17th Annual Report 2020-21

KUTCH RAILWAY COMPANY LIMITED

Regd. Office: 2nd Floor, Indra Palace Building, H- Block, Connaught Circus
New Delhi- 110001

Board of Directors

Smt. Jaya Varma Sinha	Chairperson
Shri Vijay Anand	Managing Director
Shri Dinesh Chandra Pandey	Director/ Nominee/ Rail Vikas Nigam Limited
Dr. Meenu Dang	Director/ Nominee/ Rail Vikas Nigam Limited
Shri M. P. Singh	Director/Nominee/ Rail Vikas Nigam Limited
Dr. Rajinder Kr. Malik	Director/Nominee/ Rail Vikas Nigam Limited
Shri Deepak Arora	Director/ Nominee/ Rail Vikas Nigam Limited
Shri Ajit Singh	Director/ Nominee/ Rail Vikas Nigam Limited
Shri Nandeesh Shukla	Director/ Nominee/ Deendayal Port Trust
Capt. Unmesh Abhyankar	Director/ Nominee/ Adani Ports and SEZ Limited
Shri Sajal Mittra	Director/ Nominee/ Adani Ports and SEZ Limited

Company Secretary

Shri Sanjeev Sharma

Chief Financial Officer

Shri Gyanendra Kr. Srivastava

Statutory Auditors

M/s P. D. Agrawal & Company
Chartered Accountants
New Delhi

C & AG Auditor

Principal Director of Audit
Railway Commercial, New Delhi

Bankers

Punjab National Bank

Registered Office

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

Project Office

Abhishek Complex-3,
Railwaypura, Kalupura
Ahmedabad – 380 002

Control Office

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

CONTENTS

NOTICE

NOTICE is hereby given that the **17th ANNUAL GENERAL MEETING** of the Shareholders of **KUTCH RAILWAY COMPANY LIMITED** will be held on Thursday, 30th September 2021 at 4.00 PM at the registered office of the Company at 2nd Floor, Indra Palace Building, H- Block, Connaught Circus, New Delhi - 110001 and/ or through **Video Conference ("VC") / Other Audio Visual Means ("OAVM")** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the Financial Year ended 31st March 2021 together with the Reports of the Board of Directors' and Auditors' thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Dinesh Chandra Pandey (DIN-06484402) who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Dr. Rajinder Kr. Malik (DIN-02535071) who retires by rotation and being eligible, offers himself for reappointment.
5. To consider fixation of remuneration for the year ending 31st March 2022 payable to M/s R S P H & Associates, Chartered Accountants, the Statutory Auditors appointed by Controller & Auditor General of India (C&AG) and to authorise Board of Directors to fix such remuneration for the financial year 2021-22. Pursuant to the provisions of Section 139 of the Companies Act, 2013, the appointment of Statutory Auditors for the year 2021-22 has been made by C&AG. Section 142 of the Companies Act, 2013 provides that the general meeting of the Company is empowered to fix the remuneration in such manner as it may determine.

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

   "RESOLVED THAT the appointment M/s R S P H & Associates, Chartered Accountants, the Statutory Auditors made by Controller & Auditor General of India (C&AG) under Section 139 of the Companies Act, 2013 for the Financial Year 2021-22 vide its letter No. / CA.V/COY/CENTRAL GOVERNMENT, KRLY CO (1)/455 dated 19.08.2021 be and is hereby noted and the Board of Directors of the Company be and are hereby authorised to fix the remuneration payable to them as per Section 142 of the Companies Act, 2013."

By Order of the Board of Directors

Sd/-
(Sanjeev Sharma)
Company Secretary
M.No. F3640

Registered office:
2nd Floor, Indra Palace Building
H-Block, Connaught Circus
New Delhi – 110001
01st September 2021

NOTES:

1. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) has, vide General Circular April 8, 2020, April 13, 2020, May 5, 2020 and January 15, 2021 (collectively "MCA Circulars"), permitted companies to conduct Annual General Meeting (AGM) through video conferencing (VC) or other audio visual means at a common venue. The 17th AGM of the Company is being convened and conducted through VC/OAVM.

2. As per the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf. Since the 17th AGM is being held through VC as per the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be made available for the 17th AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

3. Corporate Members are required send at email id: info@kutchrail.org a certified copy of the Board resolution authorizing their representative to attend the AGM through VC and vote on their behalf.

4. In line with the MCA Circulars, the notice of the 17th AGM along with the Annual Report 2020-21 are being sent only by electronic mode to those Members. Members may please note that this Notice and Annual Report 2020-21 will also be available on the Company's website at www.kutchrail.org.

   Relevant documents referred to in the accompanying Notice are available for inspection electronically by the members at the Registered Office of the Company on all working days except Saturdays and Sundays Between 11.00 AM and 1.00 PM upto the date of the meeting. Members seeking to inspect such documents can send an email to info@kutchrail.org.

5. The members are requested to follow the following instructions in order to participate in the meeting through VC:

   a) The link to attend the meeting will be send through email separately.

   b) In case of any queries regarding the Annual Report or the businesses covered under the notice of the meeting, the Members may write to Company Secretary at: info@kutchrail.org to receive an email response.

   c) In the case of any technical assistance required at the time of meeting w.r.t. joining/accessing/ voting at the meeting the members may contact at info@kutchrail.org or call at 011- 23724141, 23724142, 23724143.

By Order of the Board of Directors
Sd/-
(Sanjeev Sharma)
Company Secretary
M.No. F3640

Place: New Delhi
Dated: 01st September 2021

DIRECTORS' REPORT

To
The Shareholders
Kutch Railway Company Limited

Your Directors have pleasure in presenting the 17th 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, 2021. It also has an addendum containing Management replies to the observations made in the Auditor's report.

FINANCIAL RESULTS

(₹ in lakhs)

	Year 2020-21	**Year 2019-20**
Income from Operations	**147386.13**	141977.25
Other Income	**2550.94**	5886.64
Total Income	**149937.07**	147863.89
Total expenditure (excluding interest depreciation & taxes)	**130423.78**	136282.00
Profit/ (Loss) before interest & depreciation	**27087.86**	11581.89
Less:		
Financial Cost	**2326.08**	2355.93
Depreciation	**3695.21**	2355.01
Total for tax Exp	**(1206.75)**	3849.57
Profit / (Loss) after tax	**22273.32**	3021.38
Other Comprehensive Income	**4.50**	1.03
Total Comprehensive Income	**22277.82**	3022.41
Profit /(Loss) brought forward from earlier year	**134674.79**	136482.34
Profit Available for appropriation	**156952.61**	139504.75
Appropriations:		
Interim Dividend	**1000.00**	0.00
Dividend	**2500.00**	4000.00
Dividend Tax	**0.00**	829.96
Surplus profit carried to Balance Sheet	**153452.61**	134674.79

DIVIDEND

Your Directors are pleased to recommend a final Dividend of Rs.0.60 per equity share of face value of Rs.10/- for the year ended 31st March, 2021. The interim Dividend of Rs. 0.40 per share per share was paid on 25th March 2021. The total Dividend for the financial year ended 31st March, 2021 amounts to Rs. 1.00 per share of face value of Rs. 10/- each. The final Dividend is subject to the approval of Members at the ensuing 17th Annual General Meeting. In view of the changes made under the Income-tax Act, 1961, by the Finance Act, 2020, dividends paid or distributed by the Company shall be taxable in the hands of the Shareholders. Your Company shall, accordingly, make the payment of the final Dividend after deduction of tax at source.

The details of the dividend declared for the last 3 years are as under:

Financial year	**Interim Dividend in ₹ per share**	**Final Dividend ₹ per share**	**Total dividend in ₹ per share excluding dividend tax**	**% dividend of the total paid up capital of 250.0 Crs.**	**Total dividend paid for the year (₹ in Crs)**
2017-18	0.60	1.40	2.00	20	50.00
2018-19	0.00	1.60	1.60	16	40.00
2019-20	0.00	1.00	1.00	10	25.00
2022-21*	0.40	0.60*	1.00	10	25.00*

The dividend is paid on the paid up capital of Rs. 250. Crs.
** Subject to the approval of the Shareholders in the ensuing 17th AGM.*

OPERATIONS OF THE COMPANY

The Income from operations of your Company has increased from ₹ 141977.25 lakhs in the Financial Year 2019-20 to ₹ 147386.13 lakhs in the Financial Year 2020-21. The break-up of the Income from operations is as follow:

(₹ in Lakhs)

Particulars	2019-20	2020-21
Income from Freight Traffic & operating revenue	85044.01	75608.53
Construction contract Revenue	56933.24	71777.60
Total	**141977.25**	**147977.25**

During the year 2020-21, a total of 22511 goods trains (19375 loaded & 3136 empty) had run on the section carrying total cargo of 36.79 MT which earned revenue of ₹ 75608.53 lakhs as compared to year 2019-20 in which a total of 19766 goods trains (16040 loaded & 3726 empty) had run on the section by carrying total cargo of 34.78 MT which earned revenue of ₹ 74100.20 lakhs. The net profit after tax has increased from ₹ 3021.38 Lakhs in 2019-20 to ₹ 22273.32 Lakhs in 2020-21. The increase in the net Profit is due to decrease in the O&M cost.

As the Operation & Maintenance Cost of the Company is recognized as per the provisional figures advised by Western Railways for the Company's share of Operation & Maintenance Cost due to the Company from the operations of goods trains. During the F.Y 2020-21, Western Railways has refunded excess indirect cost of ₹ 7,574.57 lakhs charged in the year 2018-19 & 2019-20 due to the change in the percentage of the general overhead and central overhead.

SANCTION OF TERM LOAN FOR DOUBLING AND ELECTRIFICATION PROJECTS

To meet the part of the finance of the Doubling and electrification projects of the Company a term loan of ₹ 1000.00 Crs is sanctioned from Punjab National Bank and as on 31.03.2021, disbursement of ₹ 279.34 Crs. was availed for the projects of the Company.

CREDIT RATING

Your Company has adequate liquidity and a strong balance sheet. ICRA Limited has affirmed their credit rating as "[ICRA] A" Stable. The instruments with this rating indicate adequate degree of safety regarding timely servicing of financial obligation. Such instruments are low credit risk.

DOUBLING OF PALANPUR (EXCLUDING) TO SAMAKHIALI (247 KM)

The target for completion of the doubling from Palanpur – Samakhiali is December, 2022.

During the year the section between Kidiyanagar-Lakadiya- (23.02 Kms) was commissioned on 17.09.2020 and section between Radhanpur-Piplee-Varahi (17.27 Kms) was commissioned on 12.02.2021

The year wise expenditure incurred by the Company on the project is as follow: (Rs. in Crs.)

Financial Year	Expenditure incurred	Cumulative expenditure
2015-16	55.00	55.00
2016-17	198.07	253.07
2017-18	316.18	569.25
2018-19	447.15	1016.38
2019-20	449.53	1465.93
2020-21	472.40	1938.33

ELECTRIFICATION OF THE SECTION

Your Company is also executing the electrification of the double line between Palanpur (Excluding) to Samakhiali (247 KM) and UP line between Samakhyali and Gandhidham (53 KM). Rail Vikas Nigam Limited is the executing agency of the project of double line between Palanpur – Samakhiyali. (247KM) and the estimated cost of project is ₹ 655.02 Crs.

The electrification of the single line between Samakhiyali - Gandhidham (53 KM) is being executed by Central Organization for Railway Electrification, Allahabad (CORE). The Cost of this project is approximately Rs. 95.0 Crs.

The electrification of the KRC section is considered important in view of all round electrification being undertaken in Indian Railway and also due to commissioning of Western DFC. Electrification of the KRC section will save fuel costs and improve running speed which will bring down the total fuel bill.

As on date your Company has met the cost of the electrification projects through its internal accruals and partially through term loan taken from Punjab National Bank. The detail of the amount spent on the projects as on 31.03.2021is as follow: (₹ in Crs.)

Sl. No.	Project	Executing Agency	Amount Spent 2019-2020	Amount Spent 2020-21	Cumulative Amount spent
1..	Electrification of Double Line between Palanpur – Samakhyali (247.73 KM)	RVNL	118.00	351.99	469.99
2.	Electrification of UP line between Samakhyali and Gandhidham (53 KM)	CORE	30.00	50.01	80.01

The target date for completion of the, Electrification of Double Line between Palanpur – Samakhyali (247.73 KM) is June 2022 and the target date for completion of RE for the up line between Ganadhidham – Samakhyali executed by CORE is December 2021.

INDUSTRY SCENARIO & THE PPP MODEL

Indian Railways are operating in the core sector of the economy. To strengthen, modernise and expand the railway network, the investment requirement is huge. Private sector participation would be required for accelerated construction of fixed rail infrastructure. In the recent past, the Ministry of Railways had initiated several concrete measures to explore the PPP route for improving its infrastructure across the country. Railway Ministry has an ambitious plan for capacity augmentation, up gradation and modernisation of Indian Railways. The port connectivity is an important aspect of vision. In the last few years Development in Railway and Port Infrastructure etc has been given a tremendous boost. Indian Railways has formed a number of Public Private Participation (PPP) Companies for enhancing port connectivity to accelerate growth of freight traffic through rail to ports.

OUTLOOK

The year 2020-21 saw unprecedented disruption to lives and livelihoods across the world and India was no exception. The COVID-19 pandemic has had a significant impact on nearly all spheres of the Indian economy. The economy declined sharply as the country grappled with the pandemic, however, effective measures taken by the Government of India and the Reserve Bank of India helped the Indian economy to recover. Rapid rollout of vaccines coupled with Government's efforts on stimulating growth improved consumer sentiments. Notwithstanding these encouraging developments, the Covid-19 pandemic is far from over.

Railways, besides possessing remarkable resource mobilisation, capabilities and disciplined manpower, have demonstrated agility and ingenuity to cater to completely new requirements that arose in India's fight against COVID-19. It has played a crucial part in maintaining the supply of essential items and helping livelihoods by stepping up the transportation of goods.

SHARE CAPITAL

During the year under review, there was no change in the capital structure of the Company. The Company's issued, subscribed and paid up share capital remained at Rs. 250,00,00,000 comprising of 25,00,00,000 equity shares of Rs. 10/- each.

TRANSFER TO RESERVE

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

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.

BOARD MEETINGS

Four (4) Board meetings were held during the financial year ended 31st March, 2021. The dates of the meetings are as follow: 18th September 2020, 18th January 2021, 19th February 2021 and 22nd March 2021.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company Shri Dinesh Chandra Pandey and Dr. Rajindra Kr. Malik Directors of the Company shall retire by rotation at the ensuing Annual General Meeting. Shri Dinesh Chandra Pandey and Dr. Rajindra Kr. Malik being eligible have offered themselves for reappointment.

Pursuant to the provisions of section 203 of the Companies Act, 2013, the key managerial personnel of the Company are – Shri Vijay Anand, Managing Director, Shri Ankur Rastogi, Chief Financial Officer and Shri Sanjeev Sharma, Company Secretary.

The Board of Directors deeply regret to inform you that Shri Ankur Rastogi, CFO of the Company left for his heavenly abode on 19.06.2021. He was suffering from Corona virus disease and was admitted in the hospital for around 50 days. The Board of Directors express their deep condolences at the untimely and sad demise of Late Shri Ankur Rastogi and took on record the invaluable contributions made by him during his 15 years of association with the Company.

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

During the year Shri Pramod Kr. Singh and Shri D. N. Sondhi vacated the office of Directorship of the Company. Your Board places on record its deep appreciation for the valuable services and contributions made by them during their tenure as Director of the Company.

INDEPENDENT DIRECTORS

The management is of the view that the Company is a Joint Venture therefore, in terms of the provisions of Section 149(4) & 149(5) of the Companies Act, 2013 read with rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, company is not required to appoint Independent Directors.

AUDIT COMMITTEE

The Board of Directors of the company considers that in view of the notification dated 13th July, 2017, amendment in Companies (Meeting of the Board and its Powers) Rules 2014 by Ministry of Corporate Affairs, the Company is not required to constitute an Audit Committee of the Directors. Therefore, Board of Directors of the Company in its meeting held on 18th August 2017 disbanded the Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE

The nominations and Remuneration Committee of the Board was disbanded by the Board in its meeting held on 18th August 2017. The Board of the company considers that in view of the notification dated 13th July, 2017, amendment in Companies (Meeting of the Board and its Powers) Rules 2014 by Ministry of Corporate Affairs the Company is not required to constitute a Nomination and remuneration committee.

DIRECTOR'S RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory, and Secretarial Auditors, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2020-21.

Accordingly, pursuant to Sections 134(3)(c) and 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that for the year ended March 31, 2021:

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 2021.

iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) That the Annual Accounts have been prepared on a going concern basis.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

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

EXTRACTS OF ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2021 is available on the Company's website at www.kutchrail.org.

AUDITORS

M/s P. D. Agrawal & Co. Chartered Accountants were appointed by the C&AG as Statutory Auditors of the Company for the year 2020-21.

AUDITORS OBSERVATIONS

The remarks on the observations of the Statutory Auditors for the period under review with management remarks are placed at Annexure A and appropriate disclosures in regard thereof are contained in the accounting polices 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 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 2020-21. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the Financial Year 2020-21 is annexed to this report as Annexure – B.

DETAILS OF SIGNFICANTAND MATERIAL ORDERS PASSED IMPACTING THE COMPANY'S OPERATIONS

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

INTERNAL FINANCIAL CONTROL SYSTEMS

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

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

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

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

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

RISK MANAGEMENT

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

CORPORATE GOVERNANCE

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

CORPORATE SOCIAL RESPONSIBILITY

The Company has a duly constituted CSR Committee, which is responsible for fulfilling the CSR Objectives of the Company. As on March 2021, the Committee comprised Shri Vijay Anand, Managing Director, Shri Sajal Mittra and Shri Dinesh Chandra Pandey Directors as its members.

The Company is committed to conduct its business in a socially responsible, ethical and environmental friendly manner and to continuously work towards improving quality of life of the communities. The Company has in place CSR Policy with lays down the philosophy and approach towards CSR commitment. The Annual Report on the CSR initiatives undertaken by the Company as per the Companies (Corporate Social Responsibilities Policy) Rules, 2014 is annexed as Annexure-C.

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

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

Number of Complaints received : NIL
Number of Complaints disposed off : NIL
Closing balance of the complaints : NIL

MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY

No material change and commitment affecting the financial position of the Company have occurred between the financial year ended on 31st March 2020 and the date of the report.

CONTINGENT LIABILITY OF SERVICE TAX

A show cause notice issued to the Company by Director General of Central Excise Intelligence (DGCEI), raising a demand of ₹ 213.59 Crores relating to financial years 2009-10 to 2013-14. The reply to the show cause notice was given on 06.01.2015 and personal hearing before Principal Commissioner was held on 21.09.2015. No further communication has been received from DGCEI on the matter. Further for the year 2014-15 a demand notice for ₹ 82.07 Crores has also been received from Principal Commissioner of Service Tax, Delhi – I for which reply has been given on 24.05.2016. No further communication is received from DGCEI.

M/s Baruch Dahej Railway Company Limited and M/s Krishnapatnam Railway Company Limited had also received the similar Show Cause notices. These companies had also filled their replies to the show cause notices. After considering the detailed reply and subsequent personal hearing, the respective Adjudicating Authorities had dropped the demand of service tax for M/s Baruch Dahej Railway Company Limited and M/s Krishnapatnam Railway Company Limited. KRC had intimated vide letter dated 17.02.2016 to the Adjudicating Authority to consider the above orders, while finalising the Order in the Show Cause Notice issued to Kutch Railway Company Limited. The order of the Adjudicating Authority is awaited. No further communication is received from DGCEI.

During the year 2017-18 a Show Cause notice was received from the department for the periods 2015-16, 2016-17 and 2017-18 (upto 30.06.2017) to which the reply was submitted to the department on 18.05.2018. No further query is received from DGCEI.

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

APPLICABILITY OF GST

During the 2017-18, Goods and Service Tax (GST) has subsumed the service tax with effect from 1st July 2017. The Company is of the view that no supply is involved by the Company to Railways and visa-versa in sharing of freight revenue & cost by Railways with the Company. Therefore, there are no GST obligations on the Company in respect to sharing of the freight revenue & cost by Railways with the Company including furnishing of the particulars/details for the same. The Company has sought exemption/clarification from GST Council through MoR for GST on transactions with Railways. Your Company is of opinion that GST is not applicable on Freight sharing revenue and O& M cost to WR. The Ministry of Railways has taken up the issue with Finance Ministry for issuing clarification/exemption. Further the provision of TDS has been introduced under GST with effect from 1.10.2018 vide notification no. 50/2018-Central Tax dated 13/09/2018. The Company is in consultation with other SPVs on the applicability of these provisions.

PARTICUARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

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

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

STATEMENT OF ASSOCIATION

Kutch Railway Company Limited is a joint venture special purpose vehicle. Rail Vikas Nigam Limited, Adani Ports & SEZ Limited, Deendayal Port Trust and Government of Gujarat being shareholders and are the associates as they holds 50%, 20%, 26% and 4% respectively of the paid up share capital of the Company.

ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENT

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

ACKNOWLEDGEMENT

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

The Directors deeply regret the losses suffered due to the Covid-19 pandemic and place on record their sincere appreciation to all the front-line workers and those who have gone beyond their duties in battling against the pandemic.

For and on behalf of the Board of Directors

	Sd/-	Sd/-
	(Vijay Anand)	**(Meenu Dang)**
Place: New Delhi	Managing Director	Director
Date : 01.09.2021	DIN 01874842	DIN : 05171078

ANNEXURE A

S. No.	Ref. No. of Audit Report	Extracts from Auditors' Report 2020-21	Management reply
1.	Main Audit Report point no. (a)	Note No.-46 Regarding fixed assets capitalized by the Company year after year (based on advices received from the Western Railway) and subject to verification by the company. Similarly, material supplied by the company and balances outstanding as advances to Western Railway are subject to reconciliation with Western Railway. The Impact of the same is unascertainable and consequent impact on depreciation is also unascertainable.	As per letter dt. 14.08.2020 received from the Western Railway (WR), intimating about deletion on GC Project assets amounting Rs. 60,38,016/- during FY 2019-20. The Company had also supplied material to WR amounting to Rs. 11997.00 lakhs during Gauge Conversion (GC) Project and balance to WR amounting to Rs. 442.18 lakhs is outstanding as on 31.03.2021. 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.	Main Audit Report point no. (b)	Note No-55 regarding no GST obligation on the company in respect of sharing of the freight revenue and cost by railway with the company. The company has taken same stand on Service Tax for which during the financial year 2014-15, Company has received a show cause notice from the Director General of Central Excise Intelligence, regarding the liability of Service Tax of Rs. 21,359 Lakhs and interest and penalty thereon. A similar statement of demand cum show cause notice has also been received for F. Yr. 2014-15 on 05.04.2016 in which a demand of Rs. 8,207 Lakhs has been raised. For F.Y. 2015-16, 2016-17, 2017-18 (up to 30.06.2017), the statement of demand cum show cause notice in which a total demand of Rs. 21165.83 Lakhs was raised to the company on 22.03.2018. However assessment under GST has not yet started so the impact of the same is unascertainable.	During the financial year 2017-18, Goods and Service Tax (GST) has subsumed the service tax with effect from 1st July 2017. The Company is of the view that no service is involved by the Company to railways and vice-versa in sharing of freight revenue & cost by Railways with the Company. Therefore, there are no GST obligations on the Company in respect to sharing of the freight revenue & cost by Railways with the Company including furnishing of the particulars/details for the same. However, Ministry of Railways has taken up the issue with Finance Ministry for issuing clarification/exemption.
3.	Main Audit Report point no. (c)	Note No. 5.2 and 5.4 regarding division of addition and deletion in Bridges, Building, Formation, Plant & Machinery (Project) and Permanent Way (Classified in other intangible assets), any addition or deletion is being adjusted from permanent way only and not done from individual assets. WR has not advised any amount for addition and deletion during the FY 2020-21. The impact of the same and consequent impact on depreciation is unascertainable.	In the aforesaid letter from WR, it is mentioned that Railway has introduced AFRES accounting system since 2011. Therefore, it is not feasible to prepare the details of asset wise expenditure. In view of this the addition in fixed assets is divided in proportion of their gross opening balances.

ANNEXURE A...Contd.

S. No.	Ref. No. of Audit Report	Extracts from Auditors' Report	Management reply
4.	Main Audit Report point no. (d)	Note No. 5.3 any addition/ deletion in intangible asset as advised by western railway are accounted for in the year of advice by western railway. The above policy does not confers with Accounting on Accrual Basis as per IND AS 1 "Presentation of Financial Statements" hence the impact of the same is not ascertainable. Further amortization on addition to assets by Western Railways 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. The impact of the same is not ascertainable.	WR, generally, provides the detail of addition/ deletion in intangible asset for a particulars year before the closure of final accounts of the Company. However, in some cases some of the details of Fixed Assets are provided by WR after the closure of final accounts of the Company. In these cases these amount are accounted for in the year of advice by WR.
5.	Main Audit Report point no. (e)	Note No. 40 regarding non confirmation of receivable including advances and payables, the impact of the same is unascertainable.	Letters were sent for Confirmation of Accounts to all parties shown as receivables / payables stating therein that if no confirmation is received with in 30 days, it will be presumed that the respective party has accepted the copy of account. Confirmation has been received from most of the parties. Further, the details of account of Western Railway, which forms a major part of KRC account, have been received which has been accounted for in the Books of Accounts of the Company.
6.	Main Audit Report point no. (f)	Note No. 57 (i) regarding Advances given to Western Railway for Capital Expenditure by Western Railway on behalf of Company has not been adjusted during the year in absence of advice received from Western Railway hence liquidity of advances as on 31.03.2021 is unascertainable and (ii) Capital Expenditure incurred by Western Railway on behalf of Company for the year ended 31.03.2021 has not been adjusted in absence of advice received from Western Railway. The impact of the same is unascertainable.	The Company, vide its letter dt. 22.07.2021, has requested WR to provide the detail of Capital Expenditure. However, no advice has been received from WR till the balance sheet date. In absence of the same Capital expenditure incurred by Western Railway on behalf of the Company for the year ended 31st March, 2021 has not been adjusted. The advances will be adjusted on receipt of detail of amount incurred from WR.
7.	Main Audit Report point no. (g)	Note No. 56 regarding one of the joint venture of the Company (RVNL) is incurring expenditure on behalf of the company under the contract and the same are being accounted for based on its advices without verification the correctness thereof. The impact of the same is unascertainable.	The work of verification of expenditure incurred by RVNL on behalf of Company has been regularly done on yearly basis.

ANNEXURE A...Contd.

S. No.	Ref. No. of Audit Report	Extracts from Auditors' Report	Management reply
8.	Main Audit Report point no. (h)	Note No. 49 the company has made short payment of Rs. 712.84 lakhs in aggregate from the financial year 2014-15 to 2020-21 for CSR Expense.	The new guidelines of The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 have been notified by the Ministry of Corporate Affairs, Government of India on 22nd of January, 2021. As per the guidelines the amount which remained unspent as on 31.03.2021 on the existing sanctioned ongoing CSR Projects are required to be transferred to a separate Bank account to be opened by the Company by 30.04.2021 and the funds which could not be allocated to any of the projects as on date are required to be compulsorily transferred to any of the funds created under Schedule VII of the Companies Act, within a period of 6 month. As on 2020-21 the Company has unspent amount of Rs 712.84 Lakhs on CSR activities. The Company has transferred Rs. 143.42 lakh of the sanctioned ongoing projects to a separate bank account opened by the Company in PNB and the balance amount will be transferred to any of the Fund created under Schedule VII of the Companies Act 2013 by 30th September 2021 as per the amended provision of the Corporate Social Responsibility.
9.	Main Audit Report point no. (i)	With regards to scrap available with WR no details regarding quantity and value is provided to the company. The impact of the same is unascertainable. However company has booked amount of Rs. 351.79 lakh during the year from sale of scrap on the basis of advice received from western railway but no details are provided with advice regarding period, quantity and value.	The Company has taken the credit for the same during the current year in absence of any other detail provided by WR.
10.	Main Audit Report point no. (j)	Note No. 23.1 the company is recognized the operational and maintenance cost of as the provisional figures advised by the western railways for the share of operational and maintenance cost due to the company from the operations of the goods train. Operation & Maintenance cost of earlier years in respect of operation of goods trains are accounted for in the year of advice of provisional figure by the Western railway. Operational & Maintenance cost of Rs. 578.53 Cr. In respect of operations of goods trains	WR, generally, provides the detail of operating revenue for a particulars year before the closure of final accounts of the Company. However, in some cases some of these details of operating revenue are provided by WR after the closure of final accounts of the Company. In these cases theses amount are accounted for in the year of advice by WR.

ANNEXURE A...Contd.

S. No.	Ref. No. of Audit Report	Extracts from Auditors' Report	Management reply
		are accounted for in the year of advice of provisional figures by the Western railway. The above policy does not confers with Accounting on Accrual Basis as per IND AS-1 "Presentation of Financial Statements.	
11.	Main Audit Report point no. (k)	Note No. 21.2 the company is recognized the operating income as per the provisional figures advised by Western Railways for the share of revenue due to the company from the operations of goods trains. Operation revenue of earlier years in respect of operation of goods trains are accounted for in the year of advice of provisional figure by the Western railway. Operating revenue of Rs. 756.09 Cr. In respect of operations of goods trains are accounted for in the year of advice of provisional figures by the Western railway. The above policy does not confers with Accounting on Accrual Basis as per IND AS-1 "Presentation of Financial Statements.	WR, generally, provides the detail of operating revenue for a particulars year before the closure of final accounts of the Company. However, in some cases some of these details of operating revenue are provided by WR after the closure of final accounts of the Company. In these cases theses amount are accounted for in the year of advice by WR.
12.	Main Audit of Matter point (l)	Note No. 28 the company has reversed operational & maintenance cost of Rs. 7,574.57 lakhs as exceptional items during the year on account of refund of excess indirect cost charged by the Western Railway in the year 2018-19 & 2019-20. The above policy does not confers with Accounting on Accrual Basis as per IND AS-1 "Presentation of Financial Statements.	WR, generally, provides the detail of Operation & Maintenance Cost for a particulars year before the closure of final accounts of the Company. However, in some cases some of these details are provided by WR after the closure of final accounts of the Company. In these cases theses amount are accounted for in the year of advice by WR.
13.	Emphasis of Matter point (i)	**Note No-45** to the financial statements which may effect of reduction in the reserves and sundry debtors by Rs. 2550 lakhs (approx) in the subsequent years as and when advised by the Western Railway.	Since the financial year 2013-14, Western Railway has computed Company's share of apportioned earnings on the basis of 'carried route' instead of 'booked route'. The Company has contested against this method of calculation of apportioned earnings at various levels in Railways. The approximate amount of Rs.2550.00 Lakhs may be deducted by on this account for earlier financial years (from 2006-07 to 2008-09).

ANNEXURE A...Contd.

S. No.	Ref. No. of Audit Report	Extracts from Auditors' Report	Management reply
14.	Emphasis of Matter point (ii)	**Note no. 6.2** regarding cost for elimination of 30 unmanned crossings by converting them into manned or by construction of RUB/LHS the company has paid advance of Rs. 1642.41 lakhs. As per instructions issued by Railway Board such cost is to be borne by Railway whereas Western Railway is of the opinion that such cost will be borne by the company. Accordingly the company has requested for refund of Rs. 1642.41 lakhs. Hence such advances stand disputed for the company.	For elimination of un manned level crossings, Railway Board has issued instructions that the cost shall be borne by railways. However, Western Railway is of opinion that the cost shall be borne by SPVs. Accordingly, Company has shown the same as contingent liability with the contention that the same shall be borne by Western Railway.
15.	Report on the Internal Financial Control point (i)	As per the Operation and Management Agreement executed between the company and WR referring para 3.1.4 part ii, a survey team for quarterly review was to be formed. NO such committee has been formed till date. The company needs to take efforts for the same.	Railway Board, vide its letter dt. 25.09.2019 has directed that in case of Kutch Railway Company (KRC), Indirect Cost will be calculated on the basis of principle adopted in case of Pipvav Railway Company Ltd. (PRCL). Accordingly, Indirect Cost is calculated on the basis of principle adopted in case of PRCL and a Joint Procedure Order (JPO). The JPO was signed between KRC and WR on 11.12.2019. The system which is also called Permanent Way is being operated and maintained well by Western Railway. The JPO Accordingly, no survey team was appointed, in view of JPO.
16.	Report on the Internal Financial Control point (ii)	As per the Operation and Management Agreement executed between the company and WR referring para 6.3.2 WR and KRC shall arrange to reconcile the details of traffic before the accounts for the month are closed. The same practice is not followed as reconciliation for income and expense are pending for the year as income and expense for previous years are booked during the year.	After signing of JPO between KRC and WR on 11.12.2019, WR calculates the O&M Cost and Apportioned Revenue on monthly basis. But some of the cost components are provisional.
17.	Annexure A to Independent Audit Report 1	In respect of its fixed assets: a) The company is maintaining records showing particulars of fixed assets on the basis of available information without details of quantity and situation / location thereof. b) According to the information and explanations given to us, the company has an approved regular program of	The Fixed Assets of the Company has been spread over the distance of 301 KMs from Palanpur to Gandhidham in Gujarat. Since, the Company has entered in to an Operation & Maintenance Agreement with the Western railways (WR), all the assets have been handed over to the WR. The Company is maintaining records showing particulars of fixed assets on the basis of available information. There is also an

ANNEXURE A...Contd.

S. No.	Ref. No. of Audit Report	Extracts from Auditors' Report	Management reply
		verification for all assets to cover all the items yearly and no material discrepancies were noticed on verification but in our opinion same does not appear reasonable in absence of information with regard to quantity and location in case of assets under the control of Western Railway. Further, in case of other Assets, under the control of Company, as explained to us, have been physically verified by the management and no material discrepancies were noticed on such verification. However, verification reports were not for all the assets and not in reconciliation with fixed assets register. c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has bridges and Building, formation and permanent way in their immovable properties classified in other Intangibles Assets. These are constructed on leasehold land taken from western railway as stated in Concession Agreement on annual lease rent of Rs. 1000.	approved regular program of verification for all assets to cover all the items yearly and no material discrepancies were noticed on verification. However, considering the size and nature of the business of the Company, it is not feasible to provide the information about the quantity and situation of assets of the Company. In case of other Assets, under the control of Company have been physically verified by the management and no material discrepancies were noticed on such verification. As per the Lease Agreement between the Company and MOR, the existing assets shall be leased to the Company to construct, operate and manage Project Railway.
18.	Annexure A to Independent Audit Report 7 (a)	According to the records of the company, the company is generally regular in depositing undisputed statutory dues including Sales Tax, Excise Duty, Provident Fund, ESI and Other statutory dues applicable over the company though there has been a delay in case of Tax deducted at source.	There was minor delay in deposit of TDS. The same was deposited with due interest.

ANNEXURE A...Contd.

S. No.	Ref. No. of Audit Report	Extracts from Auditors' Report	Management reply
19.	Annexure A to Independent Audit Report 7 (b)	According to the information and explanations 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 duty, wealth tax, excise duty, cess that have not been deposited on account of any dispute except Service tax of Rs. 213.59 crore relating to financial years 2009-10 to 2013-14 for which company received a demand notice from the Director General of Central Excise Intelligence and Rs. 82.07 crore relating to financial year 2014-15 for which a demand cum show cause notice has been received from Principal Commissioner of Service Tax Delhi-I and Rs. 211.66 crore related to F.Y. 2015-16, 2016-17, 2017-18 (upto 30.06.2017) for which statement of demand cum show cause notice was served on 22.03.2018.	The reply to the Show cause notice in respect of financial years from 2007-08 to 2013-14, has been submitted on 06.01.2015. A personal hearing has also been held on 21.09.2015. No further correspondence has been received so far. A demand cum show cause notice was received for financial year 2014-15 for a demand of Rs. 82.07 crores. It has also been replied on 24.05.2016. A similar demand cum show cause notice was received for financial year 2015-16, 2016-17 & 2017-18 (up to 30.06.2017) for a demand of Rs. 211.66 crores. It has also been replied on 18.05.2018.
20.	Report on internal Financial Control point (i)	As per the Operation and Management Agreement executed between the company and WR referring para 3.1.4 part ii, a survey team for quarterly review was to be formed. NO such committee has been formed till date. The company needs to take efforts for the same.	Railway Board, vide its letter dt. 25.09.2019 has directed that in case of Kutch Railway Company (KRC), Indirect Cost will be calculated on the basis of principle adopted in case of Pipvav Railway Company Ltd. (PRCL). Accordingly, Indirect Cost is calculated on the basis of principle adopted in case of PRCL and a Joint Procedure Order (JPO). The JPO was signed between KRC and WR on 11.12.2019.The system which is also called Permanent Way is being operated and maintained well by Western Railway. The JPO Accordingly, no survey team was appointed, in view of JPO.
21.	Report on internal Financial Control point (ii)	As per the Operation and Management Agreement executed between the company and WR referring para 6.3.2 WR and KRC shall arrange to reconcile the details of traffic before the accounts for the month are closed. The same practice is not followed as reconciliation for income and expense are pending for the year as income and expense for previous years are booked during the year.	After signing of JPO between KRC and WR on 11.12.2019, WR calculates the O&M Cost and Apportioned Revenue on monthly basis. But some of the cost components are provisional.

ANNEXURE B

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

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

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

To,
The Members,
KUTCH RAILWAY COMPANY LIMITED
SUIT NO. 15-22, 2nd FLOOR, INDRA PALACE, H BLOCK, CONNAUGHT CIRCUS
NEW DELHI-110001

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 (U45202DL2004PLC124267) **(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, 2021 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, 2021 according to the provisions of:

I. The Companies Act, 2013 (the Act) and the rules made there under;
II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Not Applicable)**
III. The Depositories Act, 1996 and the regulations and bye-laws framed there under; **(Applicable)**
IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment. **(Not Applicable)**
V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable)**
   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015e; **(Not Applicable)**
   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable)**
   d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not Applicable)**
   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable)**
   f. The Securities and Exchange Board of India (Registrar to an issue and share transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not Applicable)**
   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable)** and
   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable)**
   i. SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. **(Not Applicable)**

VI. Other laws as are and to the extent applicable to the Company as per the Management representations made by the Company.

(i) The Employees Provident Funds and Miscellaneous Provision Act, 1952
(ii) Insurance Act, 1938
(iii) Registration Act 1908
(iv) Indian Stamp Act , 1899
(v) Applicable Local/ Municipal laws

The Company has complied the Secretarial Standards (SS-1 and SS-2 regarding Board and General Meetings) issued by The Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs during the financial Year under review.

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

We further report that:

The Board of Directors of the Company is duly constituted.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Due to COVID-19 Pandemic, the Board, Committee and Shareholders Meetings were conducted through Video Conferencing and Company has complied the provisions of the Act and General Circulars issued by the Ministry of Corporate Affairs regarding conducting these Meetings through Video conferencing Mode.

We further report there are adequate systems and processes in the company commensurable with the size and operations of the company to monitor and ensure compliances with applicable laws, rules and regulations.

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 during the Audit period, there are specific events/ actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards taken place.

1. **The Company in its extra-ordinary general meeting held on 24th February 2021 passed the following Special resolution :-**
   a. **Approval to Board of Directors to borrow in excess of paid up capital and free reserve as per the provision of Section 180(1) (c) of the Companies Act 2013 upto Rs. 1000 Crore.**
   b. **Authorisation to Board for Creation of Charge/ Hypothecation of Assets for Rs. 1000 Crore in favour of Punjab National Bank as per the Provision of Section 180(1) (a) of the Companies Act 2013.**
   c. **Approval of Conversion of Loan Into Equity Share capital at the option of Lenders as per the lending arrangements.**
2. **As reported earlier during the financial year 2014-15 the 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 did not accept the service tax liability and submitted the reply of show cause notice on 06.01.2015. A similar Statement of demand of Rs. 82.07 Crores has been received for Financial Year 2014-15 during the Financial Year 2016-17. Reply to the demand has been made by the Company. A further Show Cause Notice was received on 19.03.2018 for the period 2015-16, 2016-17 and 2017-18 (upto 30.06.2017). The reply to the Show Cause Notice was submitted by the Company. As on the date of this report no further development in the case is reported.**

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:- 01.09.2021

FOR VINOD KUMAR & CO.
COMPANY SECRETARIES
UDIN : F005740C000872210
Sd/-
CS VINOD KUMAR ANEJA
(CP 5740 FCS 5740)

'Annexure A'

To,
The Members,
KUTCH RAILWAY COMPANY LIMITED
SUIT NO. 15-22, 2ND FLOOR, INDRA PALACE,
H BLOCK, CONNAUGHT CIRCUS
NEW DELHI-110001

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. 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.

5. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

6. 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.

7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

8. Due to Covid-19 Pandemic we have conducted the audit on the basis of information and document provided by the company and its officers on the email. We assumed these the documents and information are true version of original documents.

PLACE :- NEW DELHI
DATED:- 01.09.2021

FOR VINOD KUMAR & CO.
COMPANY SECRETARIES
UDIN : F005740C000872210

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

ANNEXURE C

ANNUAL REPORT ON CSR ACTIVITIES

[Pursuant to section 135 of the Companies Act, 2013 (the Act) & Rules made thereunder]

1. **Brief outline on CSR Policy of the Company**

The company is committed to improving the quality of the lives of the people in the community it serves through long term stakeholder value creation. It pledges to remain a responsible corporate entity mindful of its social responsibilities to all stakeholders, with aim and object to fight, hunger, poverty and malnutrition, promote education, health care, gender equality, rural development and sanitation etc as embodied in Schedule VII of the Companies Act 2013. The company has framed a CSR Policy in compliance with the provisions of the Act, which is available on the Company's website and the weblink for the same is provided in this report.

2. **Composition of CSR Committee**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Shri Vijay Anand	Managing Director	1	1
2.	Shri D. C. Pandey	Director	1	0
3.	Shri Sajal Mittra	Director	1	1

3. **Provide the web link where composition of CSR committee, CSR Policy and CSR projects Approved by the board are disclosed on the Website of the company.**
www.kutchrail.org

4. **Provide the details of Impact assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report**

In terms of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, the requirement of conducting an impact assessment of its CSR Projects is not applicable to the Company.

5. **Details of the amount available for set off in pursuance Of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount Required for set off for the financial year, if any**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs.)	Amount required to be set off for the financial year, if any (in Rs.)
		N.A.	

6. **Average net profit of the company as per section 135(5) : Rs. 16618.0 Lakhs**

7. a) Two percent of average net profit of the company as Per section 135(5): Rs. 332.36 Lakhs
   b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years- **N.A.**
   c) Amount required to be set off for the financial year, if any – **N.A.**
   d) Total CSR obligation for the financial year (7a+7b-7c) :Rs. 332.36 Lakhs (Current Year) Rs. 645.48 Lakhs previous year)

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (In Rs. in lakhs)	Amount Unspent (in Rs. in lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
265.00	143.41	June 2021	PM Cares Fund	237.07 332.36	To be transferred by 30th September 2021

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	**Name of the project**	**Item from the list of activities is Schedule VII to the Act**	**Local are (Yes/ No)**	**Location of the project**		**Project duration**	**Amt. allocated for the project (Rs. In Lakhs)**	**Amt. spent in the current FY year (Rs. In Lakhs)**	**Amount transferred to Unspent CSR Account as per Section 135(6) (Rs. In Lakhs)**	**Mode of imple-ment-ation Direct (Yes/ No)**	**Mode of imple-ment-ation Through Impleme-nting Agency**	
				State	**Dist.**						**Name**	**CSR Regn. No.**
1	To install solar panels	Ensuring environment sustainability	No.	Gujarat	Rajkot	8 months	44.10	5.0	39.10	Yes	SRKA	00002806
2	To cons-truct students hostel	Promoting education	No	Gujarat	Rajkot	8 months	56.40	5.0	51.40	Yes	SRKA	00002806
3	To construct toilet Block	Cleanliness	No	Gujarat	Rajkot	8 months	24.90	5.0	19.90	Yes	SRKA	00002806
4.	Education	Promoting education	yes	Gujarat	Palan-pur	25 Months	54.0	-	33.01	No	SF	00001634
	Total							**15.00**	**143.41**			

SRKA: Shri Rama Krishna Ashram
SF: Smile Foundation

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	**Name of the Project**	**Item from the list of activities in schedule VII to the Act.**	**Local area (Yes/No)**	**Location of the project.**		**Amount spent for the project (In Rs. In lakhs)**	**Mode of implemen-tation Direct (Yes/No)**	**Mode of implementation Through implementing agency**	
				State	**District**			**Name**	**CSR registration number**
1.	PM Cares Fund		Pan India	NA	NA	250	Direct	NA	NA

(d) Amount spent in Administrative overheads: **NIL**
(e) Amount spent on Impact Assessment, if applicable: **NA**
(f) Total amount spent for the financial year (8b+8c+8d+8e) **Rs. 265.00 Lakhs**
(g) Excess amount for setoff, if any: **NA**

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	**Preceding Financial Year**	**Amount transferred to Unspent CSR account under section 135 (6) (in Rs.)**	**Amount spent in the reporting Financial Year (Rs. In Lakhs)**	**Amount Transferred to any fund specified under Schedule VII as per section 135 (6),if any**			**Amount remaining to be spent in succeeding financial years (in Rs.)**
				Name of the Fund	**Amount (In Rs.)**	**Date of Transfer**	
N.A.							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s).

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	**Project**	**Name of the Project**	**Financial Year in which the project was comm-enced**	**Project duration**	**Total amount allocated for the project (Rs. In Lakhs)**	**Amt. spent on the project in the report-ing FY Year (Rs. In Lakhs)**	**Cumulative amt. spent at the end of reporting FY Year (Rs. In Lakhs)**	**Status of the project –-Completed /Ongoing**
1.	Promotion of Education*	Promotion of Education	2019-20	25 Months	0.54	0.00	18.08	Ongoing

* No progress in the project was made during 2019-20 and 2020-21 as the schools were closed due to Covid pandemic

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: NIL

    a) Date of Creation or acquisition of the capital asset(s): NIL

    b) Amount of CSR spent for creation or acquisition of capital asset: NIL

    c) Details of the entity or public authority or benecificiary under whose name such capital asset is registered, their address etc.: NIL

    d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital: nil

11. Specify the reason(s), if the company has failed to spend two Percent of the average net profit as per section 135(5): N.A.

For & on behalf of the Board of Directors

PLACE :- NEW DELHI
DATED:- 01.09.2021

Gyanendra Kr Srivastav
(Chief Financial Officer)

Vijay Anand
Managing Director
(DIN : 01874842)

भारतीय लेखापरीक्षा एवं लेखा विभाग
प्रधान निदेशक लेखापरीक्षा का कार्यालय
रेलवे वाणिज्यक, नई दिल्ली
INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT
RAILWAY-COMMERCIAL, NEW DELHI

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

सत्यमेव जयते

संख्या/पी.डी.ए/आर.सी/AA-KRCL/14—25/2021—22/49 दिनांक : 24.09.2021

सेवा में,

प्रबंध निदेशक,
कच्छ रेलवे कंपनी लिमिटेड,
कनॉटप्लेस, नई दिल्ली

विषयः 31 मार्च 2021 को समाप्त वर्ष के लिए कच्छ रेलवे कंपनी लिमिटेड के वित्तीय विवरणों पर कम्पनी अधिनियम 2013 की धारा 143 (6)(b) के अंर्तगत भारत के नियंत्रक एवं महालेखा परीक्षक की टिप्पणियां ।

महोदय,

मैं, कच्छ रेलवे कंपनी लिमिटेड के 31 मार्च 2021 को समाप्त वर्ष के वित्तीय विवरणों पर कम्पनी अधिनियम 2013 की धारा 143 (6)(b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियां अग्रेषित कर रहा हूँ ।

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

भवदीय,

(के. एस. रामुवालिया)
प्रधान निदेशक (रेलवे वाणिज्यक)

संलग्नः यथोपरि ।

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 2021.

The preparation of financial statements of **KUTCH RAILWAY COMPANY LIMITED** for the period ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 01.09.2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **KUTCH RAILWAY COMPANY LIMITED** for the period ended 31 March 2021 under section 143(6)(a) of the Act. 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.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6) (b) of the Act.

Place: New Delhi
Dated: 24.09.2021

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

(K. S. Ramuwalia)
Principal Director of Audit
Railway Commercial, New Delhi

INDEPENDENT AUDITOR'S REPORT

To the Members of
Kutch Railway Company Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Kutch Railway Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Our opinion is subject to matters stated below:

(a) Note No.-46 Regarding fixed assets capitalized by the Company year after year (based on advices received from the Western Railway) and subject to verification by the company. Similarly, material supplied by the company and balances outstanding as advances to Western Railway are subject to reconciliation with Western Railway. The Impact of the same is unascertainable and consequent impact on depreciation is also unascertainable.

(b) Note No-55 regarding no GST obligation on the company in respect of sharing of the freight revenue and cost by railway with the company. The company has taken same stand on Service Tax for which during the financial year 2014-15, Company has received a show cause notice from the Director General of Central Excise Intelligence, regarding the liability of Service Tax of Rs. 21,359 Lakhs and interest and penalty thereon. A similar statement of demand cum show cause notice has also been received for F. Yr. 2014-15 on 05.04.2016 in which a demand of Rs. 8,207 Lakhs has been raised. For F.Y. 2015-16, 2016-17, 2017-18 (up to 30.06.2017), the statement of demand cum show cause notice in which a total demand of Rs. 21165.83 Lakhs was raised to the company on 22.03.2018.

However assessment under GST has not yet started so the impact of the same is unascertainable.

(c) Note No. 5.2 and 5.4 regarding division of addition and deletion in Bridges, Building, Formation, Plant & Machinery (Project) and Permanent Way (Classified in other intangible assets), any addition or deletion is being adjusted from permanent way only and not done from individual assets. WR has not advised any amount for addition and deletion during the FY 2020-21. The impact of the same and consequent impact on depreciation is unascertainable.

(d) Note No. 5.3 any addition/ deletion in intangible asset as advised by western railway are accounted for in the year of advice by western railway. The above policy does not confers with Accounting on Accrual Basis as per IND AS 1 "Presentation of Financial Statements" hence the impact of the same is not ascertainable.

Further amortization on addition to assets by Western Railways 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.

The impact of the same is not ascertainable.

(e) Note No. 40 regarding non confirmation of receivable including advances and payables, the impact of the same is unascertainable..

(f) Note No. 57

(i) regarding Advances given to Western Railway for Capital Expenditure by Western Railway on behalf of Company has not been adjusted during the year in absence of advice received from Western Railway hence liquidity of advances as on 31.03.2021 is unascertainable and

(ii) Capital Expenditure incurred by Western Railway on behalf of Company for the year ended 31.03.2021 has not been adjusted in absence of advice received from Western Railway. The impact of the same is unascertainable.

(g) Note No. 56 regarding one of the joint venture of the Company (RVNL) is incurring expenditure on behalf of the company under the contract and the same are being accounted for based on its advices without verification the correctness thereof. The impact of the same is unascertainable.

(h) Note No. 49 the company has made short payment of Rs. 712.84 lakhs in aggregate from the financial year 2014-15 to 2020-21 for CSR Expense.

(i) With regards to scrap available with WR no details regarding quantity and value is provided to the company. The impact of the same is unascertainable.

However company has booked amount of Rs. 351.79 lakh during the year from sale of scrap on the basis of advice received from western railway but no details are provided with advice regarding period, quantity and value.

(j) Note No. 23.1 the company is recognized the operational and maintenance cost of as the provisional figures advised by the western railways for the share of operational and maintenance cost due to the company from the operations of the goods train. Operation & Maintenance cost of earlier years in respect of operation of goods trains are accounted for in the year of advice of provisional figure by the Western railway. Operational & Maintenance cost of Rs. 578.53 Cr. In respect of operations of goods trains are accounted for in the year of advice of provisional figures by the Western railway.

The above policy does not confers with Accounting on Accrual Basis as per IND AS-1 **"Presentation of Financial Statements.**

(k) Note No. 21.2 the company is recognized the operating income as per the provisional figures advised by Western Railways for the share of revenue due to the company from the operations of goods trains. Operation revenue of earlier years in respect of operation of goods trains are accounted for in the year of advice of provisional figure by the Western railway. Operating revenue of Rs. 756.09 Cr. In respect of operations of goods trains are accounted for in the year of advice of provisional figures by the Western railway.

The above policy does not confers with Accounting on Accrual Basis as per IND AS-1 **"Presentation of Financial Statements.**

(l) Note No. 28 the company has reversed operational & maintenance cost of Rs. 7,574.57 lakhs as exceptional items during the year on account of refund of excess indirect cost charged by the Western Railway in the year 2018-19 & 2019-20.

The above policy does not confers with Accounting on Accrual Basis as per IND AS-1 **"Presentation of Financial Statements.**

Emphasis of Matters

Without qualifying our report we draw attention to

i. Note No-45 to the financial statements which may effect of reduction in the reserves and sundry debtors by Rs. 2550 lakhs (approx) in the subsequent years as and when advised by the Western Railway.

ii. Note no. 6.2 regarding cost for elimination of 30 unmanned crossings by converting them into manned or by construction of RUB/LHS the company has paid advance of Rs. 1642.41 lakhs. As per instructions issued by Railway Board such cost is to be borne by Railway whereas Western Railway is of the opinion that such cost will be borne by the company. Accordingly the company has requested for refund of Rs. 1642.41 lakhs.

Hence such advances stand disputed for the company.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

* Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

* Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

* Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the above stated audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A"** statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, based on our audit 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 purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the IND AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B".**

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2021, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 40 to the financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

   h) The Comptroller and Auditor General of India has issued revised directions indicating the areas to be examined in terms of Sec. 143(5) of the Act, the compliance of which is set out in **"Annexure C."**

For P. D. Agrawal & Co.
Chartered Accountants
(FRN 001049C)

(Tarun Gupta)
(Partner)
(Membership No. 077468)
UDIN : 21077468AAAADY6997

Place: New Delhi
Date: 01.09.2021

(Annexure-A referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date)

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we report that:

1) **In respect of its fixed assets**

   a) The company is maintaining records showing particulars of fixed assets on the basis of available information without details of quantity and situation / location thereof.

   b) According to the information and explanations given to us, the company has an approved regular program of verification for all assets to cover all the items yearly and no material discrepancies were noticed on verification but in our opinion same does not appear reasonable in absence of information with regard to quantity and location in case of assets under the control of Western Railway. Further, in case of other Assets, under the control of Company, as explained to us, have been physically verified by the management and no material discrepancies were noticed on such verification. However, verification reports were not for all the assets and not in reconciliation with fixed assets register.

   c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has bridges and Building, formation and permanent way in their immovable properties classified in other Intangibles Assets. These are constructed on leasehold land taken from western railway as stated in Concession Agreement on annual lease rent of Rs. 1000.

2) The company did not maintain with it any inventory during the year.

3) In our opinion and according to the information and explanations given to us, the company has not granted any loans secured or unsecured to the Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, clause (iii) (a), (b) and (c) of paragraph 3 of the Order is not applicable.

4) In our opinion and according to the information and explanations given to us, the company has not given loans, guarantees, security or made any investments which need to comply with the section 185 and 186 of Companies Act, 2013.

5) According to the information and explanations given to us, the Company has not accepted any deposit during the year. Since the Company has not accepted any deposits from the public, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 of Companies Act 2013, and rules framed there under, does not arise.

6) According to the information and explanations given to us, the Company is not required to maintain cost records which have been specified by the Central Government under sub-section (1) of section 148 of Companies Act, 2013.

7) (a) According to the records of the company, the company is generally regular in depositing undisputed statutory dues including Sales Tax, Excise Duty, Provident Fund, ESI and Other statutory dues applicable over the company though there has been a delay in case of Tax deducted at source.

   (b) According to the information and explanations 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 duty, wealth tax, excise duty, cess that have not been deposited on account of any dispute except Service tax of ₹ 213.59 crore relating to financial years 2009-10 to 2013-14 for which company received a demand notice from the Director General of Central Excise Intelligence and ₹ 82.07 crore relating to financial year 2014-15 for which a demand cum show cause notice has been received from Principal Commissioner of Service Tax Delhi-I and ₹ 211.66 crore related to F.Y. 2015-16, 2016-17, 2017-18 (upto 30.06.2017) for which statement of demand cum show cause notice was served on 22.03.2018.

8) According to the information and explanation given to us and on the basis of our examination of books of accounts, the company has taken term loan (secured loan) from PNB during the year and the company has not defaulted in repayment of loans and borrowings to any financial institution and bank during the year.

9) The company has not raised any money by way of initial public deposit offer or further public offer, (including debt instrument) during the year. The company has taken term loan from PNB during the year. In our opinion and as per the information and explanation given to us by the management, the Company has applied the money raised during the year by way of term loans for the purposes for which they were raised.

10) During the course of our examination of books and records of the company for the year, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instances of fraud by the company or on the company by its officers or employees, nor any such case have been noticed or reported by the management during the year.

11) According to the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company and hence not commented upon.

13) In our opinion and as per the information and explanation given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details of such transactions have been disclosed in the Notes to the Financial Statements as required by the applicable accounting standards.

14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.

15) In our opinion and as per the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with them. Therefore, the provisions of clause 3 (xv) of the Order are not applicable to the Company.

16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

For P. D. Agrawal & Co.
Chartered Accountants
(FRN 001049C)

(Tarun Gupta)
(Partner)
(Membership No.077468)
UDIN : 21077468AAAADY6997

Place: New Delhi
Date: 01.09.2021

(Annexure- B referred to in paragraph 3(f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date)

We have audited the internal financial controls over financial reporting of KUTCH RAILWAY COMPANY LIMITED ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and suck internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the guidance Note on Audit of Internal financial Controls Over Financial reporting issued by the Institute of Chartered Accountants of India except following material weaknesses identified during the course of audit.

* As per the Operation and Management Agreement executed between the company and WR referring para 3.1.4 part ii, a survey team for quarterly review was to be formed.

  NO such committee has been formed till date. The company needs to take efforts for the same.

* As per the Operation and Management Agreement executed between the company and WR referring para 6.3.2 WR and KRC shall arrange to reconcile the details of traffic before the accounts for the month are closed.

  The same practice is not followed as reconciliation for income and expense are pending for the year as income and expense for previous years are booked during the year.

For P. D. Agrawal & Co.
Chartered Accountants
(FRN 001049C)

(Tarun Gupta)
(Partner)
(Membership No. 077468)
UDIN : 21077468AAAADY6997

Place: New Delhi
Date: 01.09.2021

(Annexure-C referred to in paragraph 3(h) under the heading 'Report on Other Legal and Regulatory Requirements' as our report of even date)

S. No.	Directions	Our Report
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, the company has system in place to process all the accounting transactions through IT system. No such case observed.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/ interest etc. made by a lender to the company due to company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company).	There is no such case observed. The company has availed Term Loan (Secured) Rs.276.15 crores against the sanctioned amount of Rs. 1000 crores during the year.
3.	Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	No such funds received.

For P. D. Agrawal & Co.
Chartered Accountants
(FRN 001049C)

(Tarun Gupta)
(Partner)
(Membership No. 077468)
UDIN : 21077468AAAADY6997

Place: New Delhi
Date: 01.09.2021

BALANCE SHEET AS AT MARCH 31, 2021

(₹ in Lakhs)

	Particulars	Note No.	As at 31st March 2021		As at 31st March 2020	
I.	**ASSETS**					
1	**Non-current assets**					
	(a) Property, Plant and equipment	3	72.91		54.32	
	(b) Right of Use Assets	4	71.31		111.72	
	(c) Other Intangible assets	5	60,608.19		64,250.24	
	(d) Intangible assets under development	6	1,98,216.16		1,26,438.56	
	(e) Financial Assets					
	(i) Loans	7	15.15		11.50	
	(f) Deferred Tax Assets(Net)	16	13,507.03		8,552.69	
	(g) Other non-current assets	8	15,872.87	2,88,363.62	13,810.90	2,13,229.93
2	**Current assets**					
	(a) Financial Assets	9				
	(i) Cash and cash equivalents	9.1	0.45		1,160.31	
	(ii) Bank Balances other than (i) above	9.2	1,386.09		15,998.21	
	(iii) Others	9.3	0.36		873.70	
	(b) Current Tax Assets (Net)	10	-		743.86	
	(c) Other current assets	11	87.25	1,474.15	9.08	18,785.16
	Total Assets			**2,89,837.77**		**2,32,015.09**
II.	**EQUITY AND LIABILITIES**					
1	**Equity**					
	(a) Equity Share Capital	12	25,000.00		25,000.00	
	(b) Other Equity	13	1,54,332.13	1,79,332.13	1,35,554.31	1,60,554.31
2	**Liabilities**					
(i)	**Non-current liabilities**					
	(a) Financial Liabilities	14				
	(i) Borrowings	14.1	27,615.16		-	
	(ii) Trade Payable	14.2				
	- Total outstanding dues of micro enterprises and small enterprises		-		-	
	- Total outstanding dues of creditors other than micro enterprises and small enterprises		24,973.86		25,835.93	
	(iii) Other Financial Liabilities	14.3	35.30		78.70	
	(b) Provisions	15	288.44		250.61	
	(c) Other Non-Current Liabilities	17	23,800.51	76,713.27	25,423.27	51,588.51
(ii)	**Current liabilities**					
	(a) Financial Liabilities	18				
	(i) Trade Payable	18.1				
	- Total outstanding dues of micro enterprises and small enterprises		-		-	
	- Total outstanding dues of creditors otherthan micro enterprises and small enterprises		31,490.05		18,097.07	
	(ii) Other financial liabilities	18.2	144.89		98.95	
	(b) Other current liabilities	19	2,036.84		1,640.71	
	(c) Short Term Provisions	20	2.35		35.54	
	(d) Current tax Liabilities (Net)	10	118.24	33,792.37	-	19,872.27
	Total Equity and Liabilities		**2,89,837.77**		**2,32,015.09**	
III.	See accompanying notes to the financial statements		1 to 62			

As per our report of even date attached

For **P. D. Agrawal & Co.**
Chartered Accountants
FRN: 001049C

Sd/-
(Tarun Gupta)
M. No. : 077468

Place: New Delhi
Date: 01.09.2021

For & on behalf of the Board of Directors

Vijay Anand
Managing Director
(DIN : 01874842)

Dr. Meenu Dang
Director
(DIN : 05171078)

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

Gyanendra Kr Srivastav
(Chief Financial Officer)

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31st MARCH, 2021

(₹ in Lakhs)

	Particulars	Note No.	for the Year ended 31st March, 2021	for the Year ended 31st March, 2020
I.	**Revenue :**			
	Revenue from operations	21	147,386.13	141,977.25
II.	Other income	22	2,550.94	5,886.64
III.	**Total Income (I + II)**		**149,937.07**	**147,863.89**
IV.	**Expenses:**			
	Operating and other Expenses	23	129,630.16	134,987.37
	Employee benefits expenses	24	406.95	372.62
	Finance Cost	25	2,326.08	2,355.01
	Depreciation and amortization expenses	26	3,695.21	2,355.93
	Other Expenses	27	386.67	922.01
	Total Expenses (IV)		**136,445.07**	**140,992.94**
V.	**Profit/loss Before exceptional items and Tax (III - IV)**		13,492.00	6,870.95
VI.	Exceptional items	28	(7,574.57)	-
VII.	Profit/(Loss) before tax (V - VI)		**21,066.57**	**6,870.95**
VIII.	Tax expense:			
	(1) Current tax			
	- For the year	29	3,750.01	1,268.82
	- For earlier years (net)		-	-
	(2) Deferred tax (net)	16	(1,506.31)	2,581.68
	(3) MAT Credit	16	(3,450.45)	(0.93)
	Total Tax Expense (VIII)		(1,206.75)	3,849.57
IX	**Profit/(loss) for the period from continuing operation (VII - VIII)**		**22,273.32**	**3,021.38**
X	Profit/(loss) from discontinued operations			
XI	Tax Expense of discontinued operations			
XII	Profit/(loss) from discontinued operations (after tax) (X-XI)			
XIII	**Profit/(loss) for the period (IX+XII)**		**22,273.32**	**3,021.38**
XIV	**Other Comprehensive Income**			
	A. (i) Items that will not be reclassified to profit and loss	30	6.92	1.59
	(ii) Income Tax relating to Items that will not be reclassified to profit and loss		(2.42)	(0.56)
	B. (i) Items that will be reclassified to profit and loss			
	(ii) Income Tax relating to Items that will be reclassified to profit and loss			
XV.	**Total Comprehensive Income for the period (XIII +XIV) (Comprehensive profit and other comprehensive income for the period)**		**22,277.82**	**3,022.41**
XVI.	Earnings Per Equity Share:			
	(For Continuing Operation)			
	(1) Basic (Face Value Rs. 10 Per share)	31	8.91	1.21
	(2) Diluted (Face Value Rs. 10 Per share)	31	8.91	1.21
XVII.	Earnings Per Equity Share:			
	(For discontinuing Operation)			
	(1) Basic (Face Value Rs. 10 Per share)	31	-	-
	(2) Diluted (Face Value Rs. 10 Per share)	31	-	-
XVIII.	Earnings Per Equity Share:			
	(For discontinued and continuing Operation)			
	(1) Basic (Face Value Rs. 10 Per share)	31	8.91	1.21
	(2) Diluted (Face Value Rs. 10 Per share)	31	8.91	1.21

The accompanying notes are integral part of financial statements 1 to 62

As per our report of even date attached

For **P. D. Agrawal & Co.**
Chartered Accountants
FRN: 001049C

Sd/-
(Tarun Gupta)
M. No. : 077468

Place: New Delhi
Date: 01.09.2021

For & on behalf of the Board of Directors

Vijay Anand
Managing Director
(DIN : 01874842)

Dr. Meenu Dang
Director
(DIN : 05171078)

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

Gyanendra Kr Srivastav
(Chief Financial Officer)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021

(₹ in Lakhs)

Particulars		As At 31st March, 2021		As At 31st March, 2020	
CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit before taxation		21,066.57		6,870.95	
Adjustment for :					
Depreciation & amortization expenses		3,695.21		2,355.93	
Loss / (Profit) on sale of assets(net)		1.70		(74.69)	
Interest Income		(445.42)		(3,628.32)	
Interest on lease liabilities		9.67		12.40	
Unwinding of discount on Security Deposit		(0.95)		(0.84)	
Unwinding of Discount on Overhead Cost Payable		2,276.24		2,342.30	
Income from reversal of deferred Overhead costs payable		(1,622.76)		(1,622.76)	
Rent Expense - reversal of fair value adjustment of security deposit		0.83		0.81	
Operating Profit before working capital changes	**(1)**	**24,981.09**		**6,255.78**	
Adjustment for :					
Decrease / (Increase) in Other Financial current Assets		(0.22)		9.82	
Decrease / (Increase) in Other Current Assets		(78.17)		(0.84)	
Decrease / (Increase) in Other Non current Financial Assets		(2.70)		-	
Decrease / (Increase) in Other Non Current Assets		(0.10)		(0.00)	
(Decrease) / Increase in Trade Payables		10,254.67		3,587.18	
(Decrease) / Increase in Other Non Current Liability		(0.00)		-	
(Decrease) / Increase in Other Current Financial Liability		42.56		(39.75)	
(Decrease) / Increase in Other Non-Current Financial Liability		-		-	
(Decrease) / Increase in Other Current Liability		396.13		(235.99)	
(Decrease) / Increase in Provisions		44.75		26.56	
(Decrease) / Increase in Current Provisions		(33.19)		28.26	
	(2)	**10,623.73**		**3,375.23**	
Cash generated from operation	**(1+2)**	**35,604.82**		**9,631.01**	
Income Tax Paid		(2,887.91)		1,350.03	
NET CASH FROM OPERATING ACTIVITIES	**(A)**		**32,716.92**		**10,981.04**
CASH FLOW FROM INVESTING ACTIVITIES					
Capital Expenditure on PPE,Other Intangible Assets & Intangible under Development		(71,811.11)		(57,033.93)	
Proceeds from disposal of Assets		0.48		2,076.06	
Capital Advances given during the year		(2,062.70)		(3,591.03)	
Interest Received		1,318.97		5,769.75	
Decrease / (Increase) in Bank Balance other than those taken to Cash & Cash Equivalent		14,612.10		47,750.23	
NET CASH FROM INVESTING ACTIVITIES	**(B)**		**(57,942.26)**		**(5,028.92)**
CASH FLOW FROM FINANCING ACTIVITIES					
Dividend (including Dividend Distribution Tax) paid		(3,500.00)		(4,829.96)	
Principal portion of lease liability		(40.01)		(33.42)	
Interest portion of lease liability		(9.67)		(12.40)	
Loan from the PNB		27,615.16		-	
NET CASH FROM FINANCING ACTIVITIES	**(C)**		**24,065.48**		**(4,875.78)**
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT (A+B+C)			**(1,159.86)**		**1,076.34**
CASH AND CASH EQUIVALENT (OPENING)	**(D)**		**1,160.31**		**83.97**
Cash Balances			**0.19**		**0.09**

Balance with Banks		**160.12**	**83.88**
Deposits with original maturity of less than 3 months		**1,000.00**	**-**
CASH AND CASH EQUIVALENT (CLOSING)	**(E)**	**0.45**	**1,160.31**
Cash Balances		**0.09**	**0.19**
Balance with Banks		**0.36**	**160.12**
Deposits with original maturity of less than 3 months		**-**	**1,000.00**
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT (E - D)		**(1,159.86)**	**1,076.34**

Notes:-

1. The Cash Flow Statement has been prepared under the Indirect method as set out in IndAS-7 on "Statement of Cash Flow".
2. The company adopted the amendment to Ind-AS 7 effective from April 1, 2017, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.
3. **Reconcilation of Liabilities arising from financing activities**

(Rs. in Lakhs)

Particulars	**Lease Liabilities**	**Borrowings**
Balance at 1st April, 2020	118.71	-
Cash flows:-		
-Repayment	49.68	-
-Proceeds	-	27,615.16
Non-Cash:-		
- Fair Value	9.67	-
-Additions to right of use assets in exchange for increased lease liabilities	**-**	**-**
Balance at 31st March, 2021	**78.70**	**27,615.16**

(Rs. in Lakhs)

Particulars	**Lease Liabilities**
Balance at 1st April, 2019	
Adoption of Ind AS-116	152.13
Restated Balance at 1st April, 2019	**152.13**
Cash flows:-	
-Repayment	45.82
-Proceeds	-
Non-Cash:-	
- Fair Value	12.40
-Additions to right of use assets in exchange for increased lease liabilities	**-**
Balance at 31st March, 2020	**118.71**

As per our report of even date attached

For **P. D. Agrawal & Co.**
Chartered Accountants
FRN: 001049C

Sd/-
(Tarun Gupta)
M. No. : 077468

Place: New Delhi
Date: 01.09.2021

For & on behalf of the Board of Directors

Vijay Anand
Managing Director
(DIN : 01874842)

Dr. Meenu Dang
Director
(DIN : 05171078)

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

Gyanendra Kr Srivastav
(Chief Financial Officer)

Statement of changes in equity for the period ended 31 March 2021

A. Equity share capital

(₹ in Lakhs)

Particulars	No. of shares in lakhs	Amount
Balance at April 1, 2020	2,500	25,000
Changes in equity share capital during the year		
(a) issue of equity shares capital during the year	-	-
Balance at March 31, 2021	**2,500**	**25,000**

B. Other Equity

Particulars	Reserve & Surplus		
	General Reserve	Retained Earnings	Total
Balance at the beginning of the year	879.52	134,674.79	135,554.31
Changes in accounting policy or prior period errors	-	-	-
Restated balance at the beginning of the reporting year	**879.52**	**134,674.79**	**135,554.31**
Profit for the year	-	22,273.32	22,273.32
Other Comprehensive Income for the year (net of income tax)	-	4.50	4.50
Total Comprehensive Income for the year	**-**	**22,277.82**	**22,277.82**
Dividends(including DDT)	-	(3,500.00)	(3,500.00)
Prior Period Adjustment	-	-	-
Transfer to retained earning	-	-	-
Balance at 31 March 2021	**879.52**	**153,452.61**	**154,332.13**

As per our report of even date attached

For **P. D. Agrawal & Co.**
Chartered Accountants
FRN: 001049C

Sd/-
(Tarun Gupta)
M. No. : 077468

Place: New Delhi
Date: 01.09.2021

For & on behalf of the Board of Directors

Vijay Anand
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(Company Secretary)
M.No.: F3640

Gyanendra Kr Srivastav
(Chief Financial Officer)

Statement of changes in equity for the period ended 31 March 2020

A. Equity share capital

(₹ in Lakhs)

Particulars	No. of shares in lakhs	Amount
Balance at April 1, 2019	2,500	25,000
Changes in equity share capital during the year		
(a) issue of equity shares capital during the year	-	-
Balance at March 31, 2020	**2,500**	**25,000**

B. Other Equity

Particulars	Reserve & Surplus		
	General Reserve	Retained Earnings	Total
Balance at the beginning of the year	**879.52**	**136,482.34**	**137,361.86**
Changes in accounting policy or prior period errors	-	-	-
Restated balance at the beginning of the reporting period	879.52	136,482.34	137,361.86
Profit for the period	-	3,021.38	3,021.38
Other Comprehensive Income for the year (net of income tax)	-	1.03	1.03
Total Comprehensive Income for the year	**-**	**3,022.41**	**3,022.41**
Dividends(including DDT)	-	(4,829.96)	(4,829.96)
Prior Period Adjustment	-	-	-
Transfer to retained earning	-	-	-
Balance at 31 March 2020	**879.52**	**134,674.79**	**135,554.31**

As per our report of even date attached

For **P. D. Agrawal & Co.**
Chartered Accountants
FRN: 001049C

Sd/-
(Tarun Gupta)
M. No. : 077468

Place: New Delhi
Date: 01.09.2021

For & on behalf of the Board of Directors

Vijay Anand
Managing Director
(DIN : 01874842)

Dr. Meenu Dang
Director
(DIN : 05171078)

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

Gyanendra Kr Srivastav
(Chief Financial Officer)

Accounting policies and measurement methods

NOTES FORMING PART OF FINANCIAL STATEMENTS ENDED 31ST MARCH, 2021

1 Corporate Information

Kutch Railway Company Limited (KRC) is a public limited company domiciled and was incorporated in India on January 22, 2004 as a Special purpose Vehicle (SPV) with the objective of the gauge conversion of the existing 301 Km railway line between Gandhidham and Palanpur in Gujarat. The Company is a Joint Venture between Rail Vikas Nigam Limited (RVNL), Mundra Ports & SEZ Ltd, Kandla Port Trust and Govt. of Gujarat. The registered office of the company is located at Suit No. 15 - 22, 2nd Floor, Indra Palace, H- Block, Connaught Circus, New Delhi.

The Company has entered into a Concession Agreement with President of India, through Executive Director (Perspective Planning) of the Ministry of Railways (MoR), Government of India, Rail Bhawan, New Delhi on November 8, 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 of the project. It also defines obligation of the company to be performed by it. The agreement is granted for 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 Schedule -A thereto. Upon expiry, the company is required to hand over the project assets to Ministry of Railways free from all encumbrances whatsover.Upon transfer the company shall be entitled to receive amount equal to book value of the project assets.

2 Basis of Preparation

2.1 Statement of Compliance

The financial statements as at and for the year ended 31 March 2021 have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under section 133 of the Companies Act 2013 as Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

2.2 Basis of Measurement

(i) The financial statements have been prepared under the historical cost convention and on an accrual basis, except for the following item that have been measured at fair value as required by relevant Ind-AS:

(a) Defined benefit Plan and other long term employee benefits
(b) Certain financial assets and liabilities measured at fair value.

(ii) Current vs non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

(i) Expected to be realized or intended to be sold or consumed in normal operating cycle
(ii) Held primarily for the purpose of trading
(iii) Expected to be realized within twelve months after the reporting period, or
(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Company classifies all other assets as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle
(ii) It is held primarily for the purpose of trading
(iii) It is due to be settled within twelve months after the reporting period, or
(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.3 Use of estimates and judgment

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of financial statements and the reported amount of income and expenses. Such estimates include estimation of useful life of property, plant and equipment, intangible assets and future obligation under employee benefit plan. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Future results could differ due to changes in these estimates and difference between the actual result and the estimates are recognized in the period in which the results are known /materialize.

All financial information presented in Indian rupees and all values are rounded to the nearest lakhs upto two decimals except where otherwise stated.

2.4 Statement of Cash flow

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

For the purposes of the cash flow statement, cash and cash equivalents include cash in hand, cash at banks, net of outstanding bank overdrafts that are repayable on demand are considered part of the Company's cash management system.

The company has adopted the amendment to Ind-AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosures requirement. The adoption of amendment did not have any material effect on the financial statements.

2.5 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (i.e. Functional Currency). The financial statements are presented in Indian rupees, which is the functional and presentation currency of the company.

2.6 Property, plant and equipment

(a) Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any.

Cost of asset includes the following:

i. Cost directly attributable to the acquisition of the assets

ii. Present value of the estimated costs of dismantling & removing the items & restoring the site on which it is located if recognition criteria are met.

(b) Cost of replacement, major inspection, repair of significant parts are capitalized if the recognition criteria are met.

(c) An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of assets. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in statement of profit or loss.

Depreciation

(a) Depreciation on Property, plant and Equipment is provided on pro-rata basis on Straight Line Method (SLM) over the useful life of the assets as specified in Schedule II of the Companies Act, 2013.

(b) Each part of an item of Property, Plant and Equipment is depreciated separately if the cost of part is significant in relation to the total cost of the item and useful life of that part is different from the useful life of remaining asset.

The estimated useful life of assets for current and comparative year of significant items of property plant and equipment are as follows:

Particulars

Nature of Assets	**Useful Life (Years)**
Plant & Machinery	15
Office Equipments	05
Electronic Data Processing Assets	03
Furniture & Fixtures	10
Vehicles	08

(c) Depreciation methods, useful lives and residual values are reviewed at each reporting date, with the effect of change in estimate accounted for on a prospective basis.

2.7 Intangible Assets

(a) Freight Sharing Right (Railway Line under Service Concession Arrangement :SCA)

The company recognizes an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition by reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost less accumulated amortization and accumulated impairment losses.

The useful life of an intangible asset in a service concession arrangement is the period from when the company is able to charge the public for the use of the infrastructure to the end of the concession period i.e 32 years.

Freight sharing right is amortised using the straight line method on prorata basis from the date of addition or from the date when the right is brought into service whichever is later, to the expiry of concession period.

Amortisation methods and useful lives are reviewed at each reporting date, with the effect of change in estimate accounted for on a prospective basis.

The carrying value of intangible asset is reviewed for impairment annually or more often if events or changes in circumstances indicate that the carrying value may not be recoverable.

(b) Other Than Freight Sharing Right

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at historical cost less accumulated amortization and impairment loss, if any.

Amortisation

Intangible assets other than freight sharing right are amortised over the useful life of the assets on pro rata basis.

2.8 Intangible Asset Under Development :

Freight sharing right under development

i. Indirect expenses incidental to construction of various assets are being 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 Intangible assets under development .

iv. The addition/deletion in the Intangible assets under development (advised by Western Railway) are accounted for in the year of advice by Western Railway.

2.9 Revenue Recognition

a) Revenue from Contracts with Customers

Revenue from contract with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue from Railway Operation

The operating income of the company is recognized on point in time at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Construction Contract Revenue under SCA

Revenue related to construction or upgrade services under a service concession arrangement is recognized based on the stage of completion of the work performed, when the outcome of construction contract can be measured reliably and where the outcome of construction contract can not be measured reliably , revenue is recognised only to the extent of contract cost incurred that is probable to be recoverable.Performance obligation is measured by the company on the basis of inputs to the satisfaction of a performance obligation (i.e. Input Method).

b) Other Revenue Recognition

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable using Effective Interest rate Method.

Insurance claims are accounted for on receipt basis. Claims other than insurance claims are accounted for only on recognition of such claims by the party on whom such claim is made.

2.10 Leasing

(i) The Company Recognizes a right-of- use asset and a lease liability at the lease commencement date. The right of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date , plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(ii) The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-to-use-asset or the end of the lease term. The estimated useful life of the right-to-use asset is determined on the same basis as those of property, plant and equipment. In addition, the right-to-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(iii) The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate.

(iv) The lease liability is measured at amortized cost using the effective interest method, it is remeasured when there is a change in future lease payments from a change in an index or rate. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right -of-use asset, or is recorded in the profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(v) The Company presents right-of-use asset that do not meet the definition of Investment property seperately on the face of the Financial statements under the “Right of Use Assets” and lease liabilities in “other financial liabilities” in the Balance Sheet.

(vi) Short term Lease and Leases of low value assets.The Company has elected not to recognize right-of-use asset and lease liabilities for short term leases that have lease term of 12 months or less and leases of low value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As A Lessor

(i) When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all the risk and rewards incidental to the ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not then it is an operating lease. As part of the assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(ii) If an arrangement contains lease and non-lease components, the Company applies Ind AS-115 “Revenue from contract with customers” to allocate the consideration in the contract.

(iii) The Company recognizes lease payments received under operating lease as income on a straight-line basis over the lease term as part of “Other Income”.

2.11 Impairment of non-financial assets

In accordance with Indian Accounting Standard-36 Impairment of Assets , the carrying amounts of Company's assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated as the higher of the net selling price or the value in use. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

2.12 Employee Benefits

(a) Short Term Employee Benefits:The undiscounted amount of short term employee benefits expected to be paid for the services rendered are recognized as an expense during the year when the employees render the services.

(b) Post-employment benefits & other Long Term Employee Benefits:i. Retirement benefits in the form of provident fund are defined contribution schemes. The contributions to the provident fund are charged to the statement to the Profit and loss for the year when the contributions are due.ii. Under the defined retirement plan, the company provides retirement obligation in the form of Gratuity. For defined retirement plans, the difference between the fair value of plan assets and the present value of plan liabilities is recognized as an assets and liabilities in the statement of financial position. The cost of providing benefit is determined on the basis of actuarial valuation using the projected unit credit method at each year-end and is charged to the Statement of Profit & Loss.iii. Provision for long term Leave Encashment is made based on actuarial valuation at the year end.iv. Actuarial gains or losses are recognized in other comprehensive income.v.Re-measurements recognised in other comprehensive income comprise of actuarial gains or losses that are not reclassified to profit or loss from other comprehensive income in subsequent periods. Retirement Benefits Liability in respect of Gratuity and leave encashment is provided on the basis of actuarial valuation.

2.13 Taxes

(a) Current income tax

i. Current income tax is determined as per the provisions of the Income Tax Act in respect of taxable income for the year.

ii. Current income tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Liability for additional taxes, if any, is provided / paid as and when assessments are completed.

iii. Current tax related to OCI Items is recognized in Other Comprehensive Income (OCI).

(b) Deferred tax

i. Deferred income tax assets and liabilities are recognized for temporary differences which is computed using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

ii. Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

iii. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

iv. Deferred tax related to OCI Item are recognized in Other Comprehensive Income (OCI).

v. The company has started availing the deduction u/s 80IA of the Income Tax Act,1961 from the Assessment Year 2013-14,due to which there will be a tax holiday period of 10 years i.e. up to Assessment years 2022-23.Therefore in accordance with Ind AS-12 ,the deferred tax in respect of timing differences which are likely to be reversed during the tax holiday is not recognised to that extent.

(c) Minimum Alternative Tax

Minimum Alternative Tax credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.14 Earnings Per Share

In determining basic earnings per share, the company considers the net profit attributable to equity shareholders. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. In determining diluted earnings per share, the net profit attributable to equity shareholders and weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

2.15 Provisions, Contingent Liabilities and contingent Assets

(a) Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date. Provisions are reviewed at each Balance Sheet date.

Provision which expected to be settled beyond 12 months are measured at the present value by using pre-tax discount rate that reflects the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expenses.

(b) Contingent Liabilities are disclosed in either of the following cases:

i. A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation; or
ii. A reliable estimate of the present obligation cannot be made; or
iii. A possible obligation, unless the probability of outflow of resource is remote.

(c) Contingent Liability is net of estimated provisions considering possible outflow on settlement.

(d) Contingent Liability and Provisions needed against Contingent Liability and Contingent Assets are reviewed at each Reporting date.

(e) Contingent assets is disclosed where an inflow of economic benefits is probable.

2.16 Fair Value Measurement

Company measures financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.The principal or the most advantageous market must be accessible to the company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

1- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
2 - Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
3 - Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

At the reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The fair value of an intangible asset received as consideration for providing construction services in a service concession arrangement is estimated by reference to the fair value of the construction services provided.

2.17 Dividend to equity holders

Dividend paid/payable shall be recognised in the year in which the related dividends are approved by shareholders or board of directors as appropriates.

2.18 Financial instruments:-

(a) Initial recognition and measurement

Financial Instruments recognized at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

(b) Subsequent measurement

Financial Assets

Financial assets are classified in following categories:

At Amortised Cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

i. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost using effective interest rate method less impairment if any. The EIR amortisation is included in finance income in the statement of profit and loss.

At Fair Value Through Other Comprehensive Income

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned is recognised using the EIR method.

At Fair Value Through Profit and Loss

FVTPL is a residual category for financial Assets. Any financial assets, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the company may elect to designate financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. If doing so reduces or eliminates a measurement or recognition inconsistency. The company has not designated any financial asset as at FVTPL.

Financial liabilities

Financial liabilities at Amortised Cost

Financial liabilities initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method.

Financial liabilities at FVTPL

The company has not designated any financial liabilities at FVTPL.

(c) Derecognising

Financial Asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized only when the contractual rights to the cash flows from the asset expires or it transfers the financial assets and substantially all risks and rewards of the ownership of the asset.

Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognising of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

(d) Impairment of financial assets:

Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows' simplified approach' for recognition of impairment loss allowance on trade receivable. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applies on whether there has been significant increase in credit risk.

ECL impairment loss allowance (or reversal) recognised during the year is recognised as income/expense in the statement of profit and loss.

2.19Non-current Assets held for Sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate sale in its present condition, it is unlikely that the sale will be withdrawn and sale is expected within one year from the date of the classification. Disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale if any are presented separately in the balance sheet.

If the criteria stated by IND AS 105 "Non-current Assets Held for Sale and Discontinued Operations" are no longer met, the disposal group ceases to be classified as held for sale.Non-current asset that ceases to be classified as held for sale are measured at the lower of (i) its carrying amount before the asset was classified as held for sale, adjusted for depreciation that would have been recognised had that asset not been classified as held for sale, and (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

2.20Material Events

Material events occurring after the Balance Sheet date are taken into cognizance.

2.21 The accounting policies that are currently not relevant to the company have not been disclosed. When such accounting policies become relevant, the same shall be disclosed.

2.22Standard/Amendments issued but not yet effective

MCA had issued the Indian Accounting Standards Amendments Rules, 2021 vide notification dated 18th June 2021.In the Indian Accounting Standards Amendments Rules, 2021, amendments has been made in following standards:-1. First-time Adoption of Indian Accounting Standards (Ind AS-101)2.Share-based Payment (Ind AS-102)3. Business Combinations (Ind AS-103)4. Insurance Contracts1 (Ind AS-104)5. Non-current Assets Held for Sale and Discontinued Operations (IndAS-105)6.Exploration for and Evaluation of Mineral Resources (Ind AS-106)7. Financial Instruments: Disclosures (Ind AS-107)8. Financial Instruments (Ind AS-109)9. Joint Arrangements (Ind AS-111)10. Regulatory Deferral Accounts (Ind AS-114)11. Revenue from Contracts with Customers (Ind AS-115)12. Leases (IndAS-116)13. Presentation of Financial Statements (Ind AS-1)14. Accounting Policies, Changes in Accounting Estimates and Errors (Ind AS-8)15. Income Taxes (Ind AS-12)16. Property, Plant and Equipment (Ind AS-16)17. Consolidated and Separate Financial Statements (Ind AS-27)18. Investments in Associates and Joint Ventures (Ind AS-28)19. Interim Financial Reporting (Ind AS-34)20. Provisions, Contingent Liabilities and Contingent Assets (Ind AS-37)21. Intangible Assets (Ind AS-38)22. Investment Property (Ind AS-40)

The effective date of these amendments is annual year beginning on or after 1st April 2021. The Company is currently evaluating the impact of the amendments and has not yet determined the impact on the financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

3. Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Vehicle	Plant & Machinery	Furniture & Fixture	Computers	Total
At Cost or Deemed Cost					
At 1st April 2019	**8.56**	**8.06**	**67.03**	**7.63**	**91.28**
Additions	14.05	1.79	0.57	11.48	27.89
Disposals/Adjustments	(5.84)	(0.46)	-	-	(6.30)
At 31st March 2020	**16.77**	**9.39**	**67.60**	**19.11**	**112.87**
Additions	20.34	6.79	1.52	4.65	33.30
Disposals/Adjustments	-	(1.46)	(1.64)	(1.09)	(4.19)
At 31st March 2021	**37.11**	**14.72**	**67.48**	**22.67**	**141.98**
Accumlated Depreciation and impairment					
At 1st April 2019	**5.20**	**5.66**	**35.57**	**5.84**	**52.27**
Depreciation charge for the year	0.37	1.29	6.30	3.99	11.95
Impairment		-			
Disposals/Adjustments	(5.35)	(0.32)	-	-	(5.67)
At 31st March 2020	**0.22**	**6.63**	**41.87**	**9.83**	**58.55**
Depreciation charge for the year	1.74	1.74	4.63	4.42	12.53
Impairment					
Disposals/Adjustments	-	(0.44)	(0.61)	(0.96)	(2.01)
At 31st March 2021	**1.96**	**7.93**	**45.89**	**13.29**	**69.07**
Net book value					
At 31st March 2021	**35.15**	**6.79**	**21.59**	**9.38**	**72.91**
At 31st March 2020	**16.55**	**2.76**	**25.73**	**9.28**	**54.32**

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

4. Right of Use Assets

(₹ in Lakhs)

Particulars	Buildings	Total
At Cost or Deemed Cost		
At 1st April 2019	**-**	**-**
Additions	152.13	**152.13**
Disposals/Adjustments	-	-
At 31st March 2020	**152.13**	**152.13**
Additions	-	-
Disposals/Adjustments	-	-
At 31st March 2021	**152.13**	**152.13**
Accumlated Depreciation and impairment		
At 1st April 2019	**-**	**-**
Depreciation charge for the year	40.41	**40.41**
Impairment	-	-
Disposals/Adjustments	-	-
At 31st March 2020	**40.41**	**40.41**
Depreciation charge for the year	40.41	**40.41**
Impairment	-	-
Disposals/Adjustments	-	-
At 31st March 2021	**80.82**	**80.82**
Net book value		
At 31st March 2021	**71.31**	**71.31**
At 31st March 2020	**111.72**	**111.72**

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

5. Other Intangible Assets

(₹ in Lakhs)

Particulars	Computer Software	Freight Sharing Right	Total
At Cost or deemed cost			
At 1st April 2019	**0.01**	**42,668.03**	**42,668.04**
Addition during the year	-	33,058.66	33,058.66
Disposal/Adjustments	-	2,000.73	2,000.73
At 31st March 2020	**0.01**	**73,725.96**	**73,725.97**
Addition during the year	0.21	-	0.21
Disposal/Adjustments		-	
At 31st March 2021	**0.22**	**73,725.96**	**73,726.18**
Amortisation and Impairment			
At 1st April 2019		**7,244.96**	**7,244.96**
Amortisation	-	2,303.56	2,303.56
Disposal/Adjustments		(72.80)	(72.80)
At 31st March 2020	**-**	**9,475.72**	**9,475.72**
Amortisation	0.03	3,642.24	3,642.27
Disposal/Adjustments	-	-	-
At 31st March 2021	**0.03**	**13,117.96**	**13,117.99**
Net book value			
At 31st March 2021	**0.19**	**60,608.00**	**60,608.19**
At 31st March 2020	**0.01**	**64,250.23**	**64,250.24**

5.1 Amortisation on other intangible assets included in note 26 Depreciation & Amortisation.

5.2 The capital cost incurred and advised by WR to the tune of ₹ Nil Lakhs during the year ended 31, March 2021 (FY 19-20, ₹ 2787.27 Lakhs) has been debited in Intangible assets (Freight sharing right) i:e - Permanent Way only.

5.3 The addition/deletion in the above intangible assets as advised by western railway are accounted for in the year of advice by western railway.Amortisation 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.

5.4 Western Railway (WR) has provided the consolidated figures in respect of deletion during the FY 2020-21 amounting to ₹ Nil Lakhs (during the F.Y 2019-20 amounting to ₹ 2000.73 lakh) in Intangible assets (Freight sharing right) i.e. Bridges & Buildings, Formation, Plant & Machinery (Project) and Permanent Way. They have expressed their inability to provide assets wise break up of deletion. In absence of the same, the total deletion has been reduced from the Permanent Way only.

5.5 Deletion during the F.Y 2019-20 from Intangible assets (Freight sharing right) as advised by Western Railway are assumed to be out of additions made during the financial year 2016-17, 2017-18 & 2018-19. No depreciation has been charged on these assets since 31 March,2020

5.6 Amortisation of ₹ 72.80 lakhs has beeen reduced from the Amortisation reserve and accounted as profit on sale of fixed assets.

KUTCH RAILWAY COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS ENDED 31ST MARCH, 2021

6. Intangible Assets under Development

(₹ in Lakhs)

Particulars		2019-20		2020-21	
	As at 1st April 2019	**Additions/ Deduction**	**As at 31st March 2020**	**Additions/ Deduction/**	**As at 31st March 2021**
Bhildi Running Room	358.42	-	358.42	-	358.42
Intermediate Block Section	653.47	-	653.47	-	653.47
Data Logger	61.61	-	61.61	-	61.61
PNU-SIOB Doubling	98,779.39	23,874.58	122,653.97	71,777.60	194,431.57
AT Weld -ADEN-GIM & RDHP	256.78	-	256.78	-	256.78
Radhanpur RCC Overhead Tank	7.09	-	7.09	-	7.09
Residence for ADSTE-RDHP	9.75	-	9.75	-	9.75
Strengthening of Bridges	286.05	-	286.05	-	286.05
Track Fitting Renewal	1,107.05	-	1,107.05	-	1,107.05
Track Renewal Work	304.69	-	304.69	-	304.69
Through Weld Renewal & related work	112.19	-	112.19	-	112.19
Bankability Study	11.95	-	11.95	-	11.95
Laying of OFC	474.08	-	474.08	-	474.08
Deep Borewell Bhildi	15.51	-	15.51	-	15.51
PNU-SIOB Doubling Survey	125.96	-	125.96	-	125.96
Total	**102,563.98**	**23,874.58**	**126,438.56**	**71,777.60**	**198,216.16**

6.1 Western Railways has not provided the details about the works being carried out by them as on 31 March, 2021 , therefore the same has not been accounted for.

6.2 Western Railway has given the estimate of ₹ 2125.00 lakhs for elimination of 30 unmaned level crossings and expenditure of ₹ 48.15 Lakhs has been incurred for which company has deposited ₹ 1642.41 lakhs which has been shown as capital advances, since this liability is disputed the same has not been provided in Intangible Assets Under Development.

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

7. Financial Assets - Loans

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Considered Good : Unsecured		
At Amortised Cost		
Security Deposits	15.15	11.50
Total	**15.15**	**11.50**

8. Other non-current assets

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
a) **Capital Advances**		
Unsecured, considered good		
Advances for various project expenditure	15,872.27	13,809.57
b) **Others**		
Prepaid Rent *	0.60	1.33
Total	**15,872.87**	**13,810.90**

* It represents unamortised portion of the difference between the fair value of financial assets on initial recognition and expenditure incurred.

9. Financial Assets - Current

9.1. Cash and Cash equivalent

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Cash in hand	0.09	0.19
Balances with banks:		
– On current accounts	0.36	6.62
– On flexi accounts	-	153.50
Deposits with original maturity of 3 months or less	-	1,000.00
Total	**0.45**	**1,160.31**

9.2. Bank Balances other than Cash and Cash equivalent

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Other Bank Balances		
– Deposits with original maturity of more than 3 months but less than 12 months	1,100.00	15,998.21
Balance in Escrow Account	286.04	-
Balance in Dividend Account	0.05	-
Total	**1,386.09**	**15,998.21**

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

Note 9.2.1

The Amount lying in Escrow Account can be used by company in compliance with terms of Loan Agreement

9.3. Other Current Financial Assets

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Other Receivables		
Employee Advances	0.36	0.15
Interest Accrued but not due on FD	-	873.55
Total	**0.36**	**873.70**

10. Current Tax Asset

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Current Tax Asset		
Income Tax refundable	94.02	1,055.02
Advance Tax & TDS	3,537.75	957.66
Less:- Provision for Income Tax	(3,750.01)	(1,268.82)
Total	**(118.24)**	**743.86**

11. Other Current Assets

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Others		
Prepaid Expenses	82.02	4.40
Prepaid Rent *	0.90	0.81
Other Advances	4.33	3.87
Total	**87.25**	**9.08**

* It represents unamortised portion of the difference between the fair value of financial assets on initial recognition and expenditure incurred.

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

12. Equity Share Capital

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Authorised share capital		
25,00,00,000 Equity Shares of ₹ 10 each (31st March, 2020: 25,00,00,000 Equity Share of ₹ 10 each,	25,000.00	25,000.00
	25,000.00	**25,000.00**
Issued, Subcribed and Paid up Capital		
25,00,00,000 Equity Shares of ₹ 10 each (31st March, 2020; 25,00,00,000 Equity Share of ₹ 10 each (Includes 2,73,50,100 Shares issued for consideration other than cash & 5,00,00,000 bonus shares)	25,000.00	25,000.00
	25,000.00	**25,000.00**

(a) Reconciliation of the number of equity shares and share capital

Particulars	As at 31st March 2021		As at 31st March 2020	
	No of shares (in Lakhs)	Amount (in Lakhs)	No of shares (in Lakhs)	Amount (in Lakhs)
Issued/Subscribed and Paid up equity Capital outstanding at the beginning of the year	2,500.00	25,000.00	2,500.00	25,000.00
Add: Shares Issued during the year	-		-	-
Issued/Subscribed and Paid up equity Capital outstanding at the end of the year	**2,500.00**	**25,000.00**	**2,500.00**	**25,000.00**

(b) Details of Shares held by each shareholder holding more than 5% shares in the company

Name of the shareholder	As at 31st March 2021		As at 31st March 2020	
	No of shares (in Lakhs)	% holding in the class	No of shares (in Lakhs)	% holding in the class
1. Rail Vikas Nigam Limited	1,250.00	50.00	1,250.00	50.00
2. Kandla Port Trust	650.00	26.00	650.00	26.00
3. Adani Ports & SEZ Ltd.	500.00	20.00	500.00	20.00
Total	**2,400.00**	**96.00**	**2,400.00**	**96.00**

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

(c) Terms & Right attached to equity shares

The company has only one class of equity shares having par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share and also to dividends in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distributing all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) Aggregate no. of equity shares issued as fully paid by way of bonus during the period of five years immediately preceding the reporting date

Particulars	As at 31 March 2021 No in lakhs	As at 31 March 2020 No in lakhs	As at 31 March 2019 No in lakhs	As at 31 March 2018 No in lakhs	As at 31 March 2017 No in lakhs
Equity shares issued as bonus	-	-	-	-	-
Total	-	-	-	-	-

13. Other Equity

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
General Reserve	879.52	879.52
Retained Earnings	153,452.61	134,674.79
Total	**154,332.13**	**135,554.31**

13.1 General Reserve

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Opening Balance	879.52	879.52
Add: Transfer from statement of profit and loss	-	-
Closing Balance	**879.52**	**879.52**

13.2 Retained Earnings

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Opening Balance	134,674.79	136,482.34
Add: Profit during the year transfer from statement of profit & loss	22,273.32	3,021.38
Other comprehensive income arising from Remeasurement of defined benefit obligation net of income tax	4.50	1.03
Interim Dividend	(1,000.00)	-
Payment of dividend tax	-	-
Payment of dividend on equity shares	(2,500.00)	(4,000.00)
Payment of dividend tax on equity shares	-	(829.96)
Transfer to Profit and Loss	-	-
Closing Balance	**153,452.61**	**134,674.79**

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

Nature and Purpose of Other Reserves:

(a) Retained Earnings

Retained Earnings represents the undistributed profits of the Company.

(b) General Reserve

General Reserve represents the statutory reserves, this is in accordance with Corporate Law wherein a portion of profit is apportioned to General Reserve. Under Companies Act, 2013, the transfer of any amount to General Reserve is at the discretion of the Company.

Distributions Made and Proposed

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Cash dividend on Equity shares declared and paid		
Final Dividend paid during 2020-21: INR 1.00 per share (FY 2019-20: INR 1.60 per share for the F.Y 2017-18)	2,500.00	4,000.00
Dividend distribution Tax on Final dividend	-	829.96
Interim Dividend paid during 2020-21: INR 0.40 per share (FY 2019-20: INR Nil per share)	1,000.00	-
Dividend distribution Tax on Interim dividend	-	-
	3,500.00	**4,829.96**
Proposed Dividend on Equity shares		
Dividend for 31 March 2021: INR Nil per share (31 March 2020: INR 1.00 per share	-	2,500.00
Dividend distribution Tax on proposed dividend	-	-
	-	**2,500.00**

14. Financial Liabilities-Non Current

14.1 Borrowings

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Secured- At Amortised Cost		
Term Loans		
-From Banks	27,615.16	**-**
	27,615.16	**-**

14.1.1 Summary of borrowing arrangement

(i) The Palanpur-Gandhidham line was converted to broad-gauge in 2006, and currently serves two major Indian ports viz. Kandla Port and Mundra Port. It also connects the various industries (cement, salt and fertilizer) of Kutch region to their hinterlands. The line would also connect the area to the upcoming Western Railway to dedicated freight corridor as an important feeder line.

In order to augment the capacity of the line significantly and handle future traffic growth, the said project needs doubling and electrification and accordingly an Addendum dated 26.10.2020 to Concession Agreement was entered into between the MoR and the Borrower herein, by virtue of which it was agreed that the Borrower to undertake (i) Doubling & Electrification of Railway line between Palanpur-samakhiali section measuring about 248 Km & (ii)Electification of down line between Samakhiali and Gandhidham section measuring about 53 Km. in the state of Gujarat (hereinafter referred to as the “Project”). Total Cost of the project was estimated ₹ 2,93,000/- Lakhs.

ii) A Term Loan of ₹ 1000 Crores has been taken by the company from the Banks against the project cost of ₹ 2,93,000/- Lakhs under the common Loan agreement, out of which ₹ 27615.16/- Lakhs has been disbursed by the Bank during the F.Y 2020-21.

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

14.1.2 Terms of security for loan are as follows:

The Secured Obligations shall, to the satisfaction of the Secured Parties, do hereby hypothecate, assigns by way of security, charges and assures unto the Lender on exclusive charge basis (subject to the provisions of the Concession Agreement), the following;-

a) first charge in a form and manner satisfactory to the Lender by way of hypothecation over all Goods / Assets created out of the Loan in terms of Government of India, Ministry of Railways (Railway Board) letter no. 2011/Infra/18/2 dated 05.01.2021 and without prejudice to MoR's rights under clause 9.1 and 9.2 of the Concession Agreement signed between Ministry of Railways (MoR) and Kutch Railway Company Limited/Company".;
b) first charge over the goods/assets by way of hypothecation other than the Projects Assets, as permitted in the Concession Agreement.
c) first Charge over the current assets including the receivables of the Borrower pertaining to the Project.
d) first charge over the uncalled capital of the Borrower.
e) first charge of all Project bank accounts including but not limited to the Escrow Account(s), Debt Service Reserve Account, etc.
f) first charge by way of assignment of rights, interest and obligations of the Company in favour the Bank to the extent covered by and in accordance with the Concession Agreement
g) first charge by way of assignment of all applicable insurance policies;

The Security mentioned hereinabove shall be created in the form and manner acceptable to the Lender and within time period stipulated by the Lender. Further, the Security Interest stipulated herein above shall exclude the Project Assets (as defined in and in accordance with Concession Agreement) and shall be subject to provisions of Concession Agreement.

14.1.3 Terms of Repayment

The Facility have a door-to-door tenure of 12 years including construction period of 2 Year. The Facility shall be repaid in 40 (forty) structured quarterly instalments starting from 31st March 2023.

14.1.4 Interest Terms

The Applicable Interest rate for 1st & 2nd year is MCLR (6.80%)+0.25% (Liquidity Premium) =7.05% p.a. with monthly resets. The interest rate shall remain fixed during the Moratorium Period of 2 years. The first interest reset date shall be after the moratorium period with automatic monthly reset thereafter, at one month MCLR on the date of reset.

14.2 Trade Payable

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
(i) Enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		
- At Amortised Cost		
Overhead Cost Payable (WR) - Refer Note 44(b)	24,973.86	25,835.93
Total	**24,973.86**	**25,835.93**

(a) Overhead Cost payable represents deferred expenses on account of overhead charges payable upto 31 March 2016 (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, as advised by WR from time to time in terms of clause 3.1.5 of the Operation & Maintenance Agreement.

(b) In the event of default of non payment of dues outstanding exceeding 3 months by KRC to WR, KRC shall be liable to pay WR an interest equal to the SBI PLR prevailing on the date on which the notice of default was issued for the period from the date when the payment was due to the date of payment.

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

(c) The credit period in respect of Trade Payables is five days from the end of the relevant month.

(d) Trade payables are interest bearing. Interest is payable in case of event of default of Non payment of dues for three consecutive months.

14.3 Other Financial Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Lease Liabilities	35.30	78.70
	35.30	**78.70**

15. Provisions

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Employee Benefits		
Gratuity	13.35	4.20
Leave Encashment	275.09	246.41
Total	**288.44**	**250.61**

Note:-

The provision for employee benefits includes retirement benefits of gratuity and Leave encashment , for other disclosures refer Note no- 48.

16. Deferred Tax

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Deferred tax liability		
Property, plant & equipment and other intangible assets	8,548.72	10,050.99
Total deferred tax liability	**8,548.72**	**10,050.99**
Deferred tax Assets		
Employee benefit	101.61	99.99
MAT Credit Entitlement	21,954.14	18,503.69
Total deferred tax asset	**22,055.75**	**18,603.68**
Net Deferred tax Assets	**13,507.03**	**8,552.69**

In accordance with Ind AS-12- “Income Taxes” notified by Ministry of Corporate Affairs, the Company has reassessed the deferred tax taking into consideration all the items, due to which there is temporary difference between the carrying amount of the assets and liabilities and their tax base as on 31.03.2021.

The Company has started availing the deduction u/s 80-IA of the Income Tax Act, 1961 from the Assessment Year 2013-14, due to which there will be a tax holiday period of 10 years i.e. upto Assessment Year 2022-23. Therefore, deferred tax in respect of timing differences which are likely to be reversed during the tax holiday period is not recognized to that extent except retirement benefit payable during the tax holiday period as the same is not ascertainable.

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

Movement in deferred tax liability/ (asset) (₹ in Lakhs)

Particulars	PPE & Intangible Assets	MAT	Employee Benefits	Total
Opening balance as at 1st April 2019	**7,450.15**	**(18,502.76)**	**(81.39)**	**(11,134.00)**
Charged/(credited)				
To Profit & Loss	2,600.84	(0.93)	(19.16)	**2,580.75**
To other comprehensive income			0.56	**0.56**
Closing balance as at 31 March 2020	**10,050.99**	**(18,503.69)**	**(99.99)**	**(8,552.69)**
Charged/(credited)				
To Profit & Loss	(1,502.27)	(3,450.45)	(4.04)	(4,956.76)
To other comprehensive income			2.42	2.42
Closing balance as at 31 March 2021	**8,548.72**	**(21,954.14)**	**(101.61)**	**(13,507.03)**

17. Other Non current Liability

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
a) **Fair valuation adjustment- Financial Liabilities**		
Overhead Cost Payable*	23,800.51	25,423.27
Total	**23,800.51**	**25,423.27**

* It represents difference between the fair value of financial liabilities (overhead Cost Payable to Railway) on initial recognition and expenditure incurred at amortised cost.

18.Financial Liabilities - Current

18.1 Trade Payable

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
(i) **Total outstanding dues of micro enterprises and small enterprises**	-	-
(ii) **Total outstanding dues of creditors other than micro enterprises and small enterprises**		
- At Amortised Cost		
Overhead Cost Payable (WR)*	3,006.44	3,006.44
Operating and Maintenance Cost Payable (WR)	2,694.28	14,297.01
Creditors for Project Expenditure (Unsecured, unconfirmed & considered good)	25,789.33	793.62
Total	**31,490.05**	**18,097.07**

*Refer Note No-14.2 & 44(b) for detail.

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

Note (i) Trade Payable (WR) as on March 31, 2021 amounting ₹ 2,694.28 Lakhs (as on March 31, 2020 amounting to ₹ 14,297.01 Lakhs) are derived after deducting/adjusting ₹ 1,42,723.97 Lakhs (as on March 31, 2020 ₹ 85,044.01 Lakhs) Recoverable from WR on account of Apportioned earnings as advised by WR.

Note (ii) Trade payable for project Expenditure include Rs.22,594.28 Lakhs (₹ Nil as on March 31.2020) payable to RVNL towards project expenditure of doubling of railway line between Palanpur-Samakhiyali.

18.2 Other Financial Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Expenses Payable	44.56	32.44
Security from suppliers	8.87	4.13
Other payables (Unsecured, unconfirmed but Considered good)	32.15	22.37
Lease Liabilities	43.39	40.01
Payble to Employees	15.92	-
Total	**144.89**	**98.95**

19. Other current Liability

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Others		
EPF Payable	5.47	5.01
Other Statutory Liabilities*	408.61	12.94
Overhead Cost Payable**	1,622.76	1,622.76
Total	**2,036.84**	**1,640.71**

* Includes TDS, Professional Tax payable , GST payable

** It represents difference between the fair value of financial liabilities (overhead Cost Payable to Railway) on initial recognition and expenditure incurred at amortised cost.

20. Short Term Provisions

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Employee Benefits		
Gratuity	1.39	12.70
Leave Encashment	0.96	22.84
Total	**2.35**	**35.54**

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

Note: - 21

Revenue from operation

(₹ in Lakhs)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Revenue From Contracts with Customers		
(Income form bulk & Container traffic (Refer Note No.-32)	75,608.53	85,044.01
Other Operating Revenue		
(Construction Contract Revenue under SCA (Refer Note No.-32)	71,777.60	56,933.24
Total	**147,386.13**	**141,977.25**

21.1 : For the year ended 31st March 2021, the company has recognized revenue of ₹ 71,777.60 Lakhs (March 31st 2020 ₹ 56,933.24 Lakhs), on construction of intangible assets under service concession arrangement.

21.2 : The operating income of the company is recognized as per the provisional figures advised by Western Railways for the share of revenue due to the company from the operations of goods trains. Operating revenue of earlier years in respect of operation of goods trains are accounted for in the year of advice of provisional figures by the Western railway.

22. Other Income

(₹ in Lakhs)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Interest Income		
Interest Income on Fixed Deposits (at amortised cost)	445.39	3,628.32
Interest on Advances to Employees	0.03	-
Interest on Income Tax Refund	91.30	275.41
Other Non-operating Income		
Unwinding of discount on Security Deposit	0.95	0.84
Income from reversal of deferred Overhead costs payable	1,622.76	1,622.76
Miscellaneous Income	38.72	0.60
Profit on sale of assets	-	74.69
Income from the Scrap Sale	351.79	284.02
Total	**2,550.94**	**5,886.64**

23. Operation & Maintenance Expense (O&M Expenses)

(₹ in Lakhs)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Man Power Cost	26,784.22	23,455.58
Fixed Maintenance Cost	3,796.45	6,801.59
Cost of Fuel	20,176.03	15,300.45
Hiring Charges of Rolling Stock	3,726.83	3,215.14
Wagon Repair Charges	936.38	1,099.28
Vehicle Hire Charges	189.87	144.69
Overhead cost	1,595.03	27,577.02
Documentation Charges	12.77	12.01
Special Repair & Breaches	255.76	166.84
Compensation Claim	379.22	281.53
Restoration Cost	-	-
(Construction Contract Cost under SCA (Refer Note No.-32)	71,777.60	56,933.24
Total	**129,630.16**	**134,987.37**

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

23.1 The Operation & Maintenance Cost of the company is recognized as per the provisional figures advised by Western Railways for the share of Operation & Maintenance Cost due to the company from the operations of goods trains. 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 the Western railway.

24. Employee Benefit and Expenses

(₹ in Lakhs)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Salaries, Wages & benefits	352.18	279.56
Contribution to PF & Other Funds	24.51	22.21
Provision for Retirement Benefits	26.98	66.89
Staff Welfare	3.28	3.96
Total	**406.95**	**372.62**

25. Finance Cost

(₹ in Lakhs)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Other Borrowing Cost		
Unwinding of Discount on Overhead Cost Payable	2,276.24	2,342.30
Interest on lease liabilities	9.67	12.40
Interest on Income Tax	40.17	0.31
Total	**2,326.08**	**2,355.01**

25.1 Finance Cost represents unwinding of Discount on overhead cost payable as required by IND- AS 109 read with IND-AS 113.

26. Depreciation and Amortization

(₹ in Lakhs)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Depreciation on Property, Plant & Equipment (Refer Note No-3)	12.53	11.96
Depreciation on Right of Use Assets (Refer Note No-4)	40.41	40.41
Amortization of intangible assets (Refer Note No-5)	3,642.27	2,303.56
Total	**3,695.21**	**2,355.93**

27. Other Expenses

(₹ in Lakhs)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Professional Charges	52.14	28.28
Rent Expense	7.04	8.67
Electricity	2.00	2.56
Communication	2.85	3.25
Travelling & Conveyance	2.43	10.66
Printing & Stationery	1.93	2.83
Advertisement & Sponsorship	-	1.32
Books & periodicals	0.02	0.09
Insurance for project assets	27.73	18.32
Entertainment & business promotion	8.81	15.20
Membership & Business Subscription	1.07	1.74

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

Meeting and conference charges	0.04	3.67
Repairs & maintenance	1.96	1.52
Vehicle Running & Maintenance	1.88	2.79
(Auditor remuneration (refer Note -50)	6.84	5.61
Bank Charges	0.07	0.10
Loss on disposal of Fixed Assets	1.70	-
Miscellaneous Expenses	3.16	3.98
Corporate Social Responsibility Expenses	265.00	811.42
Total	**386.67**	**922.01**

28 Exceptional Items

(₹ in Lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Overhead Cost Reversal*	7,574.57	-
Total	**7,574.57**	**-**

*The Operation & Maintenance Cost of the company is recognized as per the provisional figures advised by Western Railways for the share of Operation & Maintenance Cost due to the company from the operations of goods trains. During the F.Y 2020-21, Western Railways has refunded excess indirect cost of Rs. 7,574.57 lakhs charged in the year 2018-19 & 2019-20 due to the change in the percentage of the general overhead and central overhead.

29. Income tax recognised in profit and loss

(₹ in Lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Income tax:		
Current income tax charge	3,750.01	1,268.82
For earlier years (net)	-	-
Deferred tax:		
In respect of the current year (For details Refer Note No-16)	(1,506.31)	2,581.68
In respect of MAT payable	(3,450.45)	(0.93)
Total	**-1,206.75**	**3,849.57**

Reconciliation between tax expense and the accounting profit :

(₹ in Lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Accounting profit before tax from continuing operations	21,066.57	6,870.95
Accounting profit before income tax	**21,066.57**	**6,870.95**
At India's statutory income tax rate of 17..472% (31 March 2019: 21.55%)*	3,680.75	1,200.49
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Less : change in profit due Ind-AS adjustment not taxable under Income Tax		
Add: 1/5 Mat Payable on total Ind-Adjustment in retained earning as on 31.03.2016	68.05	68.05

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

Less : Effect of expenses that are not deductible during the MAT Period	(1,506.31)	2,581.68
Add: Taxable Income	1.21	0.28
Add: Recognition of MAT Credit	(3,450.45)	(0.93)
Add:- Income tax effect of earlier years		
At the effective income tax rate	**-1,206.75**	**3,849.57**
Income tax expense reported in the statement of profit and loss (relating to continuing operations)	-1,206.75	3,849.57
	-1,206.75	**3,849.57**

* Presently, the Company has been paying Minimum Alternate Tax (MAT) on the book profit under section 115-JB of the income Tax Act, 1961 due to availing of deductions from the taxable income under section 80-IA of the income Tax Act, 1961. Therefore, Tax rate applicable for MAT i.e. 17.472% has been taken instead of regular rate of income tax rate.

30. Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:- *(₹ in Lakhs)*

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Remeasurement of Defined benefit plans	1.59	1.29
Tax impact on Remeasurement of Defined benefit plans	(0.56)	(0.45)
Total	**1.03**	**0.84**

30 Components of Other Comprehensive Income (OCI)

(₹ in Lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Remeasurement of Defined benefit plans	6.92	1.59
Tax impact on Remeasurement of Defined benefit plans	(2.42)	(0.56)
Total	**4.50**	**1.03**

31 Earnings per share (EPS)

(₹ in Lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Basic EPS		
From continuing operation	8.91	1.21
From discontinuing operation		
Diluted EPS		
From continuing operation	8.91	1.21
From discontinuing operation		

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

31.1 Basic Earning per Share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by weighted average number of equity shares outstanding during the year

The earnings and weighted average number of equity shares used in calculation of basic earning per share:-

(₹ in Lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Profit attributable to equity holders of the company:		
Continuing operations	22,273.32	3,021.38
Discontinuingoperations		
Total	**22,273.32**	**3,021.38**
Weighted average number of shares for the purpose of basic earnings per share	2,500.00	2,500.00

31.2 Diluted Earning per Share

(₹ in Lakhs)

The earnings and weighted average number of equity shares used in calculation of diluted earning per share:-

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Profit attributable to equity holders of the company:		
Continuing operations	22,273.32	3,021.38
Discontinuing operations		
Earnings used in calculation of diluted Earning Per Share from continuing operations	**22,273.32**	**3,021.38**

The weighted number of equity shares for the purpose of diluted earning per share reconciles to the weighted average number of equity shares used in calculation of basic earning per share as follows:

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Weighted average number of Equity shares used in calculation of basic earnings per share	2,500	2,500
Effect of dilution:		
Share Options	-	-
Weighted average number of Equity shares used in calculation of diluted earnings per share.	**2,500**	**2,500**

32. Disclosure of IndAS 115 "Revenue from Contracts with Customers"

32.1 Service Concession arrangements

Public-to-private service concession arrangements are recorded according to Appendix "D" Service Concession Arrangements" IND-AS-115 . Appendix "D" Service Concession Arrangements applies if:

a) The Grantor controls or regulates which services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and

b) The grantor controls- through ownership, beneficial entitlement, or otherwise- any significant residual interest in the infrastructure at the end of the term of the arrangement.

If both of the above conditions are met simultaneously, an intangible asset is recognized to the extent that the operator receives the right to charge users of the public service, provided that these charges are conditional on the degree to which the service is used.

These intangible assets are initially recognized at cost, which is understood as the fair value of the service provided plus other direct costs directly attributable to the operation. They are then amortized over the term of the concession.

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

* The Kutch Railway Company Limited (Company) has entered into a Concession Agreement with Ministry of Railways (MoR), Government of India dated 8th November, 2005 in terms of which the Ministry of Railways (Grantor) has authorized the Company (Operator) to develop, finance, design, engineer, procure, construct, operate and maintain the Project Railway and to exercise and/or enjoy the rights, powers, benefits, privileges authorizations and entitlements upon its completion. In terms of the said agreement KRCL has an obligation to complete construction of the project railway and to keep the project assets in proper working condition including all projects assets whose lives have expired.

The concession is hereby granted for a period of 32 (Thirty Two) Years, commencing on the Appointed Date, or such extended period as provided for in this Agreement, unless terminated earlier.

At the end of concession period, the project assets shall be handed by KRC to MOR and KRC shall be entitled to receive and MOR shall pay to KRC an amount equal to Book Value. The Existing Assets leased to KRC by MoR shall revert back to MoR without any financial consideration.

The Concession Period of 32 years,shall be extended by an equal period of time which corresponds to the period for which material disruption of Operations and Maintenance occurred during the Concession Period.

In case of material breach in terms of the agreement the MOR and KRC both have the right to terminate the agreement if they are not able to cure the event of default in accordance with such agreement.

The Operation and Maintenance of the project railway is being conducted by MOR through Western Railway (WR) under its right, vide agreement dated 21st August, 2007, which is co-terminus with the Concession Agreement, entered into between the MoR and KRC. Further, in terms of this agreement, WR is in performance of Operation and Maintenance of Project Railway from Gandhidham to Palanpur, a total distance of 300.81 Kms and KRC is to pay O&M cost to WR.

Sections:

(a) Gandhidham Station to Samakhiali Station measuring approximately 53.08 kms,

(b) Samakhiali station to Bhildi Junction Station measuring approximately 202.23 kms,

(c) Bhildi Junction Station to Palanpur Station measuring approximately 45.50 kms.

A construction Agreement has been entered between Kutch Railway Company Ltd and Rail Vikas Nigam Limited on 13.08.2018 for Palanpur-Samakhiali Doubling. However the work on this project has already started in earlier years.

For the year ended 31st March 2021, the company has recognized revenue of Rs. 1,47,386.13 Lakhs (Rs. 1,41,977.25 Lakhs for the year 2019-20), consisting of Rs. 71,777.60 lakhs (Rs. 56,933.24 Lakhs for the year 2019-20) on construction of intangible assets under service concession arrangement and Rs.75,608.53 Lakhs (Rs. 85,044.01 Lakhs for the year 2019-20) towards sharing of apportioned earnings from operation of railway line under service concession arrangement. Company has recognized profit of Rs. 21,066.57 Lakhs for the year ended March 31,2021 (FY 2019-20 Rs. 6,870.95 lakhs), consisting nil profit (F.Y 2019-20 Rs Nil) on construction of intangible assets under service concession arrangement and a profit of Rs 18,902.30 Lakhs (FY 2019-20 Rs. 1,268.34 Lakhs) towards sharing of apportioned earnings from operation of railway line under service concession arrangement.The intangible asset under development represents the freight sharing rights under development to receive freight traffic earnings under service concession arrangement.

32.2 Disaggregation Of Revenue

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Income form bulk & Container traffic	75,608.53	85,044.01
Construction Contract Revenue under SCA	71,777.60	56,933.24
	147,386.13	**141,977.25**
Contract balances		
Trade receivables	-	-
Contract assets	-	-
Contract liabilities	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

Contract Assets (₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Contract Asset at the beginning of the year	-	-
Transfer from Contract Asset to Trade Receivable and increase as a result of changes in measure of progress	-	-
Contract Asset at the end of the year	-	-

Contract Liabilities (₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Contract Liabilities at the beginning of the year	-	-
Transfer from Contract Liabilities to Revenue and increase as a result of changes in measure of progress	-	-
Contract Liabilities at the end of the year	-	-

There was no revenue recognized in the current reporting year that related to performance obligations that were satisfied in a prior year.

32.3 Construction Contracts

In terms of the disclosure required in IND AS-115 "Construction Contracts" the amount considered in the financial statements up to the balance sheet date are as follows:-

(₹ in Lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Revenue Recognised on exchanging construction services	71,777.60	56,933.24
Aggregate amount of costs incurred and recognised	71,777.60	56,933.24

33 Capital management

The objective of the company is to manage its capital in a manner to ensure and safeguard their ability to continue as a going concern so that company can continue to provide maximum returns to share holders and benefit to other stake holders. Further, company manages its capital structure to make adjustments in light of changes in economic conditions and the requirements of the financial covenants.

Company has taken a Loan during the FY 2020-21 of Rs 27,615.16 Lacs (Previous Year ₹ Nil Lacs) from Punjab National Bank to finance its project.

Debt Equity Ratio :- (₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Borrowings (Note No. 14)	27,615.16	-
Long Term Debt	**27,615.16**	**-**
Equity (Note No. 12)	25,000.00	25,000.00
Other Equity (Note No. 13)	154,332.13	135,554.31
Total Equity	**179,332.13**	**160,554.31**
Debt Equity Ratio	**0.15**	**-**

34 Fair Value Measurements

(i) Financial Instruments by Category

Particulars	31/3/2021			31/3/2020		
	FVTPL	FVT OCI	Amortised Cost	FVTPL	FVT OCI	Amortised Cost
Financial Assets						
(i) Cash and cash equivalents	-	-	0.45	-	-	1,160.31

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

(ii) Bank Balances other than (i) above	-	-	1,386.09	-	-	15,998.21
(iii) Loans	-	-	15.15	-	-	11.50
(iv) Others	-	-	0.36	-	-	873.70
Total Financial Assets	**-**	**-**	**1,402.05**	**-**	**-**	**18,043.72**
Financial Liabilities						
(i) Trade Payables	-	-	56,463.91	-	-	43,933.00
(ii) Other financial liabilities	-	-	144.89	-	-	177.65
(iii) Borrowings	-	-	27,615	-	-	-
Total Financial Liabilities	**-**	**-**	**84,223.96**	**-**	**-**	**44,110.65**

(ii) Fair value of financial assets and liabilities that are measured at fair value (but fair value disclosure are required)

(₹ in Lakhs)

Particulars	**As at 31st March 2021**		**As at 31st March 2020**	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Security Deposit	13.59	9.64	11.44	11.43
Total Financial Assets	**13.59**	**9.64**	**11.44**	**11.43**
Financial Liabilities				
Over Head Cost Payables	24,973.86	29,716.02	25,835.93	28,767.09
Total Financial Liabilities	**24,973.86**	**29,716.02**	**25,835.93**	**28,767.09**

i) The carrying amounts of cash and cash equivalents and other short term receivables and other financial liabilities are considered to the same as their fair values, due to short term nature.

ii) The fair value of overhead cost payables to railways under service concession arrangement were calculated based on discounted cash flows using average interest rate of bank deposits. They are classified as level 3 fair values in fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Fair Value hierarchy as on 31-3-2021

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at Amortized Cost				
Security Deposits	-	-	9.64	9.64
	-	-	**9.64**	**9.64**

Fair Value hierarchy as on 31-3-2021

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Financial Liabilities at Amortised Cost				
Over Head Cost Payable	-	-	29,716.02	29,716.02
	-	-	**29,716.02**	**29,716.02**

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

Fair Value hierarchy as on 31-3-2020 *(₹ in Lakhs)*

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at Amortized Cost				
Security Deposits	-	-	11.43	11.43
	-	-	**11.43**	**11.43**

Fair Value hierarchy as on 31-3-2020 *(₹ in Lakhs)*

Particulars	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Financial Liabilities at Amortised Cost				
Over Head Cost Payable	-	-	28,767.09	28,767.09
	-	**-**	**28,767.09**	**28,767.09**

Financial risk management

The Company's principal financial liabilities comprises trade and other payables. The main purpose of these financial liabilities is to finance the company's operations and to provide guarantees to support its operation. The Company's principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations.The Company is expose to market risk, credit risk and liquidity risk. The company financial risk activities are governed by appropriated policies and procedures and that financial risk are identified, measured and managed in accordance with the companies policies and risk objectives. The board of directors reviews and agrees policies for managing each of these risk, which are summarised below:-

a) **Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market prices. Market risk comprises Interest rate risk. Financial instruments affected by market risk includes deposits and other non derivative financial instruments.

b) **Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of change in market interest rate. The company exposure to the risk of changes in market interest rate relates primarily to the investment of surplus fund into bank deposits. The company manages its interest risk in accordance with the companies policies and risk objective.

c) **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The company is exposed to credit risk from its financial activities including deposits with banks, financial institutions and other financial instruments.

d) **Liquidity risk**

Ultimate responsibility for liquidity risk management rest with the board of directors the company manages maintaining adequate banking facilities by continuously monitoring forecast and actual cash flows and by matching the maturities of financial liabilities.

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31st March 2021 and 31st March 2020 :

Particulars	As at 31st March 2021		
	Less than 1 Year	1-2 years	2 Years and above
Trade Payable	3,138.31	3,138.31	42,890.19
	3,138.31	**3,138.31**	**42,890.19**

Particulars	As At 31-03-2020		
	Less than 1 Year	1-2 years	2 Years and above
Trade Payable	3,138.31	3,138.31	46,028.50
	3,138.31	**3,138.31**	**46,028.50**

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the companies policy. Investment of surplus are made only with approved counterparty on the basis of the financial quotes received from the counterparty.

35. Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and the key sources of estimation uncertainty at the end of the reporting year that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities with next financial year.

a) Fair valuation measurement and valuation process

The fair values of financial assets and financial liabilities is measured the valuation techniques including the DCF model. The inputs to these method are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See "Note-34" for further disclosures.

b) Useful life of Property, plant & equipment

As described in Note 2.6 - Property, plant & equipment ,company has estimated useful life of Property, plant & equipment. The financial impact of the above assessment may impact the depreciation expense in subsequent financial years.

c) Useful life of Intangible Assets

As described in Note 2.7(b) - Intangible Assets other than freight Sharing right ,company has estimated useful life of computer software. The financial impact of the above assessment may impact the amortisation expense in subsequent financial years.

d) Defined benefit plan

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ form actual developments in the future.These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate.In determining the appropriate discount rate for plans, the management considers the interest rates of government bodies in currencies consistent with the currencies of the post-employment benefit obligation.

e) Taxes

Deferred tax assets are recognised for unused tax losses to the extent it is probable that taxable profit will be available against which tax assets can be utilized. Significant management judgement is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profit together with future tax planning strategies.

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

f) Revenue Recognition

The Company recognizes revenue for a performance obligation satisfied over time after reasonably estimating its progress towards complete satisfaction of the performance obligation.

g) Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues and investments in subsidiaries. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

36. Lease Disclosures

(i) Disclosure as required by Ind AS 1 "Presentation of Financial Statements"

Changes in significant accounting policies:

Policy of 'Leases' has been modified in the significant accounting policies due to the applicability of Ind AS 116 "Leases "during the F.Y 2019-20.

Ind AS 116 was notified with effect from April 1, 2019 which replaces Ind AS 17. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient not to reassess whether contract is or contains lease at April 01, 2019. Instead, the Company applied the standards only to contracts that were previously identified as leases applying Ind AS 17.

The Company has lease contracts for its office Buildings. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases except for short-term leases. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

(ii) Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases. The lessee recognizes a lease liability measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application and correspondingy measured the right-of-use asset at an amount equal to the lease liability, adjusted for previously recognized prepaid or accrued lease payments.

The Company also applied the available practical expedients wherein it:

(i) Used a single discount rate to a portfolio of leases with reasonably similar characteristics

(ii) Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application and the total lease term is less than 12 months

(iii) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

(iv) Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

The difference between the lease obligation under the Ind AS-17 and value of the lease liability as on the date of transition is primarily is on account of extension and termination option reasonably certain to exercised in measuring the lease liability in accordance to the Ind AS-116 and discounting of the lease liabilities to the present value under the Ind AS-116.The weighted average incremental borrowings rate applied to lease liabilities as at 1st April, 2019 is 8.15%.

(iii) Right of Use Assets

The carrying amounts of right-of-use assets recognised and the movements during the year are disclosed in Note 4.

(iv) Lease Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Opening Balance as to the beginning of the year	118.71	-
Additions during the year	-	152.13
Interest recognised during the year	9.67	12.40
Payment made during the year/total cash outflow for the leases	49.68	45.82
Closing Balance as on the end of the year	**78.70**	**118.71**
Current	43.39	40.01
Non-current	35.30	78.70

(v) The details of the Contractual Maturitiesof the Lease Liabilities as at 31st March 2021 and 31st March 2020 on undiscounted basis are as follows:

As at 31st March 2021

(₹ in Lakhs)

Particulars	Less then 1 Year	1-2 years	2 years and above
Lease Liabilities	49.81	32.25	7.30

As at 31st March 2020

(₹ in Lakhs)

Particulars	Less then 1 Year	1-2 years	2 years and above
Lease Liabilities	49.68	49.81	39.55

(vi) Amounts recognised in Statement of Profit and Loss

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Depreciation expense of right-of-use assets (Refer Note 26)	40.41	40.41
Interest expense on lease liabilities (Refer Note 25)	9.67	12.40
	50.08	**52.81**

Gain/loss from sale and leaseback transactions is not applicable to the Company.

(vii) Western Railway (lessor) has leased all the existing assets as per concession agreement and the land to be newly acquired with all rights, easements for the project to the company (lessee) for the duration of concession agreement. i.e. 32 years from November 8, 2005.

Company shall pay to the lessor, an annual lease rental of ₹ 1000/- p.a. payable in advance in the first week of January every year. Upon expiry, the Company is required to hand over the leased assets to Ministry of Railways free form all encumbrances whatsoever. If the concession period is extended/renewed beyond concession period, the lease agreement shall also to be extended/renewed at terms to be mutually decided by the parties.

The Company has taken lease assets from Ministry of Railways under non-cancellable operating lease.

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

Future minimum rentals payable under non-cancellable leases are as follows: (₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Within one year	0.01	0.01
After one year but not more than five years	0.04	0.04
More than five years	0.12	0.13
	0.17	**0.18**

Payments recognised as an expense in the period:-

Particulars	As at 31st March 2021	As at 31st March 2020
Minimum lease payments	0.01	0.01

37. Capital Commitments

(₹ in Lakhs)

	Particulars	As at 31st March 2021	As at 31st March 2020
(a)	Estimated cost of deposit work contract (Palanpur Gandhidham Gauge Conversion Project) (as per revised estimate received from Western Railway dt. 08.03.2010)	53,059.00	53,059.00
	Less: Amount incurred till 31.03.2021	(49,897.21)	(49,897.21)
	Balance	**3,161.79**	**3,161.79**
(b)	Estimated Cost for construction of new Running Room at Bhildi (as per estimate received from Western Railway dt. 20.01.2011 & 30.05.2012 total amount was ₹ 403 lakhs. However, total amount incurred as per WR advise till 31.03.2018 is ₹ 358.41 lakhs) Amount paid till 31.03.2019 is ₹ 355 lakhs	403.00	403.00
	Less; Amount incurred till 31.03.2018, in absence of advise from Western Railway for the FY. 2018-19	(358.41)	(358.41)
	Balance	**44.59**	**44.59**
(c)	Revised estimated cost of Project of doubling of Palanpur – Samakhyali Section of Railway Line work (as per estimate received from Rail Vikas Nigam Ltd. (RVNL) dt. 17.04.2020)	253,801.93	202,720.00
	Less; Amount incurred till 31.03.2021 *(Amount paid to RVNL ₹ 1,78,336.27 lakhs)	(193,832.63)	(146,590.58)
	Balance	**59,969.30**	**56,129.42**
(d)	Estimated cost of Project of electrification of Palanpur – Samakhyali Section of Railway Line work (as per estimate received from Rail Vikas Nigam Ltd. (RVNL) dt. 29.07.19)	65,502.00	65,502.00
	Less; Amount incurred till 31.03.2021 *(Amount paid to RVNL Rs. 22,282.80 lakhs)	(29,377.24)	(8,811.04)
	Balance	**36,124.76**	**56,690.96**
(e)	Estimated cost of Project of electrification of Samakhyali - Gandhidham Section of Railway Line work (as per estimate received from CORE dt. 17.06.2021)	9,767.00	7,554.76
	Less; Amount incurred till 31.03.2021 *(Amount paid to CORE Rs. 5600.00 lakhs)	(8,001.43)	(2,746.59)
	Balance	**1,765.57**	**4,808.17**

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

(f)	Estimated cost of other projects	20,315.03	20,315.03
	Less; Amount incurred till 31.03.2018,in absence of advise from Western Railway for the FY. 2018-19	(3,288.25)	(3,288.25)
		17,026.78	**17,026.78**
	Total estimated amount of contract, remaining to be executed on capital account and not provided for in the accounts as on 31.03.2021.	**118,092.79**	**137,861.71**

38. Related Party Disclosures

38.1 Related Parties held equity of company

Name of Party	Relationship	As at 31 March, 2020		As at 31 March, 2019	
		Number of shares held	% holding in that class of shares	Number of sharesin held	% holding that class of shares
Rail Vikas Nigam Limited	Shareholder	**1,250.00**	**50.00%**	1,250.00	50.00%
Kandla Port Trust	Shareholder	**650.00**	**26.00%**	650.00	26.00%
Adani Ports & SEZ Ltd	Shareholder	**500.00**	**20.00%**	500.00	20.00%
Govt of Gujarat	Shareholder	**100.00**	**4.00%**	100.00	4.00%
Ministry of Railways (Western Railway)	Holding 100 % share capital of RVNL				
		2,500.00	**100.00%**	2,500.00	100.00%

38.2 Key Managerial personnel of the entity

Name	Position
Sushant Kr. Mishra (w.e.f. 20.03.2020)	Chairman
Vijay Anand (w.e.f. 21.08.2019)	Managing Director
Deepak Arora (w.e.f 22.03.2021)	Director
Nandeesh Shukla (w.e.f 18.09.2020)	Director
M P Singh (w.e.f. 20.03.2020)	Director
Dr. Rajinder Kr. Malik (w.e.f. 17.10.2019)	Director
Pramod Kumar Singh (upto 22.03.2021)	Director
Dharmendra Nath Sondhi (up to 08.12.2020)	Director
Sajal Mittra	Director
Dinesh Chandra Pandey	Director
Joginder Singh Mahrok	Director
Unmesh Madhusudan Abhyankar	Director
Meenu Dang	Director
Sanjeev Sharma	Company Secretary
Lt. Ankur Rastogi (upto 19.06.2021)	CFO

38.3 Enterprises over which Key Managerial personnel are able to exercise significant influence.

Kutch Railway Company Limited Employee Group Gratuity Trust.

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

38.4 Disclosure of transaction with related parties:

(i) Joint Venturer:

(₹ in Lakhs)

		Particulars	Transactions For the year ended March 31, 2021	Transactions For the year ended March 31, 2020
		RVNL		
a	(i)	Amount paid in advance for the Project of doubling of Railway Line between Palanpur - Samakhali (Amount incurred up to 31.03.2021 ₹ 1,93,832.62 Lakhs (up to 31.03.2020 ₹ 1,46,590.58 Lakhs))	178,336.28	145,807.16
	(ii)	Outstanding Amount Payable/ (Receivable)	15,496.35	783.42
b	(i)	Amount paid in terms of MOU between the company and RVNL for CSR	-	436.95
	(ii)	Outstanding Amount Payable/ (Receivable)	-	-
c	(i)	Amount paid in advance for the Project of electrification of Railway Line between Palanpur - Samakhali (Amount incurred up to 31.03.2021 ₹ 29377.24 Lakhs (up to 31.03.2020 ₹ 8811.04 Lakhs))	22,282.80	11,800.00
	(ii)	Outstanding Amount Payable/ (Receivable)	7,094.44	-2,988.96

(ii) Ministry of Railways (Western Railway) :

(₹ in Lakhs)

Particulars	Transactions For the year ended 31st March 2021	Transactions For the year ended 31st March 2020
Revenue from Operations	75,608.53	85,044.01
Operations & maintenance expense	57,662.69	77,909.44
Capital Expenditure	-	33,058.66
Outstanding Amount (Payable)/ Receivable	(2,694.28)	(14,297.01)

(iii) Kutch Railway Company Limited Employee Group Gratuity Trust.

(₹ in Lakhs)

Particulars	Transactions For the year ended 31st March 2021	Transactions For the year ended 31st March 2020
Contribution made	7.91	9.20
Others (Audit Fee)	0.18	0.10
Outstanding Amount (Payable)/ Receivable	-	-

The amount outstanding are unsecured and will be settled in future. There have been no guarantees provided or received for any related party receivable or payable.

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

38.5 Compensation of key management personnel:

The remuneration of directors and other members of key management personnel during the year was as follows:

(₹ in Lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Short-term benefits	137.71	111.38
Post-employment benefits	-	-
Other long-term benefits	147.94	127.81
	285.65	**239.19**

39 Income Tax

The Company has filed Income Tax Returns up to Assessment Year 2018-19 and assessment completed up to Assessment Year 2014-15.

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.

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

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).

41 Contingent liability

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

ii) During the financial year 2014-15, Company received a show cause notice from the Director General of Central Excise Intelligence, regarding the liability of Service Tax of ₹ 21,359 Lakhs and interest and penalty thereon. The Company has not accepted the liability and has submitted its reply to the Show Cause Notice on 06.01.2015. A personal hearing has also been held in this regard on 21.09.2015 before the Principal Commissioner of Service Tax, Delhi-I. A similar statement of demand cum show cause notice has also been received for F. Yr. 2014-15 on 05.04.2016 in which a demand of ₹ 8,207 Lakhs has been raised. It has also been replied on 24.05.2016. For F.Y. 2015-16, 2016-17, 2017-18 (upto 30.06.2017), the statement of demand cum show cause notice in which a total demand of ₹ 21165.83 Lakhs cum show cause notice was served on 22.03.2018, which was replied on 18.05.2018.

iii) Western Railway has carried out the work of elimination of 30 level crossings by converting them into mannad or by construction of RUB/LHS against the estimate of ₹ 2125 Lakhs. ₹ 1642.41 Lakhs has been deposited by the company towards this work till 31-03-2021. For elimination of unmanned level crossing ,Railway Board has issued instructions that the cost shall be borne by Railways, Whereas WR is of opinion that this amount should be borne by SPV/Company. Accordingly Company has requested to WR to refund the amount of ₹ 1642.41 Lakhs paid to WR towards elimination of unmand level crossing.

iv) As per the Construction Agreement for Palanpur-Samakhiali doubling , there is a provision for contingencies of 3% as mentioned in estimated project cost.

42 Impairment of Assets

On the basis of review, the management is of the opinion that the economic performance of non financial assets of the Company is not lower than expected and therefore there is no impairment of any assets as on the Balance Sheet date.

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

43 (i) 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.

(ii) 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.

44 a) The Operation & Maintenance Agreement provides for a Joint Procedure Order to be prepared by WR & Company, which has been finalised and signed on 12th December, 2019 and contains computation and Maintance cost and apportioned earnings. However, the figures have been accounted for as advised by WR based on calculation as decided in the Operation & Maintenance Agreement.

b) Up To F.Y 2015-16, 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.

45 Carried Route and Booked Route

Since the financial year i.e. 2013-14, Western Railway has computed Company's share of apportioned earnings on the basis of 'carried route' instead of 'booked route'. Accordingly, apportioned earnings have been reduced by Rs. 3,875.09 Lakhs for the Year ending 31.03.2020. The Company has contested against this method of calculation of apportioned earnings at various levels in Railways. The approximate amount of Rs.2550.00 Lakhs may be deducted by on this account for earlier financial years (from 2006-07 to 2008-09). The same has been estimated as follows:-

Financial Year	Loaded Trains (no.)	Approx deduction in Apportioned Earning on the basis of No. of loaded trains (in Lakhs ₹)	NTKM (Lakhs)	Approx. deduction in Apportioned Earnings on the basis NTKM (in Lakhs ₹)
2006-07	3166	500.00	1,345.00	500.00
2007-08	6617	1,100.00	21,229.00	800.00
2008-09	7696	1,200.00	24,842.00	1,000.00
Total		**2,800.00**		**2,300.00**

The average amount of both of above methods works out to be ₹ 2550.00 Lakhs (approx.). The impact of the same will be reduction in Reserves and Sundry Debtors by Rs.2550.00 Lakhs (approx.) in the subsequent years as and when advised by the Western Railway.

46 The project of Gauge Conversion work completed by WR has been duly 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 ₹ 11,997.00 Lakhs for completion of project (capitalized under other Intangible assets / Permanent Way) which is subject to verification and reconciliation with WR.

An amount of ₹ 442.18 Lakhs is also outstanding as on 31st March 2021 to WR for the project work which is also subject to verification and reconciliation with WR.

47 In terms of the MOU:

(i) 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.

(ii) 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

(iii) 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.

48 Retirement Benefits

The summarized position of Post-employment benefits and long term employee benefits recognized in the statement of Profit & Loss and Balance Sheet are under:-

(a) Change in the present value of the obligation *(₹ in Lakhs)*

	As at 31.3.2021		As at 31.3.2020	
Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Opening Present value of obligation	103.93	269.25	95.96	215.85
Interest Cost	6.70	17.77	7.07	16.40
Past Service Cost	-	-	-	-
Current service cost	11.33	18.15	9.58	25.86
Benefits paid	(7.91)	(7.97)	(6.95)	(2.87)
Actuarial loss/(gain) on obligations	(6.95)	(21.16)	(1.73)	14.00
Closing Present value of obligation	**107.10**	**276.04**	**103.93**	**269.25**

(b) Change in present value of plan asset *(₹ in Lakhs)*

	As at 31.3.2021		As at 31.3.2020	
Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Opening Fair value of plan assets	87.03	NIL	78.90	NIL
Expected return on plan assets	5.82	NIL	6.12	NIL
Employers contribution	7.71	NIL	9.20	NIL
Benefits paid	(8.18)	NIL	(7.04)	NIL
Actuarial (loss)/gain on obligations	(0.03)	NIL	(0.14)	NIL
Closing Fair value of plan assets	**92.36**	NIL	**87.03**	NIL

(c) Fair Value of Plan Assets *(₹ in Lakhs)*

	As at 31.3.2021		As at 31.3.2020	
Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Opening Fair value of plan assets	87.03	NIL	78.90	NIL
Actual Return on Plan Assets	-	NIL	-	NIL
Contribution	-	NIL	-	NIL
Benefits Paid	-	NIL	-	NIL
Fair value of plan assets at the end of the year	92.36	NIL	87.03	-
Closing Present value of obligation		276.04		269.25
Funded Status		(276.04)		(269.25)

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

(d) Amount recognized in balance sheet *(₹ in Lakhs)*

Particulars	As at 31.3.2021 Gratuity (Funded)	As at 31.3.2021 Leave Encashment (Unfunded)	As at 31.3.2020 Gratuity (Funded)	As at 31.3.2020 Leave Encashment (Unfunded)
Estimated present value of obligations at end of the year	107.10	276.04	103.93	269.25
Fair value of plan assets at the end of year	92.36	-	87.03	-
Funded Status	(14.74)	(276.04)	(16.90)	(269.25)
Net liability recognized in balance sheet	**14.74**	**276.04**	**16.90**	**269.25**

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

Particulars	As at 31.3.2021 Gratuity (Funded)	As at 31.3.2021 Leave Encashment (Unfunded)	As at 31.3.2020 Gratuity (Funded)	As at 31.3.2020 Leave Encashment (Unfunded)
Past service cost	-	-	-	-
Current service cost	11.33	18.15	9.58	25.86
Interest Cost	0.88	17.77	0.96	16.40
Actuarial Gain and loss	-	(21.16)	-	14.00
Total expenses recognized in Profit & Loss Account	**12.22**	**14.76**	**10.54**	**56.27**

(f) Remaeasurement recognized in other comprehensive income (Gain)/loss *(₹ in Lakhs)*

Particulars	As at 31.3.2021 Gratuity (Funded)	As at 31.3.2021 Leave Encashment (Unfunded)	As at 31.3.2020 Gratuity (Funded)	As at 31.3.2020 Leave Encashment (Unfunded)
Remeasurements of plan assets	0.03	-	0.14	-
Remeasurements of Obligation	(6.95)	-	(1.73)	-
Total (gain)/loss recognized in other comprehensive income	**(6.92)**	**-**	**(1.59)**	**-**

(g) Principal actuarial assumption as expressed as weighted average *(₹ in Lakhs)*

Particulars	As at 31.3.2021 Gratuity (Funded)	As at 31.3.2021 Leave Encashment (Unfunded)	As at 31.3.2020 Gratuity (Funded)	As at 31.3.2020 Leave Encashment (Unfunded)
Discount rate	5.00%	5.00%	5.00%	5.00%
Imputed rate of Interest	6.75%	6.75%	6.70%	6.70%
Expected rate of salary increase	10.00%	10.00%	10.00%	10.00%
Method used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)

(h) The net liability recognized in the Balance Sheet in respect of gratuity is ₹ 14.74 lakhs as at 31.03.2021 and as at ₹ 16.90 lakhs as at 31.03.2020 as ascertained by the Actuarial Valuation Certificate.

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

Sensitivity analysis:

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the statement of financial position.

		As at 31.3.2021	
Change in	**Change in assumptions**	**Effect on Gratuity obligation**	**Effect on Leave Encashment**
Discount Rate	+1%	-7.58	-21.48
	-1%	8.68	24.73
Salary Growth Rate	+1%	3.31	23.72
	-1%	-3.73	-21.07
Attrition Rate	+1%	-0.18	-4.05
	-1%	0.17	4.57

49. Corporate Social Responsibility

(a) The Company is required to spend ₹ 712.84 Lakhs on Corporate Social Responsibility (CSR) as follows:-

(₹ in Lakhs)

Year	Amount Required to Spend	Amount Spent	Unspent
2014-15	316.00	-	
2015-16	431.00	150.00	
2016-17	506.00	345.00	
2017-18	519.00	10.13	
2018-19	488.00	706.08	
2019-20	408.11	811.42	
2020-21	332.36	265.00	
Total	**3,000.47**	**2,287.63**	**712.84**

(b) Amount spent during the year on: *(₹ in Lakhs)*

	Particulars	Amount
(i)	Construction / acquisition of any asset	-
(ii)	(ii) On purposes other than (i) above	265.00
		265.00

The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 were notified by the Ministry of Corporate Affairs, Government of India on 22nd of January, 2021. As per the guidelines the amount which remained unspent as on 31.03.2021 on the existing sanctioned ongoing CSR Projects were required to be transferred to a separate Bank account by 30.04.2021 and has to be utilized for the ongoing projects from the account within a period of three years for the completion of the projects. The remaining funds which are not allocated to any projects as on 31.03.2021 were required to be compulsorily required to be transferred to any of the funds created under Schedule VII of the Companies Act, within a period of 6 month i.e. latest by September 30, 2021.

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

The details of the unspent amount as on 31.03.2020 and its utilization as per new guidelines are as follow:

S. No.	Particular	Amount in Lakh
A	Unspent amount as on 31/03/2020	**645.48**
B	Amount spent during the year 2020-21: 1.PM Cares Fund during the financial year 2020-21 2. To Rama Krishna Ashram, Rajkot	 250.00 15.00
C	Amount unspent as on date (A-B)	380.48
E	Amount to be spent on sanctioned ongoing Projects as on 31.03.2021 (1,10.41 + 33.00) lakhs which is required to be transferred to a separate account	143.41
F	Balance unspent amount not allocated to any CSR projects as on 31.03.2021 to be transferred to a fund under schedule VII to the Companies Act, 2013 by 30th September'2021	237.07

(c) Unspent Amount Disclosure

Opening Balance	Amount deposited in Specified Fund of Sch VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
645.48	-	332.36	265.00	712.84

(d) Amount approved by the Board to be spent during the year: *(₹ in Lakhs)*

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Amount approved by the Board to be spent during the year	977.84	1,456.90

(e) Details of the ongoing Projects along with (Name of the Project, State, starting year, Amount etc.)

Name of the Project	Agency	State	Starting Year	Amount in Lakhs
Installation of Solar Panel	Shri Ramakrishna Ashram, Rajkot	Rajkot, Gujarat	2019-20	44.10
Construction of Hostel Buildings	Shri Ramakrishna Ashram, Rajkot	Rajkot, Gujarat	2019-20	41.40
Contruction of Toilet Block	Shri Ramakrishna Ashram, Rajkot	Rajkot, Gujarat	2019-20	24.90
Providing Quality Education to Govt Schools	Smile Foundation	Palanpur, Gujarat	2019-20	33.01
				143.41

Unspent amount related to the ongoing Projects as on 31st March 2021 has been transferred in the Punjab National Bank Account No:- 2164002100012470 by the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

50 Payment to Auditors

Payment to the Auditors comprises of the following: (₹ in Lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Audit Fee*	4.60	4.00
Audit Fee (Earlier years)	0.60	-
Tax Audit fees*	0.60	0.30
Other Certification Fees*	0.10	0.30
Service Tax/GST	0.94	0.83
Travelling & Conveyance	-	0.18
Total	**6.84**	**5.61**

*** Excluding Service Tax/GST**

51 Resurfacing \replacement Cost

As Per Ind-AS 115 The operator (Kutch Railway) may have contractual obligations, it must fulfil as a condition of its license (a) to maintain the infrastructure to a specified level of serviceability or (b) to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the service arrangement. These contractual obligations to maintain or restore infrastructure, except for any upgrade element shall be recognised and measured in accordance with Ind AS 37 Provision, i.e. at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period.

In terms of Concession agreement, there is an obligation on the Company to keep the project assets in working condition, including replacement, as per laid down standards of MOR, for project assets, whose codal lives expire during the concession period. Accordingly, Company is required to provide for, in respect of replacement obligations arising during the remaining concession period as per requirement of the Ind AS 115 for best estimate of expenditure required to settle obligation. Company has make an assessment in respect of its project assets and their respective codal lives. The company is of the opinion that the codal lifes of most of the assets are over the concession period. At present reliable estimate for restoration obligation is not available, therefore provision for same is not provided in financial statements, the same will be provided in the year in which reliable estimate becomes available .

52 During the F.Y 19-20 Company has redrafted its Accounting Policy of the Revenue/Cost from Contracts with Customers and Intangible Assets, for the better understanding of the Financial Statements. Company is having a Nil impact due to the Changes in the accounting policy in the financial statements.

53 Application of IndAS on material items

The Prior Period Items and changes in accounting polices are applied retrospectively on account of materiality only in line with the provisions of Indian Accounting Standards.

54 Operating Segment Reporting

Operating segment are reported in the manner consistent with the internal reporting provided to chief operating decision maker(CODM). CODM has identified only one operating segment, hence no separate disclosure are required

55 During the Financial year 2017-18 Goods and Service Tax (GST) has subsumed the Service Tax with effect from 1st July 2017. The Company has maintained same stand , as was taken in the matter of Service Tax, with respect to applicability of the taxes on the share of the freight received by the company from Indian Railways and the operation & maintainance cost recovered by Railways from the company . The company is of the view that no supply is involved by the company to Railway and visa-versa in sharing of freight revenue & cost by Railways with the company.Therefore there are no GSt obligations on the company in respect of sharing of the freight revenue & cost by Railway with the Company including furnishing of the particulars/Details for the same. However ,Ministry of Railways has taken up the issue with Finance Ministry for issuing clarification/ exemption.

NOTES FORMING PART OF THE FINANCIAL STATEMENT ENDED 31st March 2021

56 Expenses incurred by RVNL on behalf of the Company on Samakhiali-Palanpur doubling projects are being accounted for based on advice of RVNL without verification thereof for the year ending 31st March 2021. Discrepancies pointed out by consultant for verification of the same up to 31st March 2021, are subject to confirmation from RVNL and adjustment in Books accordingly.

57 Advances given to Western Railway for Capital expenditure has not been adjusted during the year in absence of advice received from Western Railways.

58 On the basis of review of Depreciation methods, useful lives and residual values of Property, Plant & Equipment and Intangible Assets, the management is of the opinion that there is no change in the Depreciation methods, useful lives and residual values of Property, Plant & Equipment and Intangible Assets.

59 COVID-19 impacts on the Financial statements

The turbulence in the financial markets due to the COVID-19 pandemic has not materially impacted the Company´s financial statements at year ended 2021.The Company currently does not expect material changes to the profitability of future business plans which could impact recoverability of assets such as deferred tax assets and intangible assets. Risk assessment on the business plans is carried out on a regular basis and an impairment review will be performed if conditions suggest that such assets may be impaired.

60 Ministry of Corporate Affairs (MCA), vide its notification dated March 24, 2021, amended Schedule III of the Companies Act, 2013 with effect from April 1, 2021. Management is of the view that since the changes are applicable from April 1, 2021, those are applicable for the financial year commencing from April 1, 2021 and are applicable to Financial statements issued in respect of accounting years commencing on or after April 1st, 2021. Therefore, related disclosures are not considered in these financial statements for the year ended on March 31, 2021.

61 (i) Previous year’s figures are reclassified / regrouped to confirm and make them comparable with those of the current year.

(ii) Previous year,s figures of Note No. 2(a)(i) (i.e Cash and Cash equivalents) and Note No. 2(a)(ii) (i.e Bank balances other than Cash and cash equivalents) have been regrouped/reclassified in comformity with the comments of C&AG and hence an amount of Rs 1000 Lakhs has been shifted from the head bank balances other than cash and cash equivalents to Cash and cash equivalents.

62 Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on 01/09/2021.