



12th Annual Report 2015-16

KUTCH RAILWAY COMPANY LIMITED

CIN: U45202DL2004PLC124267

Board of Directors

Shri Ambrish Kumar Gupta
Shri Devi Prasad Pande
Shri Raj Kumar Sarkar
Shri Rahul Agarwal
Shri Arun Kumar
Shri S. C. Jain
Shri Pramod Kumar Singh
Dr. Meenu Dang
Dr. Monica Agnihotri
Shri M. S. Balani
Shri D. N. Sondhi
Shri K. C. Kuncheria
Shri Sajal Mittra
Capt. Unmesh Abhyankar
Shri A. P. Mishra

Chairman
Independent Director
Independent Director
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/ Kandla Port Trust
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

Chief Financial Officer

Shri Ankur Rastogi

Statutory Auditors

M/s AKG & Associates
Chartered Accountants
New Delhi

Bankers

Bank of Baroda

Registered Office

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

Project office

1st 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 12th **ANNUAL GENERAL MEETING** of the Shareholders of **KUTCH RAILWAY COMPANY LIMITED** will be held on Friday, 23rd September 2016, at 4.00 PM at the Registered office of the Company at 2nd 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 31st March 2016 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 Arun Kumar (DIN 02486535) who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Capt. Unmesh Abhyankar (DIN 03040812) who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Dr. Meenu Dang (DIN 05171078) who retires by rotation and being eligible, offers herself for reappointment.
6. To fix the remuneration of M/s AKG & Associates, the Statutory Auditors (ICAI Registration 002688N) for the Financial Year 2016-17.

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 11th Annual General Meeting held on 11th September 2015 authorised the Board of Directors to fix the remuneration of Statutory Auditors for the financial year 2015-16.

Accordingly, the Board of Directors has fixed audit fee of ₹ 2,25,000/- (Rupees Two Lakh Twenty Five Thousand only) plus applicable taxes for Audit of the Accounts of the Company for the Financial Year 2015-16.

M/s AKG & Associates, Chartered Accountants have been appointed by the C&AG as Statutory Auditors of the Company for the year 2016-17. 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 2016-17.

SPECIAL BUSINESS:

7. EXTENSION OF THE TENURE OF MD/KRC

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

“RESOLVED THAT in accordance with the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and all other applicable provisions, if any, including any statutory modifications or re-enactment thereof for the time being in force and subject to such approvals and the limits prescribed under the Companies Act, 2013 the company hereby accords its consent and approval to the extension to Shri Aditya Prakash Mishra, who was appointed as Managing Director of the Company for a period of three years w.e.f 17.05.2013, up to the period 31.01.2018 on the same terms & conditions as applicable to his initial appointment as mentioned in the Explanatory Statement under this item.



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RESOLVED FURTHER THAT Shri Aditya Prakash 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 upto the extended period.

RESOLVED FURTHER THAT Shri Sanjeev Sharma, Secretary of the Company be and is hereby authorized to file the necessary applications / documents with Ministry of Corporate Affairs under MCA 21 and to do all such acts, deeds, things as may be considered necessary and incidental thereto.”

RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxations by the Central Government to the Companies Act, 2013, the Board of Directors of the Company (hereinafter referred to as the 'Board') which term shall be deemed to include any committee which the Board constitute to execute its powers, including powers conferred by this resolution be and is hereby authorized to further vary and / increase the remuneration including salary, perquisites, allowances etc. within such prescribed limits or ceiling and the agreement between Company and Managing Director be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the Company in General Meeting.”

By Order of the Board of Directors

**Registered office:
2nd Floor, Indra Palace Building
H-Block, Connaught Circus
New Delhi – 110001**

**(Sanjeev Sharma)
Company Secretary
M.No. F3640**

**New Delhi
16th August 2016**

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. The explanatory statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting is annexed hereto.

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

Item No. 7

The shareholders of the Company in their 9th Annual General Meeting held on 25th September 2013 approved the appointment of Shri Aditya Prakash Mishra as Managing Director of the Company for a period of Three Years extendable to Five Years w.e.f 17.05.2013. The shareholder in their 10th Annual General Meeting held on 26th August 2014 approved the remunerations payable to Shri Aditya Prakash Mishra, Managing Director of the Company.

His initial term of three years expired on 16.05.2016. Based on the progress made by the Company during the period and looking into the effective contribution made by Shri Aditya Prakash Mishra in the smooth working of the Company the Board of Directors in their 58th Board Meeting held on 30th March 2016 approved the extension of Shri Aditya Prakash Mishra, as Managing Director of the Company upto 31.01.2018 i.e. upto attaining the age of 65 years. The remuneration / Salary, allowances, perquisites and other expenses payable to Shri A. P. Mishra, Managing Director shall remain unchanged during the period as approved by the Board. The approval of the extension of the tenure for the term upto 31.01.2018 and the remuneration payable for the term upto 31.01.2018 are subject to the approval of the Shareholders in this meeting. The remuneration / salary, allowances, perquisites and other expenses payable to Shri Aditya Prakash Mishra are as follow:

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.



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S. No.	Item	
		2. Reimbursement on expenditure on diagnostics prescribed by RMP. 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 1 st 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.

The explanatory Statement together with the accompanying notice should be treated as an abstract of the terms of the agreement under the Companies Act, 2013.

None of the Directors or Key Managerial Personnel of the Company, as their respective relatives except Shri Aditya Prakash Mishra, himself, is concerned with or interested in the aforesaid resolution.

The Board recommends the Special Resolution set out at item No. 7 of the Notice for approval by the members.

Registered office:
2nd Floor, Indra Palace Building
H-Block, Connaught Circus
New Delhi – 110001

(Sanjeev Sharma)
Company Secretary
M.No. F3640

New Delhi
16th August 2016

DIRECTORS' REPORT

To
The Shareholders
Kutch Railway Company Limited

Your Directors have pleasure in presenting the 12th Annual Report on the working of Company together with the Audited Statement of Accounts and the Auditors Report for the financial year ending March 31, 2016. It also has an addendum containing Management replies to the observations made in the Auditor's report.

FINANCIAL RESULTS

(₹ in Crores)

	Year 2015-16	Year 2014-15
Income from Operations	673.18	664.00
Other Income	82.63	58.82
Total Income	755.81	722.82
Total expenditure (excluding interest depreciation & taxes)	454.83	384.86
Profit / (Loss) before interest & depreciation	344.75	337.96
Less: Financial Cost	—	—
Depreciation	43.77	43.09
Provision for tax	31.64	19.34
Profit / (Loss) after tax	269.34	275.53
Profit / (Loss) brought forward from earlier year	633.44	364.15
Profit Available for appropriation	902.78	639.68
Appropriations:		
Dividend (Proposed)	6.00	5.00
Corporate Dividend Tax	1.22	1.02
Transitional impact consequent to charge useful lives of tangible assets	-	0.22
Surplus profit carried to Balance Sheet	895.56	633.44

DIVIDEND

Your Directors have recommended a Dividend of 2.4% on equity share for the financial year ended 31st March 2016 i.e. ₹ 0.24 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 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 increased from ₹ 664.0 Crores in the Financial Year 2014-15 to ₹ 673.18 Crores in the Financial Year 2015-16. The Net Profit after tax has marginally decreased from ₹ 275.53 crores to ₹ 269.34 crores. The decrease of ₹ 6.19 crores in PAT was due to MAT Credit adjustments.

In the current financial year (2016-17) upto July 2016, a total of 5377 goods train (4235 loaded & 1142 empty) had run on the section carrying total cargo of 9.90 million tonnes.

TRANSFER TO RESERVE

Your Directors have proposed not to transfer any sum to the general reserve.

DOUBLING BETWEEN SAMAKHYALI- PALANPUR

As you are aware, Rail Vikas Nigam Limited is executing the doubling of Palanpur- Samakhyali project of the Company. The revised detailed estimate of the project is ₹ 1548.66 Cr. RVNL is executing the project



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work in six Packages. The status of the progress of work as on the year ended 31.03.2016 is as under:-

Phase	Package No	Stretch covered against the package	Remarks
Phase I	Package-1	Shamakhiyali (SIOB) (Incl)- Kidyanagar (KYG) (Incl) 34.66 km	Contract awarded and progress of these packages is detailed in Para (a) & (b)
Phase I	Package-2	Bhildi (BLDI) (Incl) to Diyodar (DEOR) (Incl)29.48 km	
Phase –II & III	Package-3	Kidyanagar (KYG) (Excl)- Chhansara (CASA) (Incl)67.90 km	Technical bids of these packages are opened on 19.11.2015. However, the BEC for the technical bid could not be convened, as clearance from the Ministry of Home Affairs for the participation of Chinese firm in the tender, has not been received.
—do—	Package-4	Diyodar (DEOR) (Excl)-Chhansara (CASA) (Excl)72.01 km	
Phase IV	Package-5	Palanpur (PNU)(Incl) to Bhildi (BLD) (Excl)43.68 km	Tender opened on 01.03.2016 and briefing note is under preparation
	Package-6	Steel Girder Bridges(41,63D & 76B)	Tender opened and bid evaluation is in progress

Para (a): The progress of major items of Package-1 are summarized below:-

S.No.	Item	Progress/Remarks
i)	Earth work in formation	Progress : 1,20,000 cum
ii)	Earthwork in cutting	Progress: 1,16,000 cum Earthwork in 9 Number of cuttings totaling a length of 6486 m and varying in height from 2 to 10m has been completed. Dressing/profiling of the slopes is in progress.
iii)	Blanketing material	Progress: 22,317 cum
iv)	Major Bridge No. 235 (5 x 12.20m)	Foundation work completed and RCC of piers & abutments is in progress
v)	Minor bridges	Casting of RCC box completed for bridge No. 193, 196 & 199
vi)	ROB	Approval of collector/Kutch for blocking of the road approach to the ROB has been received and notification for closure of the road is in process.
vii)	Station building	Station building plans approved by Division on 09.03.16 and construction work will be taken up shortly.
viii)	Ballast supply	Progress: 29,512 Cum
ix)	Supply of P-Way fittings & PRC sleepers	Following P-Way material have been supplied by the Contractor: Turnout sleepers – 16 sets· Glued joint – 400 nos. Further supply is in progress.
x)	Cable	Full quantity of Quad cable and other S&T items received. Cable lying of 14.89 km completed.

Para (b): The progresses of major items of packages-2 are summarized below:

S.No.	Item	Progress
i)	Earth work in formation	Progress: 22,000 cum
ii)	Earthwork in cutting	Progress: 44,500 cum
iii)	Blanketing material	Progress: 31,678 cum
iv)	Station building	Station building plans approved by Division on 09.03.2016 and construction work will be taken up shortly.
v)	Staff quarters	Work of staff quarters have commenced at Jasali station.
vi)	Ballast supply	Progress: 6,737 cum Supply of ballast is poor and the contractor has been asked to expedite the progress
vii)	Supply of P-way fittings	ERC clips-3,05,000 numbers Liners-2,00,000 numbers.
viii)	Cable	• Quad cable and other S&T items received. Cable laid between Bhildi and Jasali (4.5 km) and commissioned on 11.03.16

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's Loading. Kandla & Mundra Ports have very ambitious development plans and they have projected substantial increase in the future traffic. As you are aware, that Gandhidham–Palanpur line has been identified as feeder route to the Western corridor of Dedicated Freight Corridor (DFC). Work on the Western Corridor is now making progress and is targeted for completion in the year 2018.

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 of the section is carried. Western Railway had carried out DPR for the project along with financial appraisal. The study has shown that the project is bankable. As such, a letter has been sent to Railway Board giving consent of the Company to fund the electrification of the line subject to electrification of the adjoining Indian Railway line and other lines being carried out by the respective owners with the condition to allow direct payment by KRC to the Electricity Supply Companies.

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 about increase in traffic on Gandhidham-Palanpur line.

SHARE CAPITAL

There was no change in the Company's share capital during the year under review.

The Company's paid up share capital remained at ₹ 250,00,00,000 comprising of 25,00,00,000 equity shares of ₹ 10/- each.

BOARD MEETINGS

Four (4) Board meetings were held during the financial year ended 31st March, 2016. The dates of the meetings are as follow:
23rd June 2015, 14th August 2015, 23rd December 2015 and 30th March 2016.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The initial term of three years of the office of Shri Aditya Prakash Mishra, Managing Director of the Company expired on 16.05.2016. The Board has approved the extension of his office term from 17.05.2016 to 31st January 2018.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company Shri Aurn Kumar, Capt Unmesh Abhyankar and Dr. Meenu Dang Directors of the Company shall retire by rotation at the ensuing Annual General Meeting. Shri Aurn Kumar, Capt Unmesh Abhyankar and Dr. Meenu Dang, being eligible, have offered themselves for reappointment.



Pursuant to the provisions of section 203 of the Companies Act, 2013, the key managerial personnel of the Company are - Shri Aditya Prakash Mishra Managing Director, Shri Ankur Rastogi, Chief Financial Officer and Shri Sanjeev Sharma, Company Secretary. There has been no change in the key managerial personnel during the year. The remuneration and other details of the Key Managerial Personnel for the year ended 31st March 2016 are part of Annexure A.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than the expenses incurred by them for the purpose of attending meetings of the Company.

DECLARATION FROM INDEPENDENT DIRECTORS

The Company has received declarations from the Independent Directors confirming that they meet the criteria of independence as laid down in section 149(6) of the Companies Act, 2013 and there has been no change in the circumstances which may affect their status as Independent Director of the Company during the year.

COMPOSITION OF AUDIT COMMITTEE

The Company has Audit Committee comprising the following are its members:

1. Shri Devi Prasad Pande, Independent Director
2. Shri Raj Kumar Sarkar, Independent Director
3. Dr. Meenu Dang, Non Executive Director

The Managing Director, Chief Financial Officer and Auditors are permanent invitees to the committee meetings. The Company Secretary is the Secretary of the meetings.

The terms of reference of the Audit Committee include the matters as required under Section 177(4) of the Companies Act, 2013. The Committee acts as a link between the Statutory/Internal Auditors and the Board of Directors of the Company. During the year there were no instances where the Board had not accepted the recommendations of the Audit Committee.

DIRECTOR'S RESPONSIBILITY STATEMENT

The Board of Directors of the Company in pursuance of Section 134 (5) of the Companies Act, 2013 as amended hereby confirms that:

- 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 31st March 2016.
- 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, 2013, 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.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The company has no subsidiaries or associate Companies. The Company also does not have any joint ventures.

EXTRACTS OF ANNUAL RETURN

Pursuant to sub-section 3(a) of section 134 and sub-section 3 of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and administration) Rules, 2014 the extracts of the Annual Return in Form No. MGT-9 as at March 31, 2016 forms part of this report as Annexure-A.

AUDITORS

M/s AKG and Associates, Chartered Accountants were appointed by the C&AG as Statutory Auditors of the Company for the year 2015-16.

AUDITORS OBSERVATIONS

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

SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

Pursuant to section 204 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your company had appointed M/s Vinod Kumar & Co., Practising Company Secretaries, Delhi as its Secretarial Auditor to conduct the Secretarial Audit of the Company for the Financial Year 2015-16. The Company provided all assistance and facilities to the Secretarial Auditor for

conducting their audit. The Report of Secretarial Auditor for the Financial Year 2015-16 is annexed to this report as **Annexure - C**.

FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public. Therefore, it is not required to furnish information in respect of outstanding deposits under Non-banking, Non-Financial Companies (Reserve Bank) Directions, 1966 and Companies (Accounts) Rules, 2014.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED IMPACTING THE COMPANY'S OPERATIONS

There are no significant material orders passed by the regulator/ courts which would impact the going concern status of the Company and its future operations.

INTERNAL FINANCIAL CONTROL SYSTEMS

The Company has an established system of internal Financial Control to ensure that all assets are safeguarded and protected against losses that may arise from unauthorized / incorrect use.

Further, it strives to ensure that all transactions are evaluated, authorised, recorded and reported accurately. The internal control system is designed to adequately ensure that financial and other records maintained are accurate and are reliable for preparing financial information and other data. The internal control procedures are augmented by an internal and external audit and periodic review by the management.

The audit committee evaluates the internal financial control system regularly.

PARTICULARS OF LOANS GIVEN, INVESTMENT MADE, GUARANTEE GIVEN AND SECURITIES PROVIDED

During the year under review, the Company has not given any loan or has made investment or has given guarantees under section 186 of the Companies Act, 2013.

RISK MANAGEMENT

You Board is of the opinion that, there are no elements of risk which may threaten the existence of the Company, hence it was not required to implement a risk management.

CORPORATE GOVERNANCE

The company will continue to uphold the true spirit of Corporate Governance and implement the best governance practices. It lays emphasis on transparency, accountability and professional management.

CORPORATE SOCIAL RESPONSIBILITY

The Company is committed to conduct its business in a socially responsible, ethical and environmental friendly manner and to continuously work towards improving quality of life of the communities. The Company has a duly constituted CSR Committee, which is responsible fulfilling the CSR Objectives of the Company. As on March 2016, the committee comprised viz. Shri Rahul Agarwal, Shri Raj Kumar Sarkar, Shri M. S. Balani, Dr. Monica Agnihotri and Shri A. P. Mishra as its members. Shri Rahul Agarwal is the Chairman of the CSR Committee.

CSR POLICY

The Company has in place CSR Policy with lays down the philosophy and approach towards CSR commitment. The CSR Policy of the Company may be accessed on the company's website www.kutchrail.org

The annual report on CSR containing particulars specified in Companies (CSR Policy) Rules 2014 including an update on the CSR initiatives taken by the Company during the year in given in Annexure D and forms integral part of this Report.

REPORTING UNDER THE SECTION 21 OF THE SEXUAL HARASSEMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The following is a summary of sexual harassment complaints received and disposed off during the calendar year.

Number of Complaints received : NIL

Number of Complaints disposed off : NIL

Closing balance of the complaints : NIL

MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY

No material change and commitment affecting the financial position of the Company have occurred between the financial year ended on 31st March 2016 and the date of the report.

CONTINGENT LIABILITY OF SERVICE TAX

A show cause notice issued to the Company by Director General of Central Excise Intelligence (DGCEI), raising a demand of ₹ 213.59 Crores. The reply to the show cause notice was given on 06.01.2015 and personal hearing before Principal Commissioner was held on 21.09.2015. No further communication has been received from DGCEI on the matter. M/s Baruch



Dahaj Railway Company Limited and M/s Krishnapatnam Railway Company Limited had also received the similar Show Cause notices. These companies had also filed their replies to the show cause notices. After considering the detailed reply and subsequent personal hearing, the respective Adjudicating Authorities had dropped the demand of service tax to M/s Baruch Dahaj Railway Company Limited and M/s Krishnapatnam Railway Company Limited. KRC had intimated vide our letter dated 17.02.2016 to the Adjudicating Authority to consider the above orders, while finalising the Order in the Show Cause Notice issued to Kutch Railway Company Limited. The order of the Adjudicating Authority is awaited.

Your Directors had thoroughly examined the matter and obtained suitable legal and expert advice and accordingly perusing the matter appropriately with the DGCEI.

PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS U/S 186

During the year, the Company has neither given loans, nor given any guarantee or security to any person or Body Corporate, nor made any investment pursuant to Section 186 of the Companies Act, 2013.

NOMINATION AND REMUNERATION COMMITTEE

The Company has Remuneration Committee comprising Shri Pramod Kumar Singh and Dr. Meenu Dang, as its members as at 31st March 2015. The Committee was reconstituted on 23.06.2015 and the following are its members:

1. Shri Devi Prasad Pande, Independent Director
2. Shri Raj Kumar Sarkar, Independent Director
3. Shri Pramod Kumar Singh, Non Executive Director
4. Dr. Meenu Dang, Non Executive Director

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 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 AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Companies, Act, 2013 read Rules 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014. During the year under report, no employee of the Company was drawing remuneration in excess ₹ 6,00,000/- per month the limits as set out in the said rules.

STATEMENT OF ASSOCIATION

Kutch Railway Company Limited is a joint venture special purpose vehicle. Rail Vikas Nigam Limited, Adani Port & SEZ Limited and Kandla Port Trust being shareholders are the associate companies as they holds 50%, 20% and 26% respectively of paid up share capital of the Company.

ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENT

The Company has in place adequate internal financial controls with reference to financial Statement during the year under review, such controls were tested and no reportable material weakness in the design or operation were observed.

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 all the nationalised banks with whom the Company had dealings. 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

(Devi Prasad Pande) (Aditya Prakash Mishra)

DIN: 00960974

DIN: 03319240

Independent Director &
Chairman of the Meeting

Managing Director

Date : 16th August 2016

Place: New Delhi

Form No. MGT-9

EXTRACT OF ANNUAL RETURNS ON THE FINANCIAL YEAR ENDED ON 31.03.2016

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

I. REGISTRATION AND OTHER DETAILS:

i. CIN	U45202DL2004PLC124267
ii. Registration Date	22.01.2004
iii. Name of the Company	KUTCH RAILWAY COMPANY LIMITED
iv. Category / Sub-Category of the Company	PUBLIC LIMITED COMPANY
v. Address of the Registered office and contact details	2 ND FLOOR, INDRA PALACE BUILDING H- BLOCK, CONNAUGHT CIRCUS NEW DELHI – 110 001
vi. Whether listed company	No
vii. Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Railway Transportation	—	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1			/		
2			NIL		
3			/		



Kutch Railway Company Limited

CIN: U45202DL2004PLC124267

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year as on 01.04.2015				No. of Shares held at the end of the year as on 31.03.2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	0	6	6	.0000024	0	6	6	.0000024	NIL
b) Central Govt	0	124999994	124999994	49.99	0	124999994	124999994	49.99	
c) State Govt(s)	0	1000000	1000000	4	0	1000000	1000000	4	NIL
d) Bodies Corp	0	115000000	115000000	46		115000000	115000000	46	
e) Banks / FI									
f) Any Other	0	65000000	65000000	26	0	65000000	65000000	26	NIL
Sub- total(A)(1):-	0	250000000	250000000	100	0	250000000	250000000	100	—
2) Foreign									
g) NRIs-Individuals									
h) Other-Individuals									
i) Bodies Corp.									
j) Banks / FI									
k) Any Other....									
Sub-total (A)(2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter(A)= A1+A2	0	250000000	250000000	100	0	250000000	250000000	100	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1)	0	0	0	0	0	0	0	0	0

12th Annual Report 2015-16

2. Non Institutions									
a) Bodies Corp.									
(i) Indian									
(ii) Overseas									
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
(iii) Others (Specify)									
Sub-total (B)(2)									
Total Public Shareholding (B)= (B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A)+(B)+(C)	0	250000000	250000000	100	0	250000000	250000000	100	

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year as on 01.04.2015			Shareholding at the end of the year as on 31.03.2016			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Rail Vikas Nigam Limited	124999994	50	0	124999994	50	0	No change
2.	Kandla Port Trust	65000000	26	0	65000000	26	0	No change
3.	Adani Port and SEZ Ltd	50000000	20	0	50000000	20	0	No change
4.	Government of Gujarat	10000000	4	0	10000000	4	0	No change



Kutch Railway Company Limited

CIN: U45202DL2004PLC124267

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sr. no.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	250000000	100	250000000	100
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	250000000	100	250000000	100

INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2015) i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not		NIL		
Total (i+ii+iii)				
Change in Indebtedness during the financial year - Addition - Reduction Net Change		NIL		
Indebtedness at the end of the financial year (31.03.2016) i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due				
Total (i+ii+iii)				

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Shri Aditya Prakash Mishra Managing Director	Total Amount ₹
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	₹ 21,54,460.00 ₹ 5,76,190.00 —	
2.	Stock Option	—	
3.	Sweat Equity	—	
4.	Commission - as % of profit - others, specify...	—	
5.	Others, please specify	—	
6.	Total (A)	₹ 27,30,650.00	
	Ceiling as per the Act	—	

B. Remuneration to other directors:

Particulars of Remuneration	Sh. Devi Prasad Pande	Sh. Raj Kumar Sarkar	Total Amount ₹
<u>Independent Directors</u> - Fee for attending board committee meetings - Commission - Others, please specify	1,00,000.00 0 0	1,00,000.00 0 0	2,00,000.00
Total (1)	1,00,000.00	1,00,000.00	2,00,000.00
<u>Other Non-Executive Directors</u> - Fee for attending board committee meetings - Commission - Others, please specify	0 0 0	0 0 0	
Total (2)	0	0	
Total (B)=(1+2)	1,00,000.00	1,00,000.00	2,00,000.00
Total Managerial Remuneration	0	0	
Overall Ceiling as per the Act	—	—	



B. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Company Secretary	CFO
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-taxAct, 1961	21,99,075.00 3,26,860.00 0.00	19,48,851.00 3,01,650.00 0.00
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify...	-	-
5	Others, please specify	-	-
6	Total (₹)	25,25,935.00	20,50,501.00

VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY Penalty Punishment Compounding			NIL		
B. DIRECTORS Penalty Punishment Compounding			NIL		
C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding			NIL		

S. No.	Extracts from Auditors' Report	Management reply
1.	Note No. 26 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 dt.12.05.2016 received from the Western Railway (WR), a debit of ₹ 0.14 crores has been intimated by WR for the financial year 2015-16. The Company had also supplied material to WR amounting to ₹ 119.97 crores and balance to WR amounting to ₹ 5.09 crores is outstanding as on 31.03.2016. 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. 28 regarding non componentization of Project assets. The impact of the same is unascertainable.	The details of assets provided by Western Railway are deficient and accordingly it has not been possible to charge depreciation on the basis of componentisation of these assets.
3.	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 fixed assets is divided in proportion of their gross opening balances.
4.	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 with in 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.
5.	The time gap between 56th and 57th Board meeting held on 14.08.2015 and 23.12.2015 was 129 days which is in contravention of section 173.	The meeting was planned within the limit of 120 days. However, the same could not be convened due to pre-occupation of the chairman of the KRC Board as the winter session of the Parliament was in progress.



S. No.	Extracts from Auditors' Report	Management reply
6.	The Company has disclosed the impact of pending litigations on its financial position in its notes to financial statements – Refer Note No. 22 regarding Service tax liability of ₹ 295.66 crore together with interest & penalty and Writ petition filed by former employee.	The reply to the Show cause notice in respect of financial years from 2007-08 to 2013-14, has been submitted on 06.01.2015. A personal hearing has also been held on 21.09.2015. No further correspondence has been received so far. A similar demand cum show cause notice was received for financial year 2014-15 for a demand of ₹ 82.07 crores. It has also been replied on 24.05.2016.
1.	1(c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has Bridges and Building, formation and permanent way in their immovable properties. These are constructed on leasehold land taken from western railway. The company has only lease agreement of the land on which these assets have been constructed.	As per the Lease Agreement between the Company and MOR, the existing assets shall be leased to the Company to construct, operate and manage Project Railway.
2.	7(b) According to the information given to us and as per the books of accounts produced before us, the company has no dues relating to sales tax, income tax, custom tax, wealth tax, excise duty, cess that have not been deposited on account of any dispute except Service tax of ₹ 213.59 crore relating to financial years 2009-10 to 2013-14 for which company received a demand notice from the Director General of Central Excise Intelligence and ₹ 82.07 crore relating to financial year 2014-15 for which a demand cum show notice has been received from Principal Commissioner of Service Tax Delhi-I.	The reply to the Show cause notice in respect of financial years from 2007-08 to 2013-14, has been submitted on 06.01.2015. A personal hearing has also been held on 21.09.2015. No further correspondence has been received so far. A similar demand cum show cause notice was received for financial year 2014-15 for a demand of ₹ 82.07 crores. It has also been replied on 24.05.2016.

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

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

CIN :- U45202DL2004PLC124267
NOMINAL CAPITAL :- ₹ 2,500,000,000

To,
The Members,
KUTCH RAILWAY COMPANY LIMITED

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit and the representations made by the Company, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by company for the financial year ended on 31st March, 2016 according to the provisions of:

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

We have also examined compliance with the applicable clause of Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meeting (SS-2) issued by the Institute of Company Secretaries of India and made effective 1st July, 2015;

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

The four Meetings of the Board of Directors was held during the financial Year as per the provision of Section 173 of the Companies Act but the gap between two consecutive Board meetings i.e. 56th and 57th



Kutch Railway Company Limited

CIN: U45202DL2004PLC124267

Board Meeting held on 14.08.2015 and 23.12.2015 was 129 days. Which is exceeded the period 120 days as prescribed under Section 173 of the Act?

To comply with section 135 of the Companies Act, 2013 read with the Companies (Corporate Responsibility Policy) Rules 2014, During the financial year 2015-16 the Company was required to spend ₹ 5.06 Crore on CSR activities but it had spend ₹ 1.50 on CSR activities.

We further report that:

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

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

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

Maintenance of All Secretarial and Statutory Record as per the provisions of Companies Act, 2013 has been fully complied with by the management of the Company.

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

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were following specific events/actions having a major bearing on company's affairs in pursuance of the above –referred laws, rules, regulations, guidelines, standard etc.:-

The Company has during the financial year 2014-15, received show cause notice from the Director General of Central Excise Intelligence, regarding the liability of Service Tax of ₹ 213.59 crores and interest and penalty thereon. The company has not accepted the liability and has submitted its reply to the Show Cause Notice on 06.01.2015. A personal hearing has also been held in this regard on 21.09.2015 before the Principal Commissioner of Service Tax, Delhi-1. A similar statement of demand cum show cause notice has also been received for Financial Year 2014-15 on 05.04.2016 in which a demand of ₹ 82.07 crores has been raised. It has also been replied on 24.05.2016.

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

**PLACE :- NEW DELHI
DATED:- 16.08.2016**

**FOR VINOD KUMAR & CO.
COMPANY SECRETARIES**

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

To,
The Members,
KUTCH RAILWAY COMPANY LIMITED

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**PLACE :- NEW DELHI
DATED:-16.08.2016**

**FOR VINOD KUMAR & CO.
COMPANY SECRETARIES**

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



ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and reference to the web-link to the CSR policy and projects or programs: : Brief outline of the Company's CSR objectives and its focus on projects/programmes are mentioned in the CSR Section of the Board's Report
2. Composition of the CSR Committee: :
 - a) Shri Rahul Agarwal, Chairman (Non- Executive Director)
 - b) Shri Raj Kumar Sarkar, Independent Director
 - c) Shri M. S. Balani, Non- Executive Director
 - d) Dr. Monica Agnihotri, Non- Executive Director
 - e) Shri A. P. Mishra, Managing Director
3. Average Net Profit of the Company for last three Financial Years: : ₹ 253.09 Crs.
4. Prescribed CSR expenditure (two percent of the amount as in item 3 above) : ₹ 5.06 Crs
5. Details of CSR amount spent during the financial year : ₹ 1.50 Crs.
 - a. Amount to be spent for the financial year : ₹ 12.53 Crs. (includes unspent amount from previous years)
 - b. Amount unspent, if any : ₹ 11.03 Crs.
 - c. Manner in which the amount spent during the financial year : As per the table attached
6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report :

The Company has identified viable CSR Projects and programmes to be implemented. However their has been shortfall in the expenditure incurred primarily for the following reasons:

The envisaged projects and programmes involved substantial preliminary work to ensure maximum positive impact and the desired outcomes before actual implementation. This interalia required assessing the ground realities, extensive consultations with the beneficiaries, identification of the suitable local NGOs to partner some of the projects etc. which took time.

Annexure

(Rupees in Cr.)

S. No	CSR Project/activity/beneficiary	Sector in which the project is covered	Project or programme	Location of the project/ program	Amt. outlay (Budgeted)	Amount spent on the project	Cumulative expenditure up to the reporting period	Amount spent Direct/ implementing agency
1.	Swacch Bharat Kosh	Eradicating hunger, poverty and malnutrition, promoting health care and sanitation. Improving the cleanliness level in rural and urban areas including the schools to make country open defecation free	Swachh Bharat Kosh (SBK) set up by Ministry of Finance, Department of Expenditure, Govt. of India	Pan India	1.00	1.00	1.00	Direct
2.	Clean Ganga Fund	Ensuring environmental sustainability, conservation of natural resources and maintaining quality of soil, air and water	Clean Ganga Project set up by Ministry of Water Resources, River Development & Ganga Rejuvenation, Govt. of India.	Pan India	0.50	0.50	0.50	Direct
3.	Cheshire Home, Delhi	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans	Installation of Solar Panel Project at the Cheshire Home, Delhi	Delhi	0.32	-	-	Direct
4.	Cheshire Home, Delhi	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans and promoting healthcare including preventive health care and sanitation	Setting up of sewage treatment plant for cleanliness, sanitation etc., at the Cheshire Home, Delhi	Delhi	0.13	-	-	Direct



Kutch Railway Company Limited

CIN: U45202DL2004PLC124267

CONFIDENTIAL/ ग़ापोपन्निय



सत्यमेव जयते

भारतीय लेखा परीक्षा एवम् लेखा विभाग
महानिदेशक लेखा परीक्षा, रेलवे-वाणिज्यिक का कार्यालय
काफ़मो, भारतीय रेल, तिलक ब्रिज, नई दिल्ली - 110 002
INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE DIRECTOR GENERAL OF AUDIT,
RLY-COMMERCIAL,
COFMOW, INDIAN RAILWAYS, TILAK BRIDGE, NEW
DELHI- 110002

No: PDA/RC/RPSU/32-54/KUTCH/2016-17/ 1139

दिनांक: 2-9-16

सेवा में,

प्रबंध निदेशक,

कच्छ रेलवे कम्पनी लिमिटेड

नई दिल्ली

विषय: 31 मार्च 2016 को समाप्त वर्ष के लिये कच्छ रेलवे कम्पनी लिमिटेड के वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143 (6)(b) के अन्तर्गत भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणियाँ।


महोदय,

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

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

भवदीया,

संलग्न: यथोपरि।


(मी.नीक्षी मिश्रा)
महानिदेशक/ आर.सी.

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

The preparation of financial statements of KUTCH RAILWAY COMPANY LIMITED for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 16 August, 2016.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of KUTCH RAILWAY COMPANY LIMITED for the year ended 31 March 2016 under section 143 (6)(a) of the Act.

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

Place: New Delhi

Dated: 2nd September, 2016


(Meenakshi Mishra)
**Director General of Audit
Railway Commercial, New Delhi**



AUDITOR'S REPORT

TO
THE MEMBERS OF
KUTCH RAILWAY COMPANY LIMITED

REPORT ON FINANCIAL STATEMENTS

1. We have audited the accompanying Financial Statement of **Kutch Railway Company Limited** which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit & Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conduct our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016; and
 - (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.

Subject to item no. (a) to (d) below:-

- (a) **Note No. 26 regarding fixed Assets capitalized by Company (as per advice**

received from Western Railway), are yet to be verified by the company. Similarly, material supplied by company and balance outstanding as advance to Western Railway are subject to reconciliation with Western Railway. The impact of the same is unascertainable, and consequent impact on depreciation is also unascertainable.

- (b) **Note No. 28 regarding non componentization of Project assets. The impact of the same is unascertainable.**
- (c) **Note No. 29 regarding division of addition in Bridges & Building, Formation, Plant & Machinery (Project) and Permanent Way in proportion of their gross opening balances. The impact of the same is unascertainable.**
- (d) **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. 21 to the financial Statement which may have effect of reduction in the Reserves and Sundry debtors by ₹ 38.5 crores (approx.) in the subsequent years (as and when advised by the Western Railways).

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure I, a statement on the matters specified in the paragraph 3 and 4 of the order.
10. As required by section 143(3) of the Companies Act 2013, we report that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion, proper books of account as required by law, have been kept by the company so far as it appears from our examination of those books;
- c) the balance sheet and the statement of profit & loss dealt with by this report are in agreement with the books of account;

- d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) The company has not accepted any loan during the year which would lead to contravention of section 73 of Companies Act 2013.
- f) *The time gap between 56th and 57th Board meeting held on 14.08.2015 and 23.12.2015 was 129 days which is in contravention of section 173.*
- g) on the basis of the written representation received from the directors as on 31st March 2016 and taken on record by the Board of Directors, none of the Director of the company is disqualified as on 31st March 2016 from being appointed as director in terms of Section 164 (2) of the Companies Act, 2013.
- h) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure III and
- i) With respect to the other matters to be included in Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:-
- (i) *The Company has disclosed the impact of pending litigations on its financial position in its notes to financial statements – Refer Note No. 22 regarding Service tax liability of ₹ 295.66 crore together with interest & penalty and Writ petition filed by former employee.*
- (ii) The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) Investor Education & Protection Fund is not applicable over the company.
11. Points to be reported as per Directions under Section 143(5) of the Companies Act, 2013 are enclosed in Annexure- II.

For A.K.G. & ASSOCIATES
Chartered Accountants
FRN. 002688N

CA. SHRUTI GUPTA
Partner

(M.No.401918)

Place: New Delhi
Dated: 16.08.2016



ANNEXURE-I TO THE AUDITORS' REPORT

Referred to in Paragraph 10 of the Independent Auditor's Report of even date to the members of Kutch Railway Company Limited on the Financial Statements as of and for the year ended March 31, 2016.

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - (b) The company has an approved regular program of verification for all assets to cover all the items yearly, which, in our opinion, is reasonable having regard to the size of the company and the nature of its fixed assets. Pursuant to the program, major Assets, which are under the control of Western Railway, have been physically verified by a consultant appointed by the management. Further, in case of other 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.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has Bridges and Building, formation and permanent way in their immovable properties. These are constructed on leasehold land taken from western railway. The company has only lease agreement of the land on which these assets have been constructed.
2. The company did not maintain with it any inventory during the year.
 3. In our opinion and according to the information and explanations given to us, the company has not granted any loans secured or unsecured to the companies/firms, limited liability partnership or other parties listed in the register maintained under section 189 of the Companies Act, 2013.
 4. In our opinion and according to the information and explanations given to us, the company has not given loans, guarantees, security or made any investments which need to comply with the section 185 and 186 of Companies Act, 2013
 5. According to the information and explanations given to us, the Company has not accepted any deposit during the year. Therefore, the provision of Clause (v) of paragraph 3 of CARO, 2015 are not applicable to the Company.
 6. The Company is not required to maintain cost records which have been specified by the Central Government under sub-section (1) of section 148 of Companies Act, 2013.
 7. (a) According to the records of the company, the company is generally regular in depositing undisputed statutory dues including Sales Tax, Excise Duty, Provident Fund, ESI and other statutory dues applicable over the company though there has been a slight delay in case of Advance tax and Service tax.
 - (b) According to the information given to us and as per the books of accounts produced before us, the company has no dues relating to sales tax, income tax, custom tax, wealth tax, excise duty, cess that have not been deposited on account of any dispute *except Service tax of ₹ 213.59 crore relating to financial years 2009-10 to 2013-14 for which company received a demand notice from the Director General of Central Excise Intelligence and ₹ 82.07 crore relating to financial year 2014-15 for which a demand cum show notice has been received from Principal Commissioner of Service Tax Delhi-I.*
 8. Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
 9. The company has not raised any money by way of initial public deposit offer, further public offer, debt instrument or term loans during the year.
 10. According to the information and explanations given to us, based upon the audit procedures performed and representations made by the management, we report that no fraud on or by the

- Company has been noticed or reported during course of our audit.
11. In our opinion and according to information and explanation given to us, Managerial remuneration has been provided and paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of Companies Act, 2013.
 12. The company is not a Nidhi company and hence this clause is not applicable.
 13. In our opinion and according to information and explanation given to us, all transactions with related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and are disclosed in the financial statements as required by the applicable accounting standards.
 14. Company has not made any preferential allotment or private placement of shares or fully or partly convertible or debentures during the year.
 15. Based on the representation given by the management, the company has not entered into any non-cash transactions with the directors or other persons connected to directors.
 16. The company is not required to be registered under section 45-IA of Reserve Bank of India, 1934.

For A.K.G. & ASSOCIATES
Chartered Accountants
FRN. 002688N

CA. SHRUTI GUPTA
Partner
(M.No.401918)

Place: New Delhi
Dated: 16.08.2016

ANNEXURE -III TO THE AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Kutch Railway Company Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the

prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Subject to:-

Formation of Joint Procedure Order, which has not been formed till date in terms of Operation & Maintenance agreement and the provisional figures of income from traffic and respective costs are accounted as advised by WR based on calculation as detailed in the said agreement without approval of Joint Procedure Order.

For A.K.G. & ASSOCIATES
Chartered Accountants
FRN. 002688N

CA. SHRUTI GUPTA
Partner
(M.No.401918)

Place: New Delhi
Dated: 16.08.2016

ANNEXURE II TO THE AUDITORS' REPORT

Directions under Section 143(5) of
The Companies Act, 2013

(Applicable from the accounts of 2015-16)

1.	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has Bridges and Building, formation and permanent way in their immovable properties. These are constructed on leasehold land taken from western railway. The company has lease agreement of the land in its name on which these assets have been constructed.
2.	Whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	No
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift/ grants from Govt. or other authorities	The company is not maintaining inventories and has not received any assets as gift from Government or other authorities.



Kutch Railway Company Limited

CIN: U45202DL2004PLC124267

BALANCE SHEET AS AT MARCH 31, 2016

Particulars	Note	As at 31st March 2016 (Amount in ₹)	As at 31st March 2015 (Amount in ₹)
I. EQUITY AND LIABILITIES			
1 Shareholder's Fund			
(a) Share Capital	2	2,50,00,00,000	2,50,00,00,000
(b) Reserves & Surplus	3	9,04,36,19,259	6,42,24,05,987
2 Non-current Liabilities			
(a) Deferred Tax Liabilities (Net)		61,73,70,076	65,74,16,400
(b) Other Long Term Liabilities	4	5,92,53,32,550	4,74,36,64,506
(c) Long Term Provisions	5	1,23,99,163	97,64,214
3 Current Liabilities			
(a) Trade Payables		-	-
(b) Other Current Liabilities	6	11,71,40,671	6,47,54,638
(c) Short Term Provisions	7	7,89,24,248	20,73,56,609
	TOTAL	18,29,47,85,967	14,60,53,62,354
II. ASSETS			
1 Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	8	3,55,97,91,705	3,86,93,29,962
(ii) Intangible Assets	8	1,053	1,053
(iii) Capital Work in Progress	9	69,67,34,994	10,07,38,418
(b) Long Term Loan & Advances	10	1,57,15,98,387	1,08,96,17,517
(c) Non-Current Investments		-	-
(d) Other Non-Current Assets	11	22,30,553	2,82,30,553
		5,83,03,56,692	5,08,79,17,503
2 Current Assets			
(a) Trade Receivables	12	1,62,04,11,178	1,31,31,86,705
(b) Cash & Cash Equivalents	13	10,41,57,00,764	7,85,85,39,877
(c) Short Term Loans and Advances	14	4,25,59,632	4,30,44,121
(d) Other Current Assets	15	38,57,57,701	30,26,74,148
	TOTAL	18,29,47,85,967	14,60,53,62,354
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 AKG & Associates

Chartered Accountants

FRN: 002688N

Sd/-

CA Shruti Gupta

Partner

M.No.: 401918

Place: New Delhi

Date: 16.08.2016

For & on behalf of the Board

Devi Prasad Pande Aditya Prakash Mishra

Director Managing Director

(DIN No.:00960974) (DIN No.:03319240)

Sanjeev Sharma
(Company Secretary)
M.No.: F3640

Ankur Rastogi
(Chief Financial Officer)
M.No.: 095422

**STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31st MARCH, 2016**

Particulars	Note	Year ended 31st March, 2016 (Amount in ₹)	Year ended 31st March, 2015 (Amount in ₹)
I Revenue from Operations	16	6,73,18,37,822	6,63,99,68,670
II Other Income	17	82,63,16,428	58,82,81,330
Total Revenue		7,55,81,54,250	7,22,82,50,000
III Expenses:			
Operating & Other Expenses	18	4,05,64,62,091	3,81,35,67,881
Employees Benefit Expenses	19	2,18,28,089	2,01,10,695
Depreciation and amortization expenses		43,77,35,731	43,08,94,305
Other Expenses	20	3,23,03,063	1,66,57,460
Total Expenses		4,54,83,28,974	4,28,12,30,341
IV Profit before exceptional and extraordinary items and tax (III-IV)		3,00,98,25,276	2,94,70,19,659
V Prior Period Expenses		-	(17,21,577)
VI Profit before tax (V-VI)		3,00,98,25,276	2,94,87,41,236
VII Tax Expenses			
Current Tax		64,42,00,000	63,60,00,000
Excess Tax /MAT provision/charge written back		6,86,72,746	1,55,30,653
MAT Credit Entitlement		(35,64,29,006)	(41,81,14,083)
Net Current Tax		35,64,43,740	23,34,16,570
Deferred Tax		(4,00,46,324)	(4,00,14,251)
		31,63,97,416	19,34,02,319
VIII Profit / (Loss) for the period from continuing operations (VII-VIII)		2,69,34,27,860	2,75,53,38,916
IX Earning Per Share			
Basic		10.774	11.021
Diluted		10.774	11.021

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 & on behalf of the Board

For AKG & Associates

Chartered Accountants

FRN: 002688N

Sd/-

CA Shruti Gupta

Partner

M.No.: 401918

Place: New Delhi

Date: 16.08.2016

Sanjeev Sharma
(Company Secretary)
M.No.: F3640

Devi Prasad Pande Aditya Prakash Mishra
Director *Managing Director*
(DIN No.:00960974) (DIN No.:03319240)

Ankur Rastogi
(Chief Financial Officer)
M.No.: 095422



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

	As on 31st March 2016 (Amount in ₹)	As on 31st March 2015 (Amount in ₹)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before taxation and extraordinary items	3,00,98,25,276	2,94,70,19,659
Adjustment for;		
Depreciation	43,77,35,731	43,08,94,305
Interest received(net)	(82,61,55,263)	(58,82,42,523)
Loss/(Profit) on Fixed Assets disposed	(1,61,015)	2,92,298
Deferred Liability for Overhead Charges	1,18,16,68,044	1,21,03,65,165
Long Term Provision	26,34,949	30,55,102
Prior Period Expenses	-	17,21,577
Operation profit before working capital changes	3,80,55,47,722	4,00,51,05,583
(Increase) / Decrease in Trade Receivables	(30,72,24,473)	(53,03,71,393)
(Increase) / Decrease in other Current Assets	(8,25,99,064)	(11,71,54,801)
Increase / (Decrease) in Trade Payables & other Liabilities	5,23,86,033	2,55,35,433
Cash generated from operations before extraordinary items	3,46,81,10,218	3,38,31,14,822
Prior Period Expenses		(17,21,577)
Cash generated from operations		3,38,13,93,245
Direct Taxes paid / deducted at source	(78,46,68,124)	(50,43,52,870)
Net cash from operating activities	<u>2,68,34,42,094</u>	<u>2,87,70,40,375</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets	(13,51,83,635)	(16,43,27,365)
Capital Work in Progress	(59,59,96,576)	(3,10,04,626)
Fixed Assets Disposed	71,47,176	20,325
Decrease in Long Term Loan & Advances	(19,42,24,610)	(1,98,98,095)
Increase in Other Non Current Assets	(10,00,000)	771
Interest Received	82,61,55,263	58,82,42,523
Net Cash used in Investing Activities	<u>(9,31,02,382)</u>	<u>37,30,33,533</u>
C. Cash flow from Financing Activities		
Receipt of Equity Share Capital	-	-
Proceeds from Short Term Borrowing	-	-
Repayment of Long Term Borrowing	-	-

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Dividend Paid (including dividend tax)	(6,01,78,825)	(11,69,95,000)
Intrest Paid	-	-
Net Cash inflow from Financial Activities	(6,01,78,825)	(11,69,95,000)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	2,530,160,887	3,133,078,908
Cash & Cash Equivalents Opening Balance	7,88,55,39,877	4,75,24,60,969
Cash & Cash Equivalents Closing Balance	10,41,57,00,764	7,88,55,39,877
Cash & Cash Equivalents Includes		
Cash in hand	10,672	40,393
With Banks		
- In Current Accounts	83,42,638	87,823
- In Fixed Deposit Accounts	10,40,73,47,454	7,88,54,11,661
	<u>10,41,57,00,764</u>	<u>7,88,55,39,877</u>

Notes:-

- 1 The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 (AS-3) on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- 2 Previous year's figures have been regrouped and rearranged, wherever necessary.

As per our report of even date attached
For AKG & Associates
Chartered Accountants
FRN: 002688N

Sd/-

CA Shruti Gupta

Partner

M.No.: 401918

Place: New Delhi

Date: 16.08.2016

For & on behalf of the Board

Devi Prasad Pande Aditya Prakash Mishra
Director *Managing Director*

(DIN No.:00960974) (DIN No.:03319240)

Sanjeev Sharma
(Company Secretary)
M.No.: F3640

Ankur Rastogi
(Chief Financial Officer)
M.No.: 095422



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

Note 1

Significant accounting policies

a. Basis of Preparation of Financial Statements

These Financial Statements have been prepared on an accrual basis of accounting under historical cost convention in accordance with the generally accepted accounting principles & standard in India including Accounting Standards notified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rule, 2014.

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.

v. The addition/deletion in the Capital Work In Progress (advised by Western Railway) are accounted for in the year of advice by Western Railway.

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. The company had determined the estimated useful life of its fixed assets as permitted under the provisions of schedule II to the Companies Act, 2013 and has provided depreciation accordingly on

Straight Line Method .Componentization of assets has been considered except for project Assets (viz. Bridges & Buildings, Formation, Plant & Machinery-Project and Permanent Way) and depreciation has been provided accordingly.

S. No.	Nature of Assets	Estimated useful life (Years)
1	Station Building	30
2	Permanent Way	15
3	Plant & Machinery	15
4	Formation	15
5	Electronic Data Processing Assets	03
6	Furniture & Fixtures	10
7	Vehicles	8

- 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 amortized according to the period of useful life of the assets.

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 per the provisional figures advised by Western Railway.
- ii. Interest earned on deposits with banks is recognized 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 ₹ 100,000/- 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 are accounted for in the year of advice of provisional figures by Western Railway.

k. Cost Recognition

Out of total cost, the Operation & Maintenance Cost are recognized as per provisional figures advised by Western Railway.

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.



NOTES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2016

	As at 31st March 2016 (Amount in ₹)	As at 31st March 2015 (Amount in ₹)
Note - 2 Share Capital		
1. Authorised		
25,00,00,000 Equity Shares of ₹ 10/- each	<u>2,50,00,00,000</u>	<u>2,50,00,00,000</u>
2. Issued, Subscribed and paid up		
25,00,00,000 Equity shares of ₹ 10/- each fully paid up (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 2016		As at 31st March 2015	
Name of Shareholders	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) 5,00,00,000 (nos.)

NOTES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2016

	As at 31st March 2016 (Amount in ₹)	As at 31st March 2015 (Amount in ₹)
Note - 3 Reserves and Surplus		
General Reserve		
Opening Balance	8,79,52,190	8,79,52,190
Add: Transferred from Statement of Profit & Loss	—	—
Total	8,79,52,190	8,79,52,190
Surplus - In Statement of Profit & Loss		
Opening Balance	6,33,44,53,797	3,64,14,46,505
Add: Net Profit for the Current Year	2,69,34,27,860	2,75,53,38,916
	9,02,78,81,657	6,39,67,85,421
Less; Proposed Dividend	6,00,00,000	5,00,00,000
Corporate Dividend Tax	1,22,14,588	1,01,78,825
Transitional impact consequent to change in useful lives of tangible assets	—	21,52,799
	72,214,588.20	6,23,31,624
Total	8,95,56,67,069	6,33,44,53,797
	9,04,36,19,259	6,42,24,05,987
	As at 31st March 2016 (Amount in ₹)	As at 31st March 2015 (Amount in ₹)
Note - 4 Other Long Term Liabilities		
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.33(b) of Notes to Financial Statements)	5,92,53,32,550	4,74,36,64,506
Total	5,92,53,32,550	4,74,36,64,506
	As at 31st March 2016 (Amount in ₹)	As at 31st March 2015 (Amount in ₹)
Note - 5 Long Term Provisions		
Provision for Retirement benefits to Employees	1,23,99,163	97,64,214
Total	1,23,99,163	97,64,214



NOTES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2015

	As at 31st March 2016 (Amount in ₹)	As at 31st March 2015 (Amount in ₹)
Note - 6 Other Current Liabilities		
Creditors for Capital Expenditure (Unsecured, unconfirmed & considered good)	5,86,21,002	6,19,16,142
Expenses Payable	19,83,892	13,94,016
Security from Suppliers	2,09,912	2,10,890
Taxes Payable	51,01,157	80,833
EPF Payable	2,37,969	-
Others (Unsecured, unconfirmed but Considered good)	5,09,86,739	11,52,757
Total	11,71,40,671	6,47,54,638

	As at 31st March 2016 (Amount in ₹)	As at 31st March 2015 (Amount in ₹)
Note - 7 Short Term Provisions		
Provision for tax (net of Advance Tax & TDS)	67,09,660	14,71,77,784
Proposed Dividend	6,00,00,000	5,00,00,000
Provision for tax on dividend	1,22,14,588	1,01,78,825
Total	7,89,24,248	20,73,56,609

NOTES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2016

Note - 8 Fixed Assets as per Schedule II of the Company's Act, 2013

Amount (₹)

S. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2015	Addition during year	Sales/ Adjust- the during the year	Total as on 31.3.2016 ment	As at 01.04.2015	For the Year	Sales/ Adjust- during the year	As at 31.3.2016 tment	As at 31.3.2016	As at 31.3.2015
A	Tangible Assets										
1	Bridges & Buildings (a) (b)	83,64,15,472	1,97,349	-	83,66,12,821	12,98,64,315	3,06,28,166	-	16,04,92,481	67,61,20,340	70,65,51,157
2	Formation (a) (b)	6,53,64,462	15,422	-	6,53,79,884	2,80,92,898	51,74,720	-	3,32,67,618	3,21,12,267	3,72,71,564
3	Plant & Machinery (Project) (b)	59,96,24,837	1,41,479	-	5,99,76,63,161	22,00,31,134	4,54,87,766	-	26,55,18,900	33,42,47,416	37,95,93,703
4	Permanent Way (a) (b)	4,52,29,16,773	13,42,49,324	71,24,050	4,65,00,42,047	1,78,54,75,208	35,47,21,896	2,25,476	2,13,99,71,628	2,51,00,70,419	2,73,74,41,565
5	Vehicles	64,37,357	-	-	64,37,357	55,81,396	1,29,569	-	57,10,965	7,26,392	8,55,961
6	Plant & Machinery	12,92,581	2,44,696	2,36,979	13,00,298	5,77,659	2,27,657	1,56,463	6,48,853	6,51,445	7,14,922
7	Furniture & Fixtures	108,47,057	1,56,098	41,803	1,09,61,352	43,80,919	11,12,329	34,732	54,58,516	55,02,836	64,66,138
8	Computers	9,31,850	1,79,265	0	11,11,115	4,96,898	2,53,627	0	7,50,525	3,60,590	4,34,952
	Tangible Assets (Total)	6,04,38,30,389	13,51,83,634	74,02,832	6,17,16,11,191	2,17,45,00,427	43,77,35,731	4,16,672	2,61,18,19,486	3,55,97,91,705	3,86,93,29,962
B	Intangible Assets (c)	6,41,378	-	-	6,41,378	6,40,325	-	-	6,40,325	1,053	1,053
	Current Year	6,04,44,71,767	13,51,83,634	74,02,832	6,17,22,52,569	2,17,51,40,752	43,77,35,731	4,16,672	2,61,24,59,811	3,55,97,92,758	3,86,93,31,015
	Previous Year	5,88,45,47,333	16,43,27,365	44,02,931	6,04,44,71,767	1,74,79,05,533	43,08,94,305	36,59,086	2,17,51,40,752	3,86,93,31,015	

Notes:

- 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
- 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 2014-15. No depreciation is charged on these assets during the current financial year.
- Represents the cost of Computer Softwares & Website



NOTES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2016

	As at 31st March 2016 (Amount in ₹)	As at 31st March 2015 (Amount in ₹)
Note - 9 Capital Work in Progress		
Opening Balance	10,07,38,418	6,97,33,792
Add: Addition during the year	59,84,20,988	3,20,25,132
	<u>69,91,59,406</u>	<u>10,17,58,924</u>
Less: Transferred to Fixed Assets	24,24,412	10,20,506
TOTAL	<u><u>69,67,34,994</u></u>	<u><u>10,07,38,418</u></u>
	As at 31st March 2016 (Amount in ₹)	As at 31st March 2015 (Amount in ₹)
Note - 10 Long Term Loan & Advances		
Capital Advances (Unsecured, Unconfirmed but considered good)	27,52,75,812	8,10,51,202
MAT Credit Entitlement	1,29,63,22,575	1,00,85,66,315
TOTAL	<u><u>1,57,15,98,387</u></u>	<u><u>1,08,96,17,517</u></u>
	As at 31st March 2016 (Amount in ₹)	As at 31st March 2015 (Amount in ₹)
Note - 11 Other Non Current Assets		
Security Deposit	22,30,553	2,82,30,553
TOTAL	<u><u>22,30,553</u></u>	<u><u>2,82,30,553</u></u>
	As at 31st March 2016 (Amount in ₹)	As at 31st March 2015 (Amount in ₹)
Note - 12 Trade Receivables		
Outstanding for a period more than six months from the date they are due for payment (Unsecured, Unconfirmed & considered good)	—	—
Others (Unsecured, Unconfirmed & considered good)	1,62,04,11,178	1,31,31,86,705
TOTAL	<u><u>1,62,04,11,178</u></u>	<u><u>1,31,31,86,705</u></u>

NOTES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2016

	As at 31st March 2016 (Amount in ₹)	As at 31st March 2015 (Amount in ₹)
Note - 13 Cash and Cash Equivalents		
Cash in hand	10,672	40,393
Bank Balances with Banks		
- In Current Accounts	83,42,638	87,823
Other Bank Balances		
In Deposit Accounts		
-With original maturity more than 3 months	—	7,00,000
-With original maturity more than 3 months but less than 12 months	10,40,73,47,454	6,83,41,14,428
-With original maturity more than 12 months	—	1,02,35,97,233
TOTAL	10,41,57,00,764	7,85,85,39,877

	As at 31st March 2016 (Amount in ₹)	As at 31st March 2015 (Amount in ₹)
Note - 14 Short Term Loan and Advances		
Income Tax refundable	4,20,46,604	4,20,46,604
Others (Unsecured & considered good)	5,13,028	9,97,517
TOTAL	4,25,59,632	4,30,44,121

	As at 31st March 2016 (Amount in ₹)	As at 31st March 2015 (Amount in ₹)
Note - 15 Other Current Assets		
Interest Accrued but not due on Fixed Deposits	38,57,57,701	30,26,74,148
TOTAL	38,57,57,701	30,26,74,148

NOTES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2016

	Year ended 31st March 2016 (Amount in ₹)	Year ended 31st March 2015 (Amount in ₹)
Note - 16 Revenue From Operations		
Income from Bulk & Container Traffic	6,73,18,37,822	6,63,99,68,670
TOTAL	6,73,18,37,822	6,63,99,68,670



NOTES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2016

	Year ended 31st March 2016 (Amount in ₹)	Year ended 31st March 2015 (Amount in ₹)
Note - 17 Other Income		
Interest [TDS ₹ 8,25,22,453/- (Previous Year ₹ 5,88,22,216/-)]	82,61,34,990	58,82,21,789
Interest on Advances to Employees	20,,273	20,734
Profit on disposal of Fixed Assets	1,61,015	—
Miscellaneous Income	150	38,807
TOTAL	82,63,16,428	58,82,81,330

	Year ended 31st March 2016 (Amount in ₹)	Year ended 31st March 2015 (Amount in ₹)
Note - 18 Operating & Other Expenses		
Man Power Cost	1,31,47,23,017	89,29,58,537
Fixed Maintenance Cost	18,00,58,140	22,64,19,925
Cost of Fuel	1,05,37,36,294	1,18,70,66,190
Hiring Charges of Rolling Stock	19,92,17,354	19,23,66,470
Wagon Repair Charges	7,58,74,649	8,44,85,703
Vehicle Hire Charges	67,30,654	68,80,636
Deferred Overhead Cost	1,18,16,68,044	1,21,03,65,165
Other Costs	4,44,53,939	1,30,25,255
TOTAL	4,05,64,62,091	3,81,35,67,881

	Year ended 31st March 2016 (Amount in ₹)	Year ended 31st March 2015 (Amount in ₹)
Note - 19 Employee Benefit Expenses		
Salaries, Wages & Benefits	1,44,41,670	1,23,07,906
Contribution to PF & Other Funds	14,27,193	13,04,033
Managing Director's Remuneration	27,30,650	25,92,627
Provisions for Retirement Benefits	27,39,398	33,87,631
Staff Welfare	4,89,178	5,18,498
TOTAL	2,18,28,089	2,01,10,695

NOTES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2016

	Year ended 31st March 2016 (Amount in ₹)	Year ended 31st March 2015 (Amount in ₹)
Note - 20 Other Expenses		
Professional Charges	40,08,656	40,83,465
Rent	45,51,820	44,74,832
Electricity	2,79,566	2,65,282
Communication	5,01,995	4,87,554
Travelling & Conveyance	11,51,557	8,81,149
Printing & Stationery	2,89,980	2,67,513
Advertisement & Sponsorship	1,67,400	4,08,152
Books & Periodicals	54,955	39,847
Insurance	16,24,359	17,78,870
Entertainment & Business Promotion	17,33,754	14,96,665
Membership Fees & Subscription	386,371	11,014
Meetings & Conference Expenses	65,076	97,761
Repairs & Maintenance	2,86,629	2,37,809
Vehicle Running & Maintenance	5,42,926	5,60,899
Directors Siting Fees	2,00,000	—
Auditor's Remuneration	3,38,819	2,92,136
Bank Charges	895	843
Service Tax	4,75,022	4,78,380
Loss on disposal of Fixed Assets	—	2,92,298
Miscellaneous Expenses	6,43,283	5,02,991
Corporate Social Responsibility Expenses	1,50,00,000	—
TOTAL	3,23,03,063	1,66,57,460



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Note 21

Since the financial year i.e. 2013-14, Western Railway has computed Company's share of apportioned earnings on the basis of 'carried route' instead of 'booked route'. Accordingly, apportioned earnings have been reduced by ₹ 31.53 crores for current financial year. Further, a total amount of ₹ 8.98 crores has been deducted on this account for the financial years 2010-11. The Company has contested against this method of calculation of apportioned earnings at various levels in Railways. The approximate amount of ₹ 38.5 crores may be deducted by on this account for earlier financial years (from 2006-07 to 2009-10). 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
Total		42		35

The average amount of both of above methods works out to be ₹ 38.5 crores (approx.). The impact of the same will be reduction in Reserves and Sundry Debtors by ₹ 38.5 crores (approx.) in the subsequent years as and when advised by the Western Railway.

Note 22

Contingent Liabilities:

- i) 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.
- ii) During the financial year 2014-15, Company received a show cause notice from the Director General of Central Excise Intelligence, regarding the liability of Service Tax of ₹ 213.59 crores and interest and penalty thereon. The Company has not accepted the liability and has submitted its reply to the Show Cause Notice on 06.01.2015. A personal hearing has also been held in this regard on 21.09.2015 before the Principal Commissioner of Service Tax, Delhi-I. A similar statement of demand cum show cause notice has also been received for F. Yr. 2014-15 on 05.04.2016 in which a demand of ₹ 82.07 crores has been raised. It has also been replied on 24.05.2016.

Note 23

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 31.03.2016 (Opening balance ₹ 499.44 crores plus ₹ 0.14 crores debited by WR)	499.58	
	Balance		31.01
b)	Cost incurred for construction of new Running Room at Bhildi (as per revised estimate received from Western Railway dt. 20.01.2011 & 30.05.2012 total amount was ₹ 4.03 crores. However, total amount incurred as per WR advise till 31.03.2016 is ₹ 3.48 crores) Amount paid till 31.03.2016 is ₹ 3.16 crores.	4.03	
	Less: Amount incurred till 31.03.2016	3.48	
	Balance		0.55
c)	Estimated cost of Project of doubling of Palanpur – Samakhlyali Section of Railway Line work (as per estimate received from Rail Vikas Nigam Ltd. (RVNL) dt. 15.07.2014)	1548.66	
	Less; Amount incurred till 31.03.2016 *(Amount paid to RVNL Rs. 50 crores)	55.00	
	Balance		1493.66
d)	Estimated cost of other projects	71.51	
	Less; Amount incurred till 31.03.2016	11.19	
	Balance		60.32
	Total estimated amount of contract, remaining to be executed on capital account and not provided for in the accounts as on 31.03.2016.		1585.54

Note 24

- 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 06th October 2005.



Note 25

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 21st 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 26

- 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 ₹ 5.09 crore is also outstanding as on 31st March 2016 to WR for the project work which is also subject to verification and reconciliation with WR.

Note 27

Company has booked additions in the permanent way of ₹ 10,45,13,483 during the financial year 2014-15 as advised by Western Railway. During the year company has reduced ₹ 7124050 from last year additions as per revise advice of WR.

Depreciation of ₹ 2,25,476 has been reduced (charged during last year on ₹ 71,24,050), from depreciation reserve and accounted as profit on sale of fixed assets as per policy of the company.

Note 28

The Company has not been able to follow componentization in respect of project assets (viz. Bridges & Buildings, Formation, Plant & Machinery-Project and Permanent Way) which are under the control of Western Railway. The details of assets provided by Western Railway are deficit and accordingly, depreciation on the basis of componentization of these assets has not been followed. The impact of depreciation in respect of other assets due to componentization is not ascertainable.

Note 29

Western Railway (WR) has provided the consolidated figures in respect of addition during the year amounting to ₹ 14.21 lacs in Bridges & Buildings, Formation, Plant & Machinery (Project) and Permanent Way. They have expressed their inability to provide assets wise break up of addition. In absence of the same, the total addition has been divided in proportion of gross opening balance of these assets. The capital cost incurred and advised by WR to the tune of ₹ 13,07,57,748/- during F. Yr. 2015-16 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

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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. As per disclosure required under Accounting Standard:19 on Leases is as under:

a) The Company has taken lease assets from Ministry of Railways under non-cancellable operating. The company has taken Delhi office under cancellable operating assets. The rent for Delhi Office of the Company will increase by 15% after the expiry of every three years from the execution of lease deed. There are no contingent rents in the lease agreements. There are no purchase options. These lease agreements are renewable on expiry

b) Lease Rental expenses during the year in respect of operating leases :

(Amount in ₹)

	As on 31.03.2016	As on 31.03.2015
Gross Lease Rent	58,15,420	57,20,932
Less: Recovered	58,601	56,170
Net Lease Rent	57,56,819	56,64,762

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

(Amount in ₹)

	As on 31.03.2016	As on 31.03.2015
Not later than one year	1,000	1,000
Later than one year and no later five years	4,000	4,000
Later than five years	16,000	17,000

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 11th year of operation, in terms of clause 3.1.5 of the Operation & Maintenance Agreement.



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- c) Sundry Debtors (WR) as on 31.03.2016 amounting to ₹ 162.04 crores (dr.) [(Previous Year ₹ 131.32 crores (dr.))] are derived after deducting ₹ 298.44 crores (Previous Year ₹ 269.86 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	18.01
Fixed Cost-Manpower	49.38
Variable Cost	217.98
Capital Cost	13.07
	298.44

- d) During the year ending 31.03.2016, as compared to previous year 31.03.2015, revenue has increased by ₹ 9.18 crores (detail as per Note: 16). The operating cost has increased by ₹ 24.29 crores (detail as per Note: 18). Both the above figures have been accounted for as advised by WR and are subject to reconciliation.

Note 33

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 under:-

- (a) Change in the present value of the obligation

(Amount in ₹)

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Present value of obligation at 01.04.2015	38,23,642	84,75,159
Interest Cost	3,00,156	6,65,300
Current service cost	6,18,916	18,07,559
Benefits paid	—	—
Actuarial loss/(gain) on obligations	(2,01,201)	(2,09,599)
Present value of obligation at 31.03.2016	45,41,513	1,07,38,419

- (b) Change in present value of plan asset

(Amount in ₹)

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Fair value of plan assets at 01.04.2015	28,45,936	NIL
Expected return on plan assets	2,41,487	NIL
Employers contribution	92,241	NIL
Benefits paid	NIL	NIL
Actuarial loss/(gain) on obligations	(3,094)	NIL
Fair value of plan assets at 31.03.2016	31,76,570	NIL

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(c) Fair Value of Plan Assets

(Amount in ₹)

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Fair value of plan assets at 01.04.2015	28,45,936	NIL
Actual Return on Plan Assets	2,38,393	NIL
Contribution	92,241	NIL
Benefits Paid	NIL	NIL
Fair value of plan assets at the end of the year	31,76,570	NIL
Present value of obligations at 31.03.2016	45,41,513	1,07,38,419
Funded Status	(13,64,943)	(1,07,38,419)

(d) Amount recognized in balance sheet

(Amount in ₹)

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Estimated present value of obligations at 31.03.2016	45,41,513	1,07,38,419
Fair value of plan assets at 31.03.2015	31,76,570	NIL
Funded Status	(13,64,943)	(1,07,38,419)
Net liability recognized in balance sheet	13,64,943	1,07,38,419

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

(Amount in ₹)

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Current service cost	6,18,916	18,07,559
Interest Cost	3,00,156	6,65,300
Expected return on plan asset	(2,41,487)	NIL
Net actuarial (Gain)/Loss recognized in the year	(1,98,107)	(2,09,599)
Total expenses recognized in Profit & Loss Account	4,79,478	22,63,260

(f) Principal actuarial assumption as expressed as weighted average

(Amount in ₹)

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Discount rate	5.00%	5.00%
Expected rate of return on plan assets	7.85%	N.A.
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 ₹ 13,64,943/- as ascertained by the Actuarial Valuation Certificate.



Kutch Railway Company Limited

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Note 34

(Amount in ₹)

The Company is required to spend ₹ 11.03 crores (₹ 7.47 crores) on Corporate Social Responsibility (CSR) as follows:-

Year	Amount Required to Spend (₹ in crores)	Amount Spent	Unspent (₹ in crores)
2013-14	3.16	0	3.16
2014-15	4.31	0	4.31
2015-16	5.06	1.50	3.56
Total	12.53	1.50	11.03

The amount due could not be expended as the Company could not identify the agency to execute the useful projects pertaining to CSR in the operational area of the Company. The Company is finalising the viable projects for CSR and during the next financial years it is expected to incur substantial amount on CSR.

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
Mr. Sanjeev Sharma, Company Secretary
Mr. Ankur Rastogi, Chief Financial Officer |

b. Other Related Parties:

<u>S.No.</u>	<u>Name of Party</u>	<u>Relationship</u>
1.	Rail Vikas Nigam Ltd.	Shareholder
2.	Kandla Port Trust	Shareholder
3.	Govt. of Gujarat	Shareholder
4.	Mundra Ports & SEZ Ltd.	Shareholder
5.	Ministry of Railways(Western Railway)	Holding 100% Share Capital of RVNL

c. Detail of transaction carried out with related parties:

Nature of Transaction	Key Management Personnel	
	Current Year ₹	Previous Year ₹
Remuneration to Mr. Aditya Prakash Mishra	27,30,650/-	25,92,627 /-
Remuneration to Mr. Sanjeev Sharma	25,25,935/-	22,78,325/-
Remuneration to Mr. Ankur Rastogi	22,50,501/-	17,69,340/-

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(Amount in ₹)

Nature of Transaction	Shareholder (Rail Vikas Nigam Ltd.)	
	Current Year ₹	Previous Year ₹
Refund of amount for conducting study for bankability for electrification of Palanpur-Gandhidham Section.	Nil	14,00,000/-
Amount paid in advance for the project of doubling of Railway Line between Palanpur-Samakhali (Amount incurred upto 31.03.2016 ₹ 55 crores)	50,00,00,000	Nil

Nature of Transaction	Ministry of Railways (Western Railway)	
	Current Year ₹	Previous Year ₹
Revenue from Operations	673.18 crores	664.00 crores
Operation & Maintenance Cost	404.97 crores	380.67 crores
Capital Expenditure	13.46 crores	13.72 crores

Note 36

The Company has filed Income Tax Returns up to Asstt. Yr. 2015-16 and assessment completed up to Asstt. Yr. 2013-14.

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 15 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.

During the current financial year, the Company has reversed the MAT Credit for ₹ 6.87 crores pertaining to financial year 2009-10. Since, the Company will continue to avail the deduction u/s. 80-IA till the financial year 2021-22, the MAT credit for the financial year 2009-10 will lapse to be utilized after financial year 2021-22.

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 Gujarat) & is having single business of running goods train under build own operate & transfer (BOOT) agreement with Ministry of Railways.



Kutch Railway Company Limited

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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
A	Deferred tax Assets		
	Provision for Gratuity	4,72,379	3,32,322
	Provision for Leave Encashment	38,18,723	29,86,534
	Provision for Ex-gratia	2,07,198	27,824
	Total A	44,98,300	33,46,680
B	Deferred tax Liability		
	Depreciation	62,18,68,376	66,07,63,081
	Total B	62,18,68,376	66,07,63,081
	Deferred Tax Assets /(Liabilities) A-B	(61,73,70,076)	(65,74,16,400)

Note 40

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

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:

(Amount in ₹)

		Current Year	Previous Year
1.	Numerator (Net Profit / (Loss) during the year)	2,69,34,27,860	2,75,53,38,916
2.	Denominator (Weighted Average Number of Equity Shares)		
	a) Basic	25,00,00,000	25,00,00,000
	b) Diluted	25,00,00,000	25,00,00,000
3.	Nominal Value of one Equity Share	10	10
4.	EPS		
	a) Basic	10.774	11.021
	b) Diluted	10.774	11.021

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.

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



KUTCH RAILWAY COMPANY LIMITED

CIN: U45202DL2004PLC124267

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]

TEAR HERE

Name of the member(s) :

Registered Address :

E-mail Id :

Folio No./Client Id :

DP ID :

I/We, being the member(s) of _____ share of the abovenamed company, hereby appoint

1. Name:

Address:

E-mail Id:

Signature.....or failing him

2. Name:

Address:

E-mail Id:

Signature.....or failing him

3. Name:

Address:

E-mail Id:

Signature.....or failing him

as my Proxy and to attend and vote (on a poll) for me on my behalf at the **12th Annual General Meeting** of the Company to be held **on Friday, 23rd day of September 2016 at 4.00 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 in respect of such resolutions as are indicated below:

Resolution No.

1.....

2.....

3.....

Dated _____ this day of _____ 2016

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.

