



11th Annual Report 2014-15
KUTCH RAILWAY COMPANY LIMITED

CIN: U45202DL2004PLC124267

Board of Directors

Shri Kundan Sinha
Shri Devi Prasad Pande
Shri Raj Kumar Sarkar
Shri Rahul Agarwal
Shri Arun Kumar
Shri Ved Prakash Dudeja
Shri Pramod Kumar Singh
Dr. Meenu Dang
Dr. Monica Agnihotri
Shri M. S. Balani
Shri Bimal Kumar Jha
Shri K. C. Kuncheria
Shri G. J. Rao
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
Railway pura, 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 11th **ANNUAL GENERAL MEETING** of the Shareholders of **KUTCH RAILWAY COMPANY LIMITED** will be held on Friday, 11th September 2015, 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 2015 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 Mukesh Sadhuram Balani (DIN 06673584) who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Ved Prakash Dudeja (DIN 06491496) who retires by rotation and being eligible, offers herself for reappointment.
5. To fix the remuneration of M/s AKG and Associates, the Statutory Auditors (ICAI Registration 002688N) for the Financial Year 2015-16.

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 10th Annual General Meeting held on 26th September 2014 authorised the Board of Directors to fix the remuneration of Statutory Auditors for the financial year 2014-15. Accordingly, the Board of Directors has fixed audit fee of ₹ 2,00,000/- plus service tax.

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

SPECIAL BUSINESS:

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

“**RESOLVED THAT** Shri Kundan Sinha (DIN 06641799) who was appointed as an Additional Director of the Company by the Board of Directors w.e.f 9th March 2015 in terms of section 161(1) of the Companies Act, 2013 and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing under section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall not be liable to determination by retirement of Directors by rotation.”

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

“**RESOLVED THAT** Shri Bimal Kumar Jha (DIN 07059267) who was appointed as an Additional Director of the Company by the Board of Directors w.e.f 9th March 2015 in terms of section 161(1) of the Companies Act, 2013 and whose term of office expires at the Annual General Meeting and in respect of whom the company has received a notice in writing under section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”



Kutch Railway Company Limited

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

“**RESOLVED THAT** Shri Rahul Agarwal (DIN 07208483) who was appointed as an Additional Director of the Company w.e.f 23rd June 2015 in terms of section 161(1) of the Companies Act, 2013 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under 160 of the Act in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

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

“**RESOLVED THAT** Shri K. C. Kuncheria (DIN 07208592) who was appointed as an Additional Director of the Company w.e.f. 23rd June 2015 in terms of section 161(1) of the Companies Act, 2013 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under 160 of the Act in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

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

“**RESOLVED THAT** pursuant to the provisions of Section 197(5) of the Companies Act, 2013 read with rule 4 of the Companies (Appointment and Remuneration of the Managerial Personnel) Rules, 2014 the sitting fees to be paid to each of the Independent Directors for attending each meeting of the Board and its committee is fixed at a sum of ₹ 10,000/- (Rupees Ten Thousand only).”

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
14th August 2015**

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.

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

Item No. 6

Shri Kundan Sinha was appointed as an Additional Director by the Board of Directors of the Company on 9th March 2015. Shri Kundan Sinha is an officer of Indian Railway Traffic Service (IRTS). Presently he is Member (Traffic), Railway Board, Ministry of Railways. The Company has received notice in writing from a member signifying the intention to propose his candidature for the office of Director under Section 160 of the Companies Act, 2013.

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

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

Item No. 7

Shri Bimal Kumar Jha was appointed as an Additional Director by the Board of Directors of the Company on 9th March 2015. Shri Bimal Kumar Jha is Secretary/ Kandla Port Trust. The Company has received notice in writing from a member signifying the intention to propose his candidature for the office of Director under Section 160 of the Companies Act, 2013.

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

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

Item No. 8

Shri Rahul Agarwal was appointed as an Additional Director by the Board of Directors of the Company on 23rd June 2015. Shri Rahul Agarwal is presently working on the prestigious post of Divisional Railway Manager, Ahmedabad. The Company has received notice in writing from a member signifying the intention to propose his candidature for the office of Director under Section 160 of the Companies Act, 2013.

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

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

Item No. 9

Shri K. C. Kuncheria was appointed as an Additional Director by the Board of Directors of the Company on 26th June 2015. Shri K. C. Kuncheria is Chief Mechanical Engineer / Kandla Port Trust. The Company has received notice in writing from a member signifying the intention to propose his candidature for the office of Director under Section 160 of the Companies Act, 2013.

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

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



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Item No. 10

The present composition of the Board of Directors comprises of Managing Director and nominees of Ministry of Railways, Rail Vikas Nigam Limited, Adani Ports and SEZ Limited, Kandla Port Trust and Government of Gujarat. Presently, no sitting fees are paid by the Company to its Directors for attending the meetings of the Board / Committees.

With the induction of the Independent to the Board and in compliance of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, The Board of Directors in its 54th Meeting held on 20th March 2015 had approved that the Independent Directors shall be paid a sitting fees of Rs. 10,000/- for attending the meetings of the Board and its Committees.

Accordingly, it is proposed to approve the payment of sitting fees of Rs. 10,000/- (Rupees Ten Thousand only) to Independent Directors for attending the meetings of the Board and its Committees.

None of the Directors or Key Managerial Personnel of the Company, as their respective relatives except Shri Devi Prasad Pande and Shri Raj Kumar Sarkar himself, is concerned with or interested in the aforesaid resolution.

The Board recommends the Special Resolution set out at item No. 10 of the Notice for approval by the members.

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
14th August 2015**

DIRECTORS' REPORT

To
The Shareholders
Kutch Railway Company Limited

Your Directors have pleasure in presenting the 11th 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, 2015. It also has an addendum containing Management replies to the observations made in the Auditor's report.

FINANCIAL RESULTS

(₹ in Crores)

	Year 2014-15	Year 2013-14
Income from Operations	664.00	483.30
Other Income	58.82	34.44
Total Income	722.82	517.74
Total expenditure (excluding interest depreciation & taxes)	384.86	329.14
Profit/(Loss) before interest & depreciation	337.96	188.60
Less: Financial Cost	—	—
Depreciation	43.09	25.19
Provision for tax	19.34	18.10
Profit / (Loss) after tax	275.53	145.31
Profit /(Loss) brought forward from earlier year	364.15	230.53
Profit Available for appropriation	639.68	375.84
Appropriations:		
Dividend (Proposed)	—	10.00
Corporate Dividend Tax	—	1.70
Transfer to General Reserve	—	—
Surplus profit carried to Balance Sheet		364.14

DIVIDEND

Your Directors have recommended a Dividend of 2% on equity share for the financial year ended 31st March 2015 i.e. ₹ 0.20 per share. The payment of the dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting.

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

OPERATIONS OF THE COMPANY

The Income from operations of your Company has increased from ₹ 483.30 Crores in the Financial Year 2013-14 to ₹ 664.0 Crores in the Financial Year 2014-15.

The Company recorded a net profit of ₹ 275.53 Cr. reflecting a growth of 89% over net profit of ₹ 145.31 Cr. of the last year.

In the current financial year (2015-16) upto August 2015, a total of 7276 goods train (5446 loaded & 1830 empty) had run on the section carrying total cargo of 13.67 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- Samakhiali project of the Company. The revised detailed estimate of the project is ₹ 1548.66 Cr. Your Directors proposes to enter into Memorandum of Understanding / Construction Agreement with RVNL for carrying out the Doubling of the Section. A construction contract covering some stretches between Samakhiali & Bhildi has already been awarded by RVNL.

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 now making progress and is targeted for completion in the year 2018.



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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 through a consultant. 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.

CORPORATE SOCIAL RESPONSIBILITY

To comply with section 135 of the Companies Act, 2013 read with the Companies (Corporate Responsibility Policy) Rules 2014, the Company had appointed Corporate Social Responsibility Committee (CSR) Committee.

As a part of its initiative under CSR, Company had deposited an amount of ₹ 2.71 Cr. to Prime Ministers Relief Fund. However, the Office of PMO had informed that Prime Minister's National Relief Fund does not accept contributions from Companies containing Government support or amounts from PSU Balance Sheet. In view of the same, the amount of donation of ₹ 2.71 crores was refunded by PMO to the Company. Accordingly, the amount which was mandatory CSR expenditure, which remained unspent during the financial year 2014-15, has been carried forward to the next financial year 2015-16 and shall be spent on the CSR activities.

BOARD OF DIRECTORS

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

During the year under review, Shri Ved Prakash Dudeja and Shri Mukesh Sadhuram Balani retire at the 11th Annual General Meeting of the Company and, being eligible, offer themselves for re-appointment.

Since the last Annual General Meeting, Shri Kundan Sinha, Rahul Agarwal, Shri Bimal Kumar Jha and Shri K. C. Kuncheria were appointed as Additional Directors of the Company. These Directors hold office upto the date of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received notices under section 161 of the Companies Act, 2013 proposing the appointment of Rahul Agarwal, Shri Bimal Kumar Jha and Shri K. C. Kuncheria as Directors of the Company subject to retirement by rotation, and of Shri Kundan Sinha, not to retire by rotation as he is the Chairman of the Company. The Board recommends these appointments.

During the year, Shri Ajay Bhadoo, Shri Alok Kumar Tewari and Shri Ratna K. Sudhakar vacated the office of Director. Your Board places on record its appreciation for the valuable services and contributions made by them during their tenure as Director of the Company.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the year, Five Board Meetings were held.

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, 2015 forms part of this report as **Annexure-A**.

PARTICULARS OF KEY MANAGERIAL PERSONNELS

Presently, Shri Aditya Prakash Mishra is the Managing Director, Shri Ankur Rastogi, Chief Financial Officer and Shri Sanjeev Sharma, Company Secretary of the Company are the Key Managerial Personnel of the Company. The remuneration and other details of the Key Managerial Personnel for the year ended 31st March 2015 are part of **Annexure A**.

CONTINGENT LIABILITY OF SERVICE TAX

The office of Director General of Central Excise Intelligence (DGCEI), Chennai Zone had served a show cause notice to the Company in respect of claims and demand of service tax dues amounting to ₹ 213.59 Crores from the Company. Your Directors had decided to thoroughly examine the matter and obtain suitable legal and expert advice to peruse the matter appropriately with the DGCEI. The reply to the show cause notice had been submitted by the Company after taking legal advice. However, there is a contingency that the Company may have to pay a sum of ₹ 213.59 Crores plus interest and penalty as applicable.

DECLARATION BY INDEPENDENT DIRECTORS

Declaration given by Independent Directors meeting the criteria of Independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 is received and taken on record.

REPORTING UNDER THE SECTION 21 OF THE SEXUAL HARASSMENT 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

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

AUDIT COMMITTEE

The Company has Audit Committee comprising Dr. Meenu Dang, Capt. Unmesh Abhyankar and Shri A. P. Mishra as its members as on 31st March 2015. The Audit 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. 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.

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
3. Dr. Meenu Dang, Non Executive Director

DIRECTORS' 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 2015.
- iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Annual Accounts have been prepared on a going concern basis.

AUDITORS

M/s AKG and Associates, Chartered Accountants were appointed by the C&AG as Statutory Auditors of the Company for the year 2014-15.



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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., Practicing Company Secretaries, Delhi as its Secretarial Auditor to conduct the Secretarial Audit of the Company for the Financial Year 2014-15. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the Financial Year 2014-15 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.

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. 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.

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.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

(Dr. Meenu Dang)	(Aditya Prakash Mishra)
Director	Managing Director
DIN: 05171078	DIN: 03319240

Date : 14th August 2015

Place: New Delhi

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Annexure-A

Form No. MGT-9

EXTRACT OF ANNUAL RETURNS ON THE FINANCIAL YEAR ENDED ON 31.03.2015

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

I. REGISTRATION AND OTHER DETAILS:

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					
3					



Kutch Railway Company Limited

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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 01.04.2014				No. of Shares held at the end of the year as on 31.03.2015				% 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):-									
2) Foreign									
g) NRIs-Individuals									
h) Other-Individuals									
i) Bodies Corp.									
j) Banks / FI									
k) Any Other....									
Sub-total (A)(2):-									
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)									

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2. Non Institutions a) Bodies Corp. (i) Indian (ii) Overseas b) Individuals (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh (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)									
<div style="border: 1px solid black; padding: 10px; display: inline-block;"> NIL </div>									

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year as on 01.04.2014			Shareholding at the end of the year as on 31.03.2015			
		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	% change in shareholding during the year
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 (01.04.2014) i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not				
Total (i+ii+iii)				
Change in Indebtedness during the financial year - Addition - Reduction Net Change Indebtedness at the end of the financial year (31.03.2015) i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due		NIL		
Total (i+ii+iii)				

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V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration Managing Director	Shri Aditya Prakash Mishra	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	18,54,470.00 2,92,781.00 —	
2.	Stock Option	—	
3.	Sweat Equity	—	
4.	Commission - as % of profit - others, specify...	—	
5.	Others, please specify	—	
6.	Total (A)	21,47,251.00	
	Ceiling as per the Act	—	

B. Remuneration to other directors:

Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount ₹
<u>Independent Directors</u> - Fee for attending board committee meetings - Commission - Others, please specify	000	000
Total (1)	0	0
<u>Other Non-Executive Directors</u> - Fee for attending board committee meetings - Commission - Others, please specify	000	000
Total (2)	0000	0000
Total (B)=(1+2)		
Total Managerial Remuneration		
Overall Ceiling as per the Act		



Kutch Railway Company Limited

CIN: U45202DL2004PLC124267

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	16,19,346.00 2,30,302.00 0.00	14,04,065.00 2,00,175.00 0.00
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify...	-	-
5	Others, please specify	-	-
6	Total (₹)	18,49,648.00	16,04,240.00

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		

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ANNEXURE B

S. No.	Extracts from Auditors' Report	Replies by Board to the observation of Auditors
1.	Note No. 27 regarding fixed assets capitalised by Company (as per advice received from Western Railway), material supplied by Company & balance outstanding as advance to Western Railway are yet to be verified by the company and subject to reconciliation with Western Railway. The impact of the same is unascertainable, and consequent impact on depreciation is also unascertainable.	As per letter dt.19.05.2015 received from the Western Railway (WR), a debit of ₹ 0..29 crores has been intimated by WR for the financial year 2014-15. The Company had also supplied material to WR amounting to ₹ 119.97 crores and balance to WR amounting to ₹ 6.19 crores is outstanding as on 31.03.2015. With regard to finalisation of construction accounts, the matter has been raised at various administrative levels in Western Railway and the matter is being further pursued.
2.	Note No. 29 regarding division of addition in Bridges & Buildings, Formation, Plant & Machinery (Project) and Permanent Way in proportion of their gross opening balances. The impact of the same is unascertainable, and consequent impact on depreciation is also unascertainable.	In the aforesaid letter from WR, it has been mentioned that Railway has introduced AFRES accounting system since 2011. Therefore, it is not feasible to prepare the details of asset wise expenditure. In view of this the addition fixed assets is divided in proportion of their gross opening balances.
3.	Note no.31 regarding non-confirmation of receivables including advances and payables. The impact of the same is unascertainable.	Letters were sent for Confirmation of Accounts to all parties shown as receivables / payables stating therein that if no confirmation is received within 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.
4.	The Company has no pending litigation in respect of claims and demands on the company which have impact on the financial position <i>except Service tax of Rs. 213.59 Crores for which company has received show cause notice and submitted its reply of non acceptance of liability on 06.01.2015. If the demand is confirmed, Company will have to pay the service tax of Rs.213.59 Crores together with interest & penalty resulting in the reduction of reserves of the company by the same amount. The amount of interest & penalty is unascertainable.</i>	The reply to the Show cause notice has been submitted on 06.01.2015. No further communication has been received from the Service Tax Department in respect of the matter.



S. No.	Extracts from Auditors' Report	Replies by Board to the observation of Auditors
1.	<p>(i) a <i>The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets till 31.03.2014 on the basis of available information. The details for the financial year 2014-15 have not been updated.</i></p>	<p>The Fixed Assets Register has been completed up to 31.03.2014. It has not been updated for the financial year 2014-15 as the details of addition/deletion from the fixed assets have been received late. The updation will be carried out shortly.</p>
2.	<p>(i) b <i>Major Assets, which are under the control of Western Railway, have been physically verified by a consultant appointed by the management as on 31.03.2014. 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. There is no approved regular program of verification for all assets.</i></p> <p><i>As explained to us, the major fixed Assets have not been physically verified by the management at reasonable intervals during the year.</i></p>	<p>The fixed assets as on 31.03.2014 have been verified during the financial year as the Fixed Assets Register has not been completed till 31.03.2015.</p>
3.	<p>(iv) <i>In our opinion and according to the information and explanations given to us, internal control system needs improvement to commensurate with the size of the company and nature of its business, for the purchase of fixed assets and for sale of service. There is no sale of goods during the year. During the course of audit, no major weakness has been noticed in the internal control except that Joint Procedure Order 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.</i></p>	<p>Joint Procedure Order is under finalization in consultation with Western Railway.</p>
4.	<p>(viii) <i>According to the records of the company, the</i> (a) <i>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 except Income Tax (TDS), Service tax and Professional tax for the month of March which is deposited late (but not more than 6 months) by the company.</i></p>	<p>The taxes were deposited only a few days late with due interest.</p>

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ANNEXURE B...Contd.

S. No.	Extracts from Auditors' Report	Replies by Board to the observation of Auditors
5.	<p>(viii) (b) <i>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 income tax of ₹ 1,01,75,520 for the Assessment Year 2012-13 which is subject matter of Rectification u/s 154 of Income Tax Act,1961 and Service tax of ₹ 213.59 Crore for which company has submitted its reply of non acceptance of liability on 06.01.2015.</i></p>	<p>In respect of Income Tax Demand a rectification has been filed u/s. 154 and the company is expecting a favourable response. The reply to the Show cause notice has been submitted on 06.01.2015. No further communication has been received from the Service Tax Department.</p>



FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

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

CIN :- U45202DL2004PLC124267
NOMINAL CAPITAL :- RS. 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, 2015 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by company for the financial year ended on 31st March, 2015 according to the provisions of:

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

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

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:

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

We further report that:

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 send at least seven days in advance to the directors for holding the Board Meetings during the year, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

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

We further report that during the audit period the Company has received show cause notice No. 154/2014 from Directorate General of Central Excise Intelligence Chennai Zonal Unit Vide F.No. INV/ DGCEI/CHZU/ST/71/2014 dated 20-10-2014. The Company has filed its reply however there is a contingency that company may have to pay a sum of Rs. 213.59 Crore plus interest and penalty as applicable.

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

**PLACE :- NEW DELHI
DATED:-14.08.2015**

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

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



Kutch Railway Company Limited

CIN: U45202DL2004PLC124267

'Annexure A'

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:-14.08.2015

FOR VINOD KUMAR & CO.
COMPANY SECRETARIES

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



Confidential

भारतीय लेखा परीक्षा एवम् लेखा विभाग
कार्यालय प्रधान निदेशक लेखापरीक्षा रेलवे वाणिज्यक
काफमो, भारतीय रेल, तिलक ब्रिज, नई दिल्ली
INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE Pr. DIRECTOR AUDIT (RAILWAY- COMMERCIAL)
COFMOW, INDIAN RAILWAYS, TILAK BRIDGE, NEW DELHI- 110002

No. PDA RC/PSU /32-22/KRCL /2015-16/ 383

Dated: 10.09.2015

To

The Managing Director,
Kutch Railway Company Limited,
IInd Floor, Indra Palace, Connaught Place,
New Delhi-110001.

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

Sir.

The Comments under Section 143 (6) (b) of the Companies Act, 2013 on the financial statements of Kutch Railway Company Limited, for the year 2014-15 are enclosed. The Comments on the Financial Statements may be placed before the Annual General Meeting along with Financial Statements of the Company in compliance with the provisions of the Companies Act, 2013. Six copies of the printed Annual Reports of the Company may please be sent to this office at the earliest.

Receipt of the letter may please be acknowledged.

Yours faithfully,

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

Encl: As above



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 2015.

The preparation of Financial Statements of Kutch Railway Company Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 14.08.2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of Kutch Railway Company Limited for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

Comments on Disclosure

During the year, the Company has revised the depreciation rate based on the maximum useful life of its various fixed assets as prescribed in Part C of Schedule II to the Companies Act, 2013. As a result, depreciation for the period ended March 31, 2015 is higher by Rs. 17.26 crore and accordingly Profit Before Tax during the year is reduced by Rs. 17.26 crore. This fact has not been disclosed by the Company in Notes forming part of Financial Statements.

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

(Dinesh Bhargava)

Principal Director of Audit (Railway Commercial)

Place: New Delhi

Date: 10.9.2015

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, 2015, 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'S 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 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 conducted 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 misstatement.
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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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, 2015; 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;



Kutch Railway Company Limited

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- (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 nos (a) and (c) below:-

- (a) **Note No.27 regarding fixed Assets capitalized by Company (as per advice received from Western Railway), material supplied by company and 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 uncertainable, and consequent impact on depreciation is also unascertainable.**
- (b) **Note No.29 regarding division of addition in Bridges & Building, Formulation, Plant & Machinery (Project) and Permanent Way in proportion of their gross opening balances. The impact of the same is uncertainable.**
- (c) **Note No. 31 regarding non confirmation of receivables including advances and payables. The impact of the same is uncertainable.**

EMPHASIS OF MATTER

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
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) on the basis of the written representation received from the directors as on 31st March 2015 and taken on record by the Board of Directors, none of the Director of the company is disqualified as on 31st March 2015 from being appointed as director in terms of Section 164 (2) of the Companies Act 2013.
- g) 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 no pending litigation in respect of claims and demands on the company which have impact on the financial position *except Service tax of Rs. 213.59 Crores for which company has received show cause notice and submitted its reply of non acceptance of liability on 06.01.2015. If the demand is confirmed, Company will have to pay the service tax of Rs.213.59 Crores together with interest & penalty resulting in the reduction of reserves of the company by the same amount. The amount of interest & penalty is unascertainable.*
- (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. HARVINDER SINGH
Partner
(M.No.087889)

Place: New Delhi
Dated: 14.08.2015

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 9 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, 2015.

- i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets till 31.03.2014 on the basis of available information. *The details for the financial year 2014-15 have not been updated.*
- b. Major Assets, which are under the control of Western Railway, have been physically verified by a consultant appointed by the management as on 31.03.2014. 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. *There is no approved regular program of verification for all assets. As explained to us, the major fixed Assets have not been physically verified by the management at reasonable intervals during the year.*
- ii. The company didn't maintain with it any inventory during the year.
- iii. The company has not granted any loans secured or unsecured to the companies/firms or other parties listed in the register maintained under section 189 of the companies Act, 2013.
- (iv) *In our opinion and according to the information and explanations given to us, internal control system needs improvement to commensurate with the size of the company and nature of its business, for the purchase of fixed assets and for sale of service. There is no sale of goods during the year. During the course of audit, no major weakness has been noticed in the internal control except that Joint Procedure Order 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.*
- (v) 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.
- (vi) 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.

- (vii) (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 *except Income Tax (TDS), Service tax and Professional tax for the month of March which is deposited late (but not more than 6 months) by the company.*
- (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 income tax of ₹ 1,01,75,520 for the Assessment Year.2012-13 which is subject matter of Rectification u/s 154 of Income Tax Act,1961 and Service tax of ₹ 213.59 Crore for which company has submitted its reply of non acceptance of liability on 06.01.2015.*
- (c) Investor Education & Protection Fund is not applicable over the company
- (viii) The company is profit making and there are no accumulated losses at the end of the financial year and it has not incurred cash losses during the year and immediately preceding financial year.
- (ix) 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.
- (x) The company has not given any guarantee for loans taken by others from bank or financial institution.
- (xi) According to the information and explanations given to us, and on the basis of records examined by us, no term loan is availed by the company during the year.
- (xii) 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.

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

CA. HARVINDER SINGH
Partner
(M.No.087889)

Place: New Delhi
Dated: 14.08.2015



Kutch Railway Company Limited

CIN: U45202DL2004PLC124267

BALANCE SHEET AS AT MARCH 31, 2015

Particulars	Note	As at 31st March 2015 (Amount in ₹)	As at 31st March 2014 (Amount in ₹)
I. EQUITY AND LIABILITIES			
1. Shareholder's Funds			
(a) Share Capital	2	2,50,00,00,000	2,50,00,00,000
(b) Reserves & Surplus	3	6,42,24,05,987	3,72,93,98,695
2 Non-current Liabilities			
(a) Deferred Tax Liabilities (Net)		65,74,16,400	69,74,30,651
(b) Other Long Term Liabilities	4	4,74,36,64,506	3,53,32,99,341
(c) Long Term Provisions	5	97,64,214	67,09,112
3 Current Liabilities			
(a) Trade Payables		-	-
(b) Other Current Liabilities	6	6,47,54,638	3,92,19,205
(c) Short Term Provisions	7	20,73,56,609	11,69,95,000
TOTAL		14,60,53,62,354	10,62,30,52,004
II. Assets			
1 Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	8	3,86,93,29,962	4,13,66,40,747
(ii) Intangible Assets	8	1,053	1,053
(iii) Capital Work in Progress	9	10,07,38,418	6,97,33,792
(b) Long Term Loan & Advances	10	8,10,51,202	6,11,53,107
(c) Non-Current Investments	11	2,70,00,000	9,24,94,953
(d) Other Non-Current Assets	12	12,30,553	12,31,324
		4,07,93,51,188	4,36,12,54,976
2 Current Assets			
(a) Trade Receivables	13	1,31,31,86,705	78,28,15,312
(b) Cash & Bank Balances	14	7,85,85,39,877	4,65,99,66,016
(c) Short Term Loans and Advances	15	1,05,16,10,436	64,97,32,912
(d) Other Current Assets	16	30,26,74,148	16,92,82,788
TOTAL		14,60,53,62,354	10,62,30,52,004
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 Harvinder Singh

Partner

M.No.: 087889

Place: New Delhi

Date: 14.08.2015

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

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STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2015

Particulars	Note	Year ended 31st March, 2015 (Amount in ₹)	Year ended 31st March, 2014 (Amount in ₹)
I Revenue from Operations	17	6,63,99,68,670	4,83,30,33,133
II Other Income	18	58,82,81,330	34,44,27,446
III Total Revenue		7,22,82,50,000	5,17,74,60,579
IV Expenses:			
Operating & Other Expenses	19	3,81,35,67,881	3,25,92,03,096
Employees Benefit Expenses	20	2,01,10,695	1,77,49,572
Depreciation and amortization expenses		43,08,94,305	25,19,01,992
Other Expenses	21	1,66,57,460	1,44,33,772
Total Expenses		4,28,12,30,341	3,54,32,88,432
V Profit before exceptional and extraordinary items and tax (III-IV)		2,94,70,19,659	1,63,41,72,147
VI Prior Period Expenses		(17,21,577)	-
VII Profit before tax (V-VI)		2,94,87,41,236	1,63,41,72,147
VIII Tax Expenses			
(1) Current Tax		63,60,00,000	32,70,00,000
(2) Current Tax Related to earlier years		1,55,30,654	88,53,580
(3) MAT Credit Entitlement		(41,81,14,083)	(21,52,11,593)
Net Current Tax		23,34,16,571	12,06,41,987
(2) Deferred Tax		(4,00,14,251)	6,03,95,271
		19,34,02,320	18,10,37,258
IX Profit / (Loss) for the period from continuing operations (VII-VIII)		2,75,53,38,916	1,45,31,34,889
X Earning Per Share			
- Basic		11.021	5.813
- Diluted		11.021	5.813

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 Harvinder Singh

Partner

M.No.: 087889

Place: New Delhi

Date: 14.08.2015

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

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015**

	As on 31st March 2015 (Amount in ₹)	As on 31st March 2014 (Amount in ₹)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before taxation and extraordinary items	2,947,019,659	1,634,172,147
Adjustment for;		
Depreciation	430,894,305	251,901,992
Interest Income	(588,242,523)	(344,334,686)
Loss/(Profit) on Fixed Assets disposed	292,298	(92,090)
Deferred Liability for Overhead Charges	1,210,365,165	788,130,963
Long Term Provision	3,055,102	1,017,655
Prior Period Expenses	1,721,577	—
Operation profit before working capital changes	4,005,105,583	2,330,795,981
(Increase) / Decrease in Trade Receivables	(530,371,393)	401,813,255
(Increase) / Decrease in other Current Assets	(117,154,801)	(138,369,014)
Increase / (Decrease) in Trade Payables & other Liabilities	25,535,433	(9,248,108)
Cash generated from operations before extraordinary items	3,383,114,822	2,584,992,114
Prior Period Expenses	(1,721,577)	—
Cash generated from operations	3,381,393,245	2,584,992,114
Direct Taxes paid / deducted at source	(504,352,870)	(335,853,580)
Cash generated from operating activities	2,877,040,375	2,249,138,534
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assests	(164,327,365)	(100,194,359)
Capital Work in Progress	(31,004,626)	(57,964,645)
Fixed Assets Disposed	20,325	9,199,131
Decrease in Long Term Loan & Advances(Capital Advances)	(19,898,095)	25,544,140
Increase in Other Non Current Assets	771	(689,050)
Interest Received	588,242,523	344,334,686
Cash used in Investing Activities	373,033,533	220,229,903
C. Cash flow from Financing Activities		
Receipt of Equity Share Capital	—	—
Proceeds from Short Term Borrowing	—	—
Repayment of Long Term Borrowing	—	—
Dividend Paid (including dividend tax)	(116,995,000)	(406,778,750)
Interest Paid	—	—
Cash used in Financial Activities	(116,995,000)	(406,778,750)

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Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	3,133,078,908	2,062,589,687
Cash & Cash Equivalents at the beginning of the year	4,752,460,969	2,689,871,282
Cash & Cash Equivalents at the end of the year	<u>7,885,539,877</u>	<u>4,752,460,969</u>
Cash & Cash Equivalents Includes		
Cash in hand	40,393	45,952
With Banks		
- In Current Accounts	87,823	529,402
- In Fixed Deposit Accounts	7,885,411,661	4,751,885,615
	<u>7,885,539,877</u>	<u>4,752,460,969</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.

Auditor's Report

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

Sd/-

CA Harvinder Singh

Partner
M.No.: 087889
Place: New Delhi
Date: 14.08.2015

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 ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

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.

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h. Depreciation

Up to financial year 2013-14, Schedule XIV of the Companies Act' 1956, prescribed the provisions relating to depreciation on fixed assets. From the current financial year i.e. 2014-15, Schedule II of the Companies Act' 2013 has replaced the Schedule XIV of the Companies Act' 1956.

- i. Up to financial year 2013-14, individual assets costing less than ₹ 5,000/- are depreciated in full in the year of acquisition, to comply with the requirements of the Schedule XIV of the Companies Act' 1956. Company has changed its policy in this regard. As per the revised policy, the company is depreciating such assets over the useful life as assessed by the management. The management has decided to apply this revised accounting policy prospectively from the period commencing from 1st April 2014.

The change in this accounting policy did not have any material impact on financial statements for the current financial year.

- ii. Depreciation on fixed assets comprising of tangible assets is provided on pro-rata basis on straight line method over estimated useful lives of the assets as provided in the Schedule II of the Companies Act' 2013. Accordingly, useful life of assets is taken as follows:-

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

- iii. 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.
- iv. No depreciation is charged on the assets for the year in which deletion is advised by the Western Railway.
- v. Intangible assets are amortised 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 (Previous Year ₹ 5000/-) 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.



Kutch Railway Company Limited

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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.

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

	As at 31st March 2015 (Amount in ₹)	As at 31st March 2014 (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	2,50,00,00,000	2,50,00,00,000
(Includes 2,73,50,100 Shares issued for consideration other than cash & 5,00,00,000 bonus shares)	<u>2,50,00,00,000</u>	<u>2,50,00,00,000</u>

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

	As at 31st March 2015		As at 31st March 2014		
(b) Shareholders holding more than 5% of total shares	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) 50,00,00,000 (nos.)



Kutch Railway Company Limited

CIN: U45202DL2004PLC124267

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

	As at 31st March 2015 (Amount in ₹)	As at 31st March 2014 (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	3,64,14,46,505	2,30,53,06,616
Add; Net Profit for the Current Year	2,75,53,38,916	1,45,31,34,889
	6,39,67,85,421	3,75,84,41,505
Less; Proposed Dividend	5,00,00,000	10,00,00,000
Corporate Dividend Tax	1,01,78,825	1,69,95,000
Transitional impact consequent to change in useful lives of tangible assets	21,52,799	—
	6,23,31,624	11,69,95,000
Total	6,33,44,53,797	3,64,14,46,505
	6,42,24,05,987	3,72,93,98,695
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.32(b) of Notes to Financial Statements)	4,74,36,64,506	3,53,32,99,341
	4,74,36,64,506	3,53,32,99,341
Note - 5 LONG TERM PROVISIONS		
Provision for Retirement benefits to Employees	97,64,214	67,09,112
	97,64,214	67,09,112

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

	As at 31st March 2015 (Amount in ₹)	As at 31st March 2014 (Amount in ₹)
Note - 6 OTHER CURRENT LIABILITIES		
Creditors for Capital Expenditure (Unsecured, unconfirmed & considered good)	6,19,16,142	3,65,94,963
Expenses Payable	13,94,016	15,28,331
Security from Suppliers	2,10,890	2,51,633
Taxes Payable	80,833	80,661
Others (Unsecured, unconfirmed & considered good)	11,52,757	7,53,778
Current Account with Bank of Baroda (Cheques issued in excess of balance)	—	9,839
	<u>6,47,54,638</u>	<u>3,92,19,205</u>

	As at 31st March 2015 (Amount in ₹)	As at 31st March 2014 (Amount in ₹)
Note - 7 SHORT TERM PROVISIONS		
Provision for tax (net of Advance Tax & TDS)	14,71,77,784	—
Proposed Dividend	5,00,00,000	10,00,00,000
Provision for tax on dividend	1,01,78,825	1,69,95,000
	<u>20,73,56,609</u>	<u>11,69,95,000</u>



Kutch Railway Company Limited

CIN: U45202DL2004PLC124267

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

Note - 8 FIXED ASSETS

S. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK			
		As at 01.04.2014	Addition during the year	Sales/ Adjust- ment during the year	Total as on 31.3.2015	As at 01.04.2014	For the Year Statement	Adjusted in Surplus of Profit & Loss	Sales/ Adjust- ment during the year	Prior Period	As at 31.3.2015	As at 31.3.2014	
A	Tangible Assets												
1	Bridges & Buildings (a)	83,59,98,206	4,17,266	-	83,64,15,472	9,92,45,878	3,06,18,437	-	-	-	12,98,64,315	70,65,51,157	73,67,52,328
2	Formation (a)	6,53,31,853	32,609	-	6,53,64,462	2,29,19,698	51,73,200	-	-	-	2,80,92,898	3,72,71,564	4,24,12,155
3	Plant & Machinery (Project)	54,53,10,041	5,43,14,796	-	59,96,24,837	17,60,65,404	4,39,65,730	-	-	-	22,00,31,134	37,95,93,703	36,92,44,637
4	Permanent Way (a)	4,41,84,03,290	10,45,13,483	-	4,52,29,16,773	1,43,78,17,691	34,76,57,517	-	-	-	1,78,54,75,208	2,73,74,41,565	2,98,05,85,599
5	Vehicles	64,37,357	-	-	64,37,357	40,89,206	14,92,190	-	-	-	55,81,396	8,55,961	23,48,151
6	Plant & Machinery	27,55,402	6,49,719	21,12,540	12,92,581	10,70,796	5,34,692	12,91,050	4,75,353	5,52,476	5,77,659	7,14,922	16,84,606
7	Furniture & Fixtures	71,35,349	41,36,600	4,24,892	1,08,47,057	38,06,701	10,74,044	-	-	4,99,826	43,80,919	64,66,138	33,28,648
8	Computers	25,34,457	2,62,892	18,65,499	9,31,850	22,49,834	3,78,495	8,61,749	9,52,624	11,78,807	4,96,898	4,34,952	2,84,623
	Tangible Assets (Total)	5,88,39,05,955	16,43,27,365	44,02,931	6,04,38,30,389	1,74,72,65,208	43,08,94,305	21,52,799	14,27,977	22,31,109	2,17,45,00,427	3,86,93,29,962	4,13,66,40,747
B	Intangible Assets (b)	6,41,378	-	-	6,41,378	6,40,325	-	-	-	-	6,40,325	1,053	1,053
	Current 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	21,52,799	14,27,977	22,31,109	2,17,51,40,752	3,86,93,31,015	4,13,66,41,800
	Previous Year	5,79,36,97,037	10,01,94,359	93,44,063	5,88,45,47,333	1,49,62,40,562	25,19,01,992	-	2,37,021	-	1,74,79,05,533	4,13,66,41,800	

Notes: (a) The 'Bridges & Buildings', 'Formation' and 'Permanent Way' have been constructed on the land held by the company under a lease for 32 years (refer note no.26).

(b) Represents the cost of Computer Softwares & Website

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

	As at 31st March 2015 <i>(Amount in ₹)</i>	As at 31st March 2014 <i>(Amount in ₹)</i>
Note - 9 CAPITAL WORK IN PROGRESS		
Opening Balance	6,97,33,792	1,17,69,147
Add: Addition during the year	3,20,25,132	5,79,64,645
	10,17,58,924	6,97,33,792
Less: Transferred to Fixed Assets	10,20,506	—
TOTAL	10,07,38,418	6,97,33,792
	As at 31st March 2015 <i>(Amount in ₹)</i>	As at 31st March 2014 <i>(Amount in ₹)</i>
Note - 10 LONG TERM LOAN & ADVANCES		
Capital Advances (Unsecured considered good)	8,10,51,202	6,11,53,107
TOTAL	8,10,51,202	6,11,53,107
	As at 31st March 2015 <i>(Amount in ₹)</i>	As at 31st March 2014 <i>(Amount in ₹)</i>
Note - 11 NON CURRENT INVESTMENT		
Fixed Deposit	2,70,00,000	9,24,94,953
	2,70,00,000	9,24,94,953
	As at 31st March 2015 <i>(Amount in ₹)</i>	As at 31st March 2014 <i>(Amount in ₹)</i>
Note - 12 OTHER NON CURRENT ASSETS		
Security Deposit	12,30,553	12,31,324
TOTAL	12,30,553	12,31,324
	As at 31st March 2015 <i>(Amount in ₹)</i>	As at 31st March 2014 <i>(Amount in ₹)</i>
Note - 13 TRADE RECEIVABLES		
(Unsecured, unconfirmed & considered good)		
Outstanding for a period more than six months from the date they are due for payment (Unsecured considered good)	—	3,40,73,275
Others (Unsecured considered good)	1,31,31,86,705	74,87,42,037
TOTAL	1,31,31,86,705	78,28,15,312



Kutch Railway Company Limited

CIN: U45202DL2004PLC124267

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

	As at 31st March 2015 (Amount in ₹)	As at 31st March 2014 (Amount in ₹)
Note - 14 CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash in hand	40,393	45,952
Bank Balances with Banks		
- In Current Accounts	87,823	5,29,402
- In Deposit Accounts with original maturity upto 3 months	7,00,000	26,91,828
With original maturity more than 3 months but less than 12 months	7,85,77,11,661	4,65,66,98,834
TOTAL	7,85,85,39,877	4,65,99,66,016

	As at 31st March 2015 (Amount in ₹)	As at 31st March 2014 (Amount in ₹)
Note - 15 SHORT TERM LOAN AND ADVANCES		
Others (Unsecured & considered good)	9,97,517	17,03,423
Advance Income Tax & TDS (net of Provisions for Taxes)	4,20,46,604	5,75,77,257
MAT Credit Entitlement	1,00,85,66,315	59,04,52,232
TOTAL	1,05,16,10,436	64,97,32,912

	As at 31st March 2015 (Amount in ₹)	As at 31st March 2014 (Amount in ₹)
Note - 16 OTHER CURRENT ASSETS		
Interest Accrued but not due on Fixed Deposits	30,26,74,148	16,92,82,788
TOTAL	30,26,74,148	16,92,82,788

NOTES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2015

	Year ended 31st March 2015 (Amount in ₹)	Year ended 31st March 2014 (Amount in ₹)
Note - 17 REVENUE FROM OPERATIONS		
Income from Bulk & Container Traffic	6,63,99,68,670	4,83,30,33,133
TOTAL	6,63,99,68,670	4,83,30,33,133

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NOTES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2015

	Year ended 31st March 2015 (Amount in ₹)	Year ended 31st March 2014 (Amount in ₹)
Note - 18 OTHER INCOME		
Interest [TDS ₹ 5,88,22,216/- (Previous Year ₹ 3,32,88,502/-)]	58,82,21,789	34,43,12,337
Interest on Advances to Employees	20,734	22,349
Miscellaneous Income	38,807	92,760
TOTAL	58,82,81,330	34,44,27,446
Note - 19 OPERATING & OTHER EXPENSES		
Man Power Cost	89,29,58,537	99,01,57,836
Fixed Maintenance Cost	22,64,19,925	13,76,27,742
Cost of Fuel	1,18,70,66,190	1,14,71,39,211
Hiring Charges of Rolling Stock	19,23,66,470	12,18,72,442
Wagon Repair Charges	8,44,85,703	5,76,16,782
Vehicle Hire Charges	68,80,636	59,64,882
Deferred Overhead Cost	1,21,03,65,165	78,81,30,963
Other Costs	1,30,25,255	1,06,93,238
TOTAL	3,81,35,67,881	3,25,92,03,096
Note - 20 EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages & Benefits	1,23,07,906	1,30,84,301
Contribution to PF & Other Funds	13,04,033	10,72,945
Managing Director's Remuneration	25,92,627	16,68,780
Provisions for Retirement Benefits	33,87,631	14,10,102
Staff Welfare	5,18,498	5,13,444
TOTAL	2,01,10,695	1,77,49,572



Kutch Railway Company Limited

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

	Year ended 31st March 2015 (Amount in ₹)	Year ended 31st March 2014 (Amount in ₹)
Note - 21 OTHER EXPENSES		
Professional Charges	40,83,465	31,41,288
Rent	44,74,832	32,57,606
Electricity	2,65,282	2,87,906
Communication	4,87,554	5,22,284
Travelling & Conveyance	8,81,149	12,22,457
Printing & Stationery	2,67,513	2,37,949
Advertisement & Sponsorship	4,08,152	1,61,400
Books & Periodicals	39,847	35,674
Insurance	17,78,870	18,60,372
Entertainment & Business Promotion	14,96,665	12,46,860
Membership Fees & Subscription	11,014	36,000
Meetings & Conference Expenses	97,761	1,46,621
Repairs & Maintenance	2,37,809	4,27,074
Vehicle Running & Maintenance	5,60,899	6,48,660
Auditor's Remuneration	2,92,136	3,08,990
Bank Charges	843	650
Service Tax	4,78,380	3,37,025
Loss on disposal of Fixed Assets	2,92,298	—
Miscellaneous Expenses	5,02,991	5,54,956
TOTAL	1,66,57,460	1,44,33,772

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Note 22

Since the previous 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 has been reduced by ₹ 41.99 crores for current financial year. Further, a total amount of ₹ 31.02 crores has been deducted on this account for the financial years 2011-12 & 2012-13. The Company has contested against this method of calculation of apportioned earnings at various levels in Railways. The approximate amount of ₹ 53.5 crores may be deducted by on this account for earlier financial years (from 2006-07 to 2010-11). The same has been estimated as follows:-

Financial year	Loaded Trains (no.)	Approx. deduction in Apportioned Earnings on the basis of no. of loaded trains (in crores ₹)	NTKM (crores)	Approx. deduction in Apportioned Earnings on the basis NTKM (in crores ₹)
2006-07	3166	5	13.45	5
2007-08	6617	11	212.29	8
2008-09	7696	12	248.42	10
2009-10	8866	14	293.26	12
2010-11	9543	15	370.59	15
Total		57		50

The average amount of both of above methods works out to be ₹ 53.5 crores (approx.). The impact of the same will be reduction in Reserves and Sundry Debtors by ₹ 53.5 crores (approx.) in the subsequent years as and when advised by the Western Railway.

Note 23

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 current financial year i.e. 2014-15, Company received a show cause notice from the Director General of Central Excise Intelligence, regarding the liability of Service Tax of Rs. 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.
- iii) During the current financial year i.e. 2014-15, Company received a notice of demand under section 156 of the Income Tax Act of Rs.1,01,75,520/- for the Assessment Year 2012-13 on 13.02.2015. The company has not accepted the liability and submitted the rectification application u/s 154.



Kutch Railway Company Limited

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Note 24

Capital Commitment:

	Particulars	Amount (₹ in crores)	Amount (₹ in crores)
a)	Estimated cost of deposit work contract (as per revised estimate received from Western Railway dt. 08.03.2010) Less; Amount incurred till 31.03.2014 (Opening balance ₹ 499.15 crores plus ₹ 0.29 crores debited by WR)	530.59 499.44	
	Balance		31.15
b)	Cost incurred for construction of new Running Room at Bhildi (as per revised estimate received from Western Railway dt. 15.03.2012 & 26.07.2011 total amount was ₹ 3.67 crores. However, total amount expended till 31.03.2015 is ₹ 3.69 crores) Revised Estimated Cost for construction of above cannot be ascertained by the management. Less: Amount paid till 31.03.2015	3.69 3.16	
	Balance		0.53
	Total estimated amount of contract, remaining to be executed on capital account and not provided for in the accounts as on 31.03.2015.		31.68

Note 25

- 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.
- 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 26

In terms of the MOU:

- 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.
- 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.
- 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.

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Note 27

- a. The project work completed by WR has been dully capitalized under different heads of fixed assets on the basis of advices received from WR on year to year basis. Besides that the Company has also supplied material to WR to the tune of ₹ 119.97 crores for completion of project (capitalized under Permanent Way) which is subject to verification and reconciliation with WR.
- b. An amount of ₹ 4.95 crore is also outstanding as on 31st March 2015 to WR for the project work which is also subject to verification and reconciliation with WR.

Note 28

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

Note 29

Western Railway (WR) has provided the consolidated figures in respect of addition during the year amounting to ₹ 29.27 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 ₹ 10,23,08,154/- during F. Yr. 2014-15 has been debited in fixed assets -Permanent Way only.

Note 30

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

- a) The Company has taken over various residential & commercial premises including Land, Station Building, Sheds, MG Formation, Bridges, Rest House, Railway Track, Electrical sub-stations and Plant & Machinery under cancelable operating Leases. These lease agreements are renewable on expiry. 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.
- b) Lease Rental expenses during the year in respect of operating leases :

(Amount in ₹)

	As on 31.03.2015	As on 31.03.2014
Gross Lease Rent	5720932	4419090
Less: Recovered	56170	57793
Net Lease Rent	5664762	4361297



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

(Amount in ₹)

	As on 31.03.2015	As on 31.03.2014
Not later than one year	1039688	2595965
Later than one year and no later five years	—	—
Later than five years	—	—

Note 31

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

Note 32

- a) The agreement also provides for a Joint Procedure Order to be prepared by WR & Company, which has not yet been finalised for calculation of provisional apportioned revenue and apportioned costs. However, the figures have been accounted for as advised by WR based on calculation as decided in the Operation & Maintenance Agreement.
- b) The Operation & Maintenance cost includes deferred expenses on account of overhead (i.e. salary for RPF, Accounts, Medical & Personnel and corresponding retirement benefits-DCRG, Pension, Leave salary etc.) which are not payable to WR as it is deferred for the first ten years of operation of the line and the same shall be payable by Company over a period of 20 years commencing from the 11th year of operation, in terms of clause 3.1.5 of the Operation & Maintenance Agreement.
- c) Sundry Debtors (WR) as on 31.03.2015 amounting to ₹ 131.32 crores (dr.) [(Previous Year ₹ 78.28 crores (dr.))] are derived after deducting ₹ 269.86 crores (Previous Year ₹ 256.46 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	22.64
Fixed Cost-Manpower	27.27
Variable Cost	209.72
Capital Cost	10.23
	269.86

- d) During the year ending 31.03.2015, as compared to previous year 31.03.2014, revenue has increased by ₹ 180.69 crores (detail as per Note: 17) as during the year, Western Railway has computed Company's share of apportioned earnings on the basis of 'carried route' instead of 'booked route'. The operating cost has increased by ₹ 55.44 crores (detail as per Note: 19). Both the above figures have been accounted for as advised by WR and are subject to reconciliation.

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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 01.04.2014	28,79,868	59,52,295
Interest Cost	2,28,950	4,73,207
Current service cost	5,48,013	15,78,684
Benefits paid	—	—
Actuarial loss/(gain) on obligations	1,66,811	4,70,973
Present value of obligation at 31.03.2015	38,23,642	84,75,159

(b) Change in present value of plan asset

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Fair value of plan assets at 01.04.2014	23,12,788	NIL
Expected return on plan assets	2,22,601	NIL
Employers contribution	3,21,117	NIL
Benefits paid	NIL	NIL
Actuarial loss/(gain) on obligations	(10,570)	NIL
Fair value of plan assets at 31.03.2015	28,45,936	NIL

(c) Fair Value of Plan Assets

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Fair value of plan assets at 01.04.2014	23,12,788	NIL
Actual Return on Plan Assets	2,12,031	NIL
Contribution	3,21,117	NIL
Benefits Paid	NIL	NIL
Fair value of plan assets at the end of the year	28,45,936	NIL
Present value of obligations at 31.03.2015	38,23,642	84,75,159
Funded Status	(9,77,706)	(84,75,159)

(d) Amount recognized in balance sheet

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Estimated present value of obligations at 31.03.2015	38,23,642	84,75,159
Fair value of plan assets at 31.03.2015	28,45,936	NIL
Funded Status	(9,77,706)	(84,75,159)
Net liability recognized in balance sheet	9,77,706	84,75,159



Kutch Railway Company Limited

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

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Current service cost	5,48,013	15,78,684
Interest Cost	2,28,950	4,73,207
Expected return on plan asset	(2,22,601)	NIL
Net actuarial (Gain)/Loss recognized in the year	1,77,381	4,70,973
Total expenses recognized in Profit & Loss Account	7,31,743	25,22,864

(f) Principal actuarial assumption as expressed as weighted average

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Discount rate	7.95%	7.95%
Expected rate of return on plan assets	9.00%	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 Rs. 9,77,706/- as ascertained by the Actuarial Valuation Certificate.

Note 34

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

Year	Amount Required to Spend (₹ in crores)	Unspent (₹ in crores)
2013-14	3.16	3.16
2014-15	4.31	4.31
Total	7.47	7.47

However, the same has not been spent due to the reason that during the year, the company has contributed a sum of ₹ 2.71 crores to Prime Minister's National Relief Fund on 25.03.2015 but the same has not been accepted and the amount has been refunded on 31.03.2015.

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

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

Nature of Transaction	Key Management Personnel	
	Current Year ₹	Previous Year ₹
Remuneration to Mr. Aditya Prakash Mishra	Rs.25,92,627 /-	Rs.16,68,780 /-
Remuneration to Mr. Sanjeev Sharma	Rs. 22,78,325/-	Rs. 20,15,786/-
Remuneration to Mr. Ankur Rastogi	Rs. 17,69,340/-	Rs. 15,08,810/-

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

Nature of Transaction	Ministry of Railways (Western Railway)	
	Current Year ₹	Previous Year ₹
Revenue from Operations	Rs. 663,99,68,670/-	Rs.483,30,33,133 /-
Operation & Maintenance Cost	Rs. 380,66,87,245/-	Rs. 325,32,38,214/-
Capital Expenditure	Rs.13,72,60,667/-	Rs.14,83,43,321/-

Note 36

The Company has filed Income Tax Returns up to Asstt. Yr. 2014-15 and assessment completed up to Asstt. Yr. 2012-13.

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.

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.

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	3,32,322	1,92,750
	Provision for Leave Encashment	29,86,534	20,87,676
	Provision for Ex-gratia	27,824	63,898
	Total A	33,46,680	23,44,324
B	Deferred tax Liability		
	Depreciation	66,07,63,081	69,97,74,975
	Total B	66,07,63,081	69,97,74,975
	Deferred Tax Assets /(Liabilities) A-B	(65,74,16,400)	(69,74,30,651)

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)	2,75,53,38,916	1,45,31,34,889
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	11.021	5.813
b) Diluted	11.021	5.813

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

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Note 43

Payment to the Auditors comprises of the following:

(Amount in ₹)

	Current Year	Previous Year
Audit Fee	2,00,000	1,95,000
Tax Audit fees	30,000	30,000
Other Certification Fees	30,000	50,000
Service Tax	32,136	33,990
Total	2,92,136	3,08,990

Note 44

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

Note 45

Previous Year figures have been regrouped and rearranged wherever necessary.

Auditor's Report

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

Sd/-

CA Harvinder Singh

Partner

M.No.: 087889

Place: New Delhi

Date: 14.08.2015

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



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]

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 **11th Annual General Meeting** of the Company to be held **on Friday, 11th day of September 2015 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:

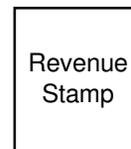
Resolution No.

1.....

2.....

3.....

Dated _____ this day of _____ 2015



Signature of Shareholder _____

Signature of Proxy holder(s) _____

Note: The form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.

TEAR HERE