>12,46,860</b>	9,66,874
Membership Fees & Subscription	<b>36,000</b>	36,000
Meetings & Conference Expenses	<b>1,46,621</b>	1,88,302
Repairs & Maintenance	<b>4,27,074</b>	3,33,866
Vehicle Running & Maintenance	<b>6,48,660</b>	5,84,941
Auditor's Remuneration	<b>3,08,990</b>	2,13,484
Bank Charges	<b>650</b>	13,491
Service Tax	<b>3,37,025</b>	2,85,781
Loss on disposal of Fixed Assets	—	1,08,874
Miscellaneous Expenses	<b>5,54,956</b>	2,94,734
<b>TOTAL</b>	<b><u>1,44,33,772</u></b>	<b><u>1,36,07,066</u></b>

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### Note 22

During the year, Western Railway has computed Company's share of apportioned earnings on the basis of 'carried route' instead of 'booked route'. Accordingly, apportioned earnings has been reduced by ₹ 19,08,49,671/- for current financial year. The Company has contested against this method of calculation of apportioned earnings at various levels in Railways. The approximate amount of Rs. 90 crores may be deducted by on this account for earlier financial years (from 2006-07 to 2012-13). The same has been estimated as follows:-

Financial year	Loaded Trains (no.)	Approx. deduction in Apportioned Earnings on the basis of no. of loaded trains (in crores ₹)	NTKM (crores)	Approx. deduction in Apportioned Earnings on the basis NTKM (in crores ₹)
2006-07	3166	5	13.45	5
2007-08	6617	11	212.29	8
2008-09	7696	12	248.42	10
2009-10	8866	14	293.26	12
2010-11	9543	15	370.59	15
2011-12	10718	17	404.49	16
2012-13	11676	19	529.26	21
<b>Total</b>		<b>93</b>		<b>87</b>

The average amount of both of above methods works out to be ₹ 90 crores (approx.). The impact of the same will be reduction in Reserves and Sundry Debtors by ₹ 90 crores (approx.) in the subsequent years as and when advised by the Western Railway.

### Note 23

#### 1. Contingent Liabilities:

One of the former employees Mr. Devendra Singh on deputation from Indian Railways has filed a writ petition on 22.07.2010 against the Company in respect of dues on account of difference in pay scales. The impact of the same has not been quantified in the writ.

### Note 24

#### Capital Commitment:

	Particulars	Amount (₹ in crores)	Amount (₹ in crores)
a)	Estimated cost of deposit work contract (as per revised estimate received from Western Railway dt. 08.03.2010)	530.59	
	Less; Amount incurred till 31.03.2014 (Opening balance ₹ 500.06 crores less ₹ 0.91 crores credit given by WR)	499.15	
	Balance		31.44
b)	Estimated cost for construction of new Running Room at Bhildi (as per revised estimate received from Western Railway dt. 15.03.2012 & 26.07.2011)	3.67	
	Less: Amount paid till 31.03.2014	3.00	
	Balance		0.67
	Total estimated amount of contract, remaining to be executed on capital account and not provided for in the accounts as on 31.03.2014.		32.11



### **Note 25**

- a) In terms of Memorandum of Understanding (MOU) executed on 3rd January, 2004 amongst Ministry of Railways (MOR), Govt. of Gujarat (GOG), Kandla Port Trust (KPT) and Adani Ports & SEZ Ltd. (Mundra Port), the Company has been entrusted with the project of conversion of rail link between Gandhidham and Palanpur from Meter Gauge to Broad Gauge.
- b) The Company has got the project work of Palanpur-Gandhidham gauge conversion through Western Railways (WR) as deposit work. The Western Railways has been the executing agency for the deposit works contracts executed in respect of the project as per MOU & the Construction Agreement was executed with Western Railway on 06<sup>th</sup> October 2005.

### **Note 26**

In terms of the MOU:

- a. The land, station buildings, Meter Gauge formation, bridges and all other existing assets of the Meter Gauge system will continue to be the property of MOR, and the assets so created or built or constructed by the Company shall be owned by the Company.
- b. MOR shall be responsible for the operations and maintenance of the broad gauge rail link between Gandhidham and Palanpur, for which it shall be fully compensated by the Company in accordance of agreement dated 21<sup>st</sup> August 2007.
- c. MOR shall collect earnings from the traffic originating and terminating or passing through this line, and apportion to the Company its due share after defraying the operation and maintenance cost.

### **Note 27**

- a. The project work completed by WR has been dully capitalized under different heads of fixed assets on the basis of advices received from WR on year to year basis. Besides that the Company has also supplied material to WR to the tune of ₹ 119.97 crores for completion of project (capitalized under Permanent Way) which is subject to verification and reconciliation with WR.
- b. An amount of ₹ 3.66 crore is also outstanding as on 31<sup>st</sup> March 2014 to WR for the project work which is also subject to verification and reconciliation with WR.

### **Note 28**

In accordance with the Concession Agreement signed between the Company and the Ministry of Railway (MOR) and the Operation & Maintenance Agreement with Western Railway mentioning therein the depreciation rates, codal useful lives of assets etc. as per the Indian Railways Finance Code, the rates / useful life nearly approximate the useful lives as prescribed for the relevant assets by Schedule XIV to the Companies Act. The Company is following Straight Line Method for charging deprecation as prescribed in Companies Act.

Management has also evaluated notification [F. No. 17/292/2011, CL-V], dated 17.04.2012 in relation to "Intangible Assets (Toll Road) created under Build Operate & transfer, Build own operate and transfer or any other form of Public Private Partnership route" and is of the view that this notification does not apply to the operations of the company and the Company's assets disclosed in Fixed Asset note no. 9 (Serial no. A1 to A8) are all tangible in nature.

Consequently, the deprecation rates and useful life considered by the management reflects the economic useful life of the assets and are in accordance to the laws governing the operations of the company. Accordingly, no adjustment in this regard has been made in the books of accounts.

Further the Ministry of Corporate Affairs vide notification no. GSR 237 (E) dated 31st March, 2014 has clarified that the foresaid method of amortisation assets shall apply only in the case of Road projects under Public Private Partnership Route and therefore the aforesaid method is not applicable to the Company.



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### Note 29

Western Railway (WR) has provided the consolidated figures in respect of deletion during the year amounting to ₹ 90.96 lacs in Bridges & Buildings, Formation, Plant & Machinery (Project) and Permanent Way. They have expressed their inability to provide assets wise break up of deletion. In absence of the same, the total deletion has been divided in proportion of gross opening balance of these assets. The capital cost incurred and advised by WR to the tune of ₹ 9,94,75,395/- during F. Yr. 2013-14 has been debited in fixed assets -Permanent Way only.

### Note 30

The Company has entered in to a Concession Agreement with the President of India, through Executive Director (Perspective Planning) of the Ministry of Railways, Govt. of India, Rail Bhawan, New Delhi on 08.11.2005 granting rights to the Company for commercial exploitation, development of additional facilities in the project area and right to receive / share earnings of Ministry of Railways of the Tariff collected from freight traffic and other charges as per the agreement in relation to the project. It also defines obligation of the Company to be performed by it. The agreement is granted for a period of 32 years. The Company has also executed a lease deed on the same day with the President of India for the use of leased assets which forms part of the Concession Agreement and is attached as annexure-1 thereto. In terms of the lease agreement it commences on the date of execution i.e. 08.11.2005 and is for a period of 32 years with annual lease rental of ₹ 1000/- payable in advance in the first week of January every year. Upon expiry, the Company is required to hand over the project assets to Ministry of Railways free from all encumbrances whatsoever. Upon transfer the Company shall be entitled to receive amount equal to book value of the project assets calculated according to the life of the assets by taking replacement value at that time and depreciated on Straight Line Method over the asset life as provided in the codes and manuals of Ministry of Railways. As per expert opinion dt. 29.08.2007 obtained by the Company, the disclosure required under Accounting Standard:19 on Leases is as under:

- a) The Company has taken over various residential & commercial premises including Land, Station Building, Sheds, MG Formation, Bridges, Rest House, Railway Track, Electrical sub-stations and Plant & Machinery under cancelable operating Leases. These lease agreements are renewable on expiry. There are no contingent rents in the lease agreements.
- b) Lease Rental expenses during the year in respect of operating leases :

(Amount in ₹)

	As on 31.03.2014	As on 31.03.2013
Gross Lease Rent	44,19,090	31,82,278
Less: Recovered	57,793	4,9,086
Net Lease Rent	43,61,297	31,33,192

- c) The future minimum lease payments outstanding as at reporting date is as under :

(Amount in ₹)

	As on 31.03.2014	As on 31.03.2013
Not later than one year	25,95,965	—
Later than one year and no later five years	—	—
Later than five years	—	—



**Note 31**

All receivables including advances and payables are subject to confirmation, reconciliation and consequential adjustments, if any.

**Note 32**

- a) The agreement also provides for a Joint Procedure Order to be prepared by WR & Company, which has not yet been finalised for calculation of provisional apportioned revenue and apportioned costs. However, the figures have been accounted for as advised by WR based on calculation as decided in the Operation & Maintenance Agreement.
- b) The Operation & Maintenance cost includes deferred expenses on account of overhead (i.e. salary for RPF, Accounts, Medical & Personnel and corresponding retirement benefits-DCRG, Pension, Leave salary etc.) which are not payable to WR as it is deferred for the first ten years of operation of the line and the same shall be payable by Company over a period of 20 years commencing from the 11<sup>th</sup> year of operation, in terms of clause 3.1.5 of the Operation & Maintenance Agreement.
- c) Sundry Debtors (WR) as on 31.03.2014 amounting to ₹ 78.28 crores (dr.) [(Previous Year ₹ 118.46 crores (dr.))] are derived after deducting ₹ 256.46 crores (Previous Year ₹ 248.43 crores) payable to WR on account of Operation & Maintenance Cost and Capital Cost as advised by WR. The Operation & Maintenance Cost and Capital Cost are derived as follows:-

Particulars	Amount (₹ in Crores)
Fixed Costs Maintenance & Stores	13.76
Fixed Cost-Manpower	48.68
Variable Cost	184.07
Capital Cost	9.95
	256.46

- d) During the year ending 31.03.2014, as compared to previous year 31.03.2013, revenue has decreased by ₹ 18.12 crores (detail as per Note: 17) as during the year, Western Railway has computed Company's share of apportioned earnings on the basis of 'carried route' instead of 'booked route'. The operating cost has increased by ₹ 18.32 crores (detail as per Note: 19). Both the above figures have been accounted for as advised by WR and are subject to reconciliation.

**Note 33**

**Details of Managerial Remuneration**

Remuneration paid to Managing Director is as under:

	Current Year ₹	Previous Year ₹
Salary and Benefits	14,83,500	17,10,205
Ex-Gratia	1,85,280	200,000
Total	16,68,780	19,10,205

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### Note 34

#### Retirement Benefits

The summarized position of Post-employment benefits and long term employee benefits recognized in the Profit & Loss Account and Balance Sheet are required in accordance with Accounting Standard 15 (Revised) are as under:-

(a) Change in the present value of the obligation (Amount in ₹)

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Present value of obligation at 01.04.2013	22,99,541	48,25,542
Interest Cost	2,09,258	4,39,124
Current service cost	4,35,502	12,72,843
Benefits paid	—	—
Actuarial loss/(gain) on obligations	(64,433)	(5,85,214)
Present value of obligation at 31.03.2014	28,79,868	59,52,295

(b) Change in present value of plan asset

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Fair value of plan assets at 01.04.2013	15,18,389	NIL
Expected return on plan assets	1,60,865	NIL
Employers contribution	6,40,136	NIL
Benefits paid	NIL	NIL
Actuarial loss/(gain) on obligations	(6,602)	NIL
Fair value of plan assets at 31.03.2014	23,12,788	NIL

(c) Fair Value of Plan Assets

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Fair value of plan assets at 01.04.2013	15,18,389	NIL
Actual Return on Plan Assets	1,54,263	NIL
Contribution	6,40,136	NIL
Benefits Paid	NIL	NIL
Fair value of plan assets at the end of the year	23,12,788	NIL
Present value of obligations at 31.03.2014	28,79,868	59,52,295
Funded Status	(5,67,080)	(59,52,295)

(d) Amount recognized in balance sheet

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Estimated present value of obligations at 31.03.2014	28,79,868	59,52,295
Fair value of plan assets at 31.03.2014	23,12,788	NIL
Funded Status	(5,67,080)	(59,52,295)
Net liability recognized in balance sheet	5,67,080	59,52,295



## Kutch Railway Company Limited

(e) Expense recognized in the statement of Profit & Loss Account (Amount in ₹)

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Current service cost	4,35,502	12,72,843
Interest Cost	2,09,528	4,39,124
Expected return on plan asset	(1,60,865)	NIL
Net actuarial (Gain)/Loss recognized in the year	(57,831)	(5,85,214)
<b>Total expenses recognized in Profit &amp; Loss Account</b>	<b>4,26,064</b>	<b>11,26,753</b>

(f) Principal actuarial assumption as expressed as weighted average

Particulars	Gratuity (Un funded)	Leave Encashment (Un funded)
Discount rate	9.10%	9.10%
Expected rate of return on plan assets	8.75%	8.75%
Expected rate of salary increase	10.00%	10.00%
Method used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)

(g) The net liability recognized in the Balance Sheet in respect of gratuity is ₹ 5,67,080/- as ascertained by the Actuarial Valuation Certificate.

### Note 35

#### Related Party Disclosure:

a. Names of related parties & relationship:

- |                                |  |
|--------------------------------|--|
| i) Subsidiaries:               | Nil  |
| ii) Joint Ventures:            | Nil  |
| iii) Key Management Personnel: | Mr. Aditya Prakash Mishra, Managing Director |

b. Other Related Parties:

S.No.	Name of Party	Relationship
1.	Rail Vikas Nigam Ltd.	Shareholder
2.	Kandla Port Trust	Shareholder
3.	Govt. of Gujarat	Shareholder
4.	Mundra Ports & SEZ Ltd.	Shareholder

c. Detail of transaction carried out with related parties: (Amount in ₹)

Nature of Transaction	Key Management Personnel	
	Current Year ₹	Previous Year ₹
Salaries, Allowances & Benefits	<b>14,83,500</b>	17,10,205
Ex-Gratia to Directors	<b>1,85,280</b>	2,00,000
Receipt towards utilizing office facilities for arbitration	—	14,000
Receipt towards disposal of Fixed Assets	—	44,886

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Nature of Transaction	Shareholder (Rail Vikas Nigam Ltd.)	
	Current Year ₹	Previous Year ₹
Provisional payment for conducting study for bankability for electrification of Palanpur-Gandhidham Section.	14,00,000 /-	Nil

### Note 36

The Company has filed Income Tax Returns up to Asstt. Yr. 2013-14 and assessment completed up to Asstt. Yr. 2011-12.

### Note 37

The Company is eligible for tax holiday under Section 80-IA of the Income Tax Act, 1961. As per the provisions of this Section the deduction of an amount equal to 100 percent of the profits and gains derived from the business of Infrastructure Development for 10 consequent assessment years out of 20 years beginning from the year in which the undertaking or the enterprise develops and begins to operate any infrastructure facility. The Company has started claiming deduction under this Section from the financial year 2012-13.

### Note 38

Segment Reporting as per AS:17 is not applicable to Company since operations of Company are geographically restricted to Company's Permanent Way from Palanpur to Gandhidham (both in Gujrat) & is having single business of running goods train under build own operate & transfer (BOOT) agreement with Ministry of Railways.

### Note 39

The details of Deferred Tax Asset / Liability as per Accounting Standard 22 on (Accounting for Taxes on Income) issued by the Institute of Chartered Accountants of India is as under:

(Amount in ₹)

	Particulars	Current Year	Previous Year
<b>A</b>	<b>Deferred tax Assets</b>		
	Provision for Gratuity	1,92,750	2,53,445
	Provision for Leave Encashment	20,87,676	15,93,148
	Provision for Ex-gratia	63,898	(28,717)
	<b>Total A</b>	<b>23,44,324</b>	<b>18,17,876</b>
<b>B</b>	<b>Deferred tax Liability</b>		
	Depreciation	69,97,74,975	63,88,53,256
	<b>Total B</b>	<b>69,97,74,975</b>	<b>63,88,53,256</b>
	<b>Deferred Tax Assets /(Liabilities) A-B</b>	<b>(69,74,30,651)</b>	<b>(63,70,35,380)</b>

### Note 40

Income & Expenditure in foreign currency is ₹ Nil (Previous Year ₹ Nil)



## Kutch Railway Company Limited

### Note 41

Earning per Share has been calculated in terms of Accounting Standard 20 issued by the Institute of Chartered Accountants of India. The disclosures required are as under:

	Current Year	Previous Year
1. Numerator (Net Profit / (Loss) during the year)	<b>1,45,31,34,889</b>	1,75,90,43,790
2. Denominator (Weighted Average Number of Equity Shares)		
a) Basic	<b>25,00,00,000</b>	25,00,00,000
b) Diluted	<b>25,00,00,000</b>	25,00,00,000
3. Nominal Value of one Equity Share	<b>10</b>	10
4. EPS		
a) Basic	<b>5.813</b>	7.036
b) Diluted	<b>5.813</b>	7.036

### Note 42

The Company has a system of obtaining periodical written confirmation from its suppliers to identify Micro Enterprises & Small Enterprises. Based on such identification the Company makes provision for unpaid dues under Section 16 of Micro, Small & Medium Enterprises Development Act, 2006 & its disclosure required under Section 22 of the said Act. During the year none of the enterprises have confirmed their status as Micro Enterprises & Small Enterprises.

The amount due to Micro Enterprises & Small Enterprises for more than 30 days is Nil (Previous Year Nil).

### Note 43

Payment to the Auditors comprises of the following:

(Amount in ₹)

	Current Year	Previous Year
Audit Fee	<b>1,95,000</b>	1,50,000
Tax Audit fees	<b>30,000</b>	30,000
Other Fees	<b>50,000</b>	10,000
Service Tax	<b>33,990</b>	23,484
Total	<b>3,08,990</b>	2,13,484

### Note 44

No sitting fee has been paid to the directors for attending meetings of the Board of Directors and/or committees thereof, and the directors have waived the fee for attending the said meeting.

### Note 45

Previous Year figures have been regrouped and rearranged wherever necessary.



# KUTCH RAILWAY COMPANY LIMITED

Regd. Office : 2ND FLOOR, INDRA PALACE BUILDING, H-BLOCK  
CONNAUGHT CIRCUS, NEW DELHI - 110 001

## PROXY FORM

[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, being the member of \_\_\_\_\_ share of the abovenamed company, hereby appoint

1. Name: .....

Address: .....

E-mail Id: .....

Signature.....or failing him

2. Name: .....

Address: .....

E-mail Id: .....

Signature.....or failing him

3. Name: .....

Address: .....

E-mail Id: .....

Signature.....or failing him

as my Proxy and to attend and vote (on a poll) for me on my behalf at the **14<sup>th</sup> Annual General Meeting** of the Company to be held **on Friday, 26th September 2014 at 4.30 PM at the Registered Office of the Company at 2nd Floor, Indra Palace Building, H-Block, Connaught Circus, New Delhi - 110 001** and/or at any adjournment thereof.

Resolution No.

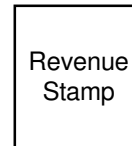
Dated \_\_\_\_\_ this day of \_\_\_\_\_ 2014

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 commencement of the meeting.



TEAR HERE

