13th
Annual Report
as at 31st March, 2017

KUTCH RAILWAY COMPANY LIMITED

CIN: U45202DL2004PLC124267

Board of Directors

Shri Ambrish Kumar Gupta	Chairman
Shri Arun Kumar	Director/ Nominee/ Rail Vikas Nigam Limited
Shri S. C. Jain	Director/ Nominee/ Rail Vikas Nigam Limited
Shri Pramod Kumar Singh	Director/ Nominee/ Rail Vikas Nigam Limited
Dr. Meenu Dang	Director/Nominee/ Rail Vikas Nigam Limited
Dr. Monica Agnihotri	Director/Nominee/ Rail Vikas Nigam Limited
Shri M. S. Balani	Director/ Nominee/ Kandla Port Trust
Shri D. N. Sondhi	Director/ Nominee/ Kandla Port Trust
Shri Sajal Mittra	Director/ Nominee/ Adani Ports and SEZ Limited
Capt. Unmesh Abhyankar	Director/ Nominee/ Adani Ports and SEZ Limited
Shri A. P. Mishra	Managing Director

Company Secretary

Shri Sanjeev Sharma

Chief Financial Officer

Shri Ankur Rastogi

Statutory Auditors

M/s AKG & Associates
Chartered Accountants
New Delhi

Bankers

Bank of Baroda

Registered Office

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

Project office

1st Floor, old DRM office Building
Railwaypura, Kalupura
Ahmedabad – 380 002

Control office

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

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NOTICE

Notice is hereby given that the **13th ANNUAL GENERAL MEETING** of the Shareholders of **KUTCH RAILWAY COMPANY LIMITED** will be held on Friday, 15th September 2017 at 4.00 PM at the registered office of the Company at 2nd Floor, Indra Palace Building, H- Block, Connaught Circus, New Delhi -110001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the Financial Year ended 31st March 2017 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 Sajal Mittra (DIN 02625510) who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Dr. Monica Agnihotri (DIN 06953119) who retires by rotation and being eligible, offers herself for reappointment.
5. To fix the remuneration of M/s AKG and Associates, the Statutory Auditors (ICAI Registration 002688N) for the Financial Year 2017-18.

   Pursuant to Section 139 (5) of the Companies Act, 2013 the auditors of the Government Company are appointed by the Comptroller & Auditor General of India (C&AG) and in terms of Section 142 of the Companies Act, 2013, the remuneration has to be fixed by the Company in the Annual General Meeting or in such manner as the Company in General Meeting may determine. The Members of the Company, in 12th Annual General Meeting held on 23rd September 2016 authorised the Board of Directors to fix the remuneration of Statutory Auditors for the financial year 2016-17.

   Accordingly, the Board of Directors has fixed audit fee of ₹ 4,00,000/- (₹ Four Lakh only) plus applicable taxes for Audit of the Accounts of the Company for the Financial Year 2016-17.

   M/s AKG and Associates, Chartered Accountants have been appointed by the C&AG as Statutory Auditors of the Company for the year 2017-18. The Members may authorise the Board to fix an appropriate remuneration of Statutory Auditors as may be deemed fit by the Board for the year 2017-18.

By Order of the Board of Directors

Registered office:
2nd Floor, Indra Palace Building
H-Block, Connaught Circus
New Delhi – 110001
18th August 2017

(Sanjeev Sharma)
Company Secretary
M.No. F3640

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF/ HERSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE INSTRUMENT APPOINTING PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the meeting.
4. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days except Saturdays Between 11.00 AM and 1.00 PM upto the date of the meeting.

DIRECTORS' REPORT

To
The Shareholders
Kutch Railway Company Limited

Your Directors have pleasure in presenting the 13th 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, 2017. It also has an addendum containing Management replies to the observations made in the Auditor's report.

FINANCIAL RESULTS

(₹ in Crores)

	Year 2016-17	Year 2015-16
Income from Operations	**83858.54**	74624.38
Other Income	**10291.95**	9631.39
Total Income	**94150.50**	84255.77
Total expenditure (excluding interest depreciation & taxes)	**71697.18**	48427.97
Profit/ (Loss) before interest & depreciation	**22453.32**	35827.80
Less: Financial Cost	**2414.06**	2035.17
Depreciation	**1806.30**	1758.77
Provision for tax	**3155.11**	3864.31
Profit / (Loss) after tax	**15077.85**	28169.55
Other Comprehensive Income	**(0.31)**	1.42
Total Comprehensive Income	**15077.54**	28170.97
Profit /(Loss) brought forward from earlier year	**91343.75**	63774.57
Profit Available for appropriation	**106421.29**	91945.54
Appropriations:		
Interim Dividend	**500.00**	—
Dividend Tax	**101.79**	—
Dividend	**600.00**	500.00
Dividend Tax	**122.15**	101.79
Surplus profit carried to Balance Sheet	**105097.35**	91343.75

INDIAN ACCOUNTING STANDARDS

The Ministry of Corporate Affairs (MCA) vide its notification in the official Gazette dated February 16, 2015, notified the Indian Accounting Standards (Ind AS) applicable to certain class of Companies. Ind AS has replaced the existing Indian GAAP prescribed under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014. For Kutch Railway Company Limited, Ind AS is applicable w.e.f. April 2016, with a transition date of April 1, 2015. The accounts of the Company have been prepared following these standards.

DIVIDEND

The Board of Directors in its 62nd meeting held on 22.03.2017 had declared an interim dividend of 2% i.e. ₹ 0.20 per Equity to the equity shareholders of the Company. The total payout of Interim Dividend was ₹ 5.0 Crores.

Your Directors further recommends a final dividend of 2% i.e. ₹ 0.20 per equity share. Total dividend for the year will be 4% amounting to ₹ 10.0 Crores. The payment of the final dividend of 2% is subject to the approval of the shareholders at the ensuing Annual General Meeting.

OPERATIONS OF THE COMPANY

The Income from operations of your Company has increased from ₹ 74624.38 lakhs in the Financial Year 2015-16 to ₹ 83858.54 lakhs in the Financial Year 2016-17. The Net Profit after tax has decreased from ₹ 28169.55 Lakhs to ₹ 15077.85 Lakhs. The decrease in PAT is due to reduction in the apportioned income by ₹ 5987.86 Lakhs and increase in O & M cost by ₹ 7798.59 Lakhs.

During the year 2016-17, a total of 16236 goods train (12700 loaded & 3636 empty) had run on the section carrying total cargo of 28.61 million tonnes.

In the current financial year (2017-18) upto July 2016, a total of 5469 goods train (4403 loaded & 1066 empty) had run on the section carrying total cargo of 7.67 million tonnes.

TRANSFER TO RESERVE

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

DOUBLING BETWEEN SAMAKHYALI- PALANPUR

As you are aware, Rail Vikas Nigam Limited is executing the doubling of Palanpur- Samakyiali project of the Company. The revised detailed estimate of the project is ₹ 1548.66 Cr. RVNL is executing the project work in six Packages. The status of the progress of work as on the year ended 31.03.2017 is as under:-

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

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

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

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

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

The Company has already incurred ₹ 25306.6 lakhs on PNU-SIOB Doubling project upto 31.03.2017.

MAINTENANCE WORKS ON THE EXISTING SECTION

During the year under review your Company had incurred the following major expenses/commitments for the maintenance of the existing line between Palanpur -Gandhidham:

1. Interlocking of level crossing no, 211 on SIOB-GIM section.
2. Carrying out the work of deep screening of 265 kms on Palanpur- Gandhidham section at the cost of ₹ 55 Cr.
3. To bear the cost amounting ₹ 33 Cr. for permanent restoration of Palanpur-Samakhiyali section and provision of additional waterway at breaches locations.
4. Cost amounting ₹ 29 Cr. for casual renewal of Scabby and Kinky rails on KRC project line.
5. To bear the cost of providing RUB of 15 UMLC and manning of 78 UMLC in phased manner over the next 3 to 5 years, This is in addition to 44 level crossings (41 UMLC and 3 manned) being converted into RUB/LHS during doubling of Palanpur-Samakhiyali section.

ELECTRIFICATION OF THE SECTION

Railway Board has asked the Company to plan & execute the work of electrification in sync with the commissioning of the Western Dedicated Freight Corridor by DFCCIL. In view of the Railway Board's request, your Company took up the matter and decided that since the project requires huge capital investments, before a commitment to Railway Board is made, a detailed Bankability study for the Electrification of the section is carried out. Western Railway had carried out DPR for the project along with financial appraisal. The study has shown that the project is bankable. As such, a letter has been sent to Railway Board giving consent of the Company to fund the electrification of the line subject to electrification of the adjoinhg Indian Railway line and other lines being carried out by the respective owners with the condition to allow direct payment by KRC to the Electricity Supply Companies to avoid additional overhead expenses of Western Railway. KRC had requested Ministry of Railways, Railway Board not to foreclose the opinion of extension of concession period post electrification and KRC, The total approximately cost for the project is around ₹ 511.0 Crores.

FUTURE OUTLOOK

Your Company foresees sustained growth of traffic on Gandhidham-Palanpur section. As per estimates, Gandhidham area accounts for the 40% of the Western Railway's Loading. Kandla & Mundra Ports have very ambitious development plans and they have projected substantial increase in the future traffic. Kandla & Mundra Ports are connected to Gandhidham station with double lines, Bhuj-Nallia Meter Gauge line has also been sanctioned by Ministry of Railway for conversion from Meter Gauge to Broad Gauge along with extension from Nallia to Vayor to provide rail connectivity to Cement factories coming up in that area. All these developments have raised optimism for Kutch Railway Company about increase in traffic on Gandhidham-Palanpur line. Taking these factors into account, the company has taken up doubling of Samakhiali - Palanpur section. The work has been entrusted to RVNL. Work is in progress in the entire stretch. Electrification of the line is also envisaged in view of the Western Dedicated Freight Corridor touching Palanpur, The project is under consideration.

SHARE CAPITAL

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

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

BOARD MEETINGS

Four (4) Board meetings were held during the financial year ended 31st March, 2017. The dates of the meetings are as follow:

29th June 2016, 16th August 2016, 1st December 2016 and 22nd March 2017.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company Shri Sajal Mittra and Dr. Monica Agnihotri Directors of the Company shall retire by rotation at the ensuing Annual General Meeting. Shri Sajal Mittra and Dr. Monica Agnihotri, being eligible, have offered themselves for reappointment.

Pursuant to the provisions of section 203 of the Companies Act, 2013, the key managerial personnel of the Company are - Shri Aditya Prakash Mishra, Managing Director, Shri Ankur Rastogi, Chief Financial Officer and Shri Sanjeev Sharma, Company Secretary. There has been no change in the key managerial personnel during the year. The remuneration and other details of the Key Managerial Personnel for the year ended 31st March 2017 are part of Annexure A.

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

Shri Devi Prasad Pande and Shri Raj Kumar Sarkar, Independent Directors of the Company vide their letters dated 10/08/2017 had due to their personal reasons, vacated the office of the 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.

DECLARATION FROM INDEPENDENT DIRECTORS

The Company has received declarations from the Independent Directors confirming that they meet the criteria of independence as laid down in section 149(6) of the Companies Act, 2013 and there has been no change in the circumstances which may affect their status as Independent Director of the Company during the year. However, the Independent Directors vide their letter dated 10/08/2017 had due to their personal reasons had vacated the office of the Independent Directorship of the Company.

COMPOSITION OF AUDIT COMMITTEE

The Company has Audit Committee comprising the following are its members as on 31.03.2017:

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

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

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

However, Shri Devi Prasad Pande and Shri Raj Kumar Sarkar, Independent Directors vide their letter dated 10/08/2017 had due to their personal reasons vacated the office of the Independent Directorship of the Company.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

i) That in the preparation of the annual accounts, all the applicable accounting standards have been followed and there has been no material departure.

ii) That such accounting policies were selected and applied consistently and such judgments and estimates were made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the period ended on 31st March 2017.

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

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

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

EXTRACTS OF ANNUAL RETURN

Pursuant to sub-section 3(a) of section 134 and sub-section 3 of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and administration) Rules, 2014 the extracts of the Annual Return in Form No. MGT-9 as at March 31, 2017 forms part of this report as Annexure-A.

AUDITORS

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

AUDITORS OBSERVATIONS

The remarks on the observations of the Statutory Auditors for the period under review are placed at **Annexure B** and appropriate disclosures in regard thereof are contained in the accounting 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 (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 2016-17. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the Financial Year 2016-17 is annexed to this report as **Annexure - C.**

FIXED DEPOSITS

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

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

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

INTERNAL FINANCIAL CONTROL SYSTEMS

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

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

The audit committee evaluates the internal financial control system regularly.

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

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

RISK MANAGEMENT

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

CORPORATE GOVERNANCE

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

CORPORATE SOCIAL RESPONSIBILITY

The Company is committed to conduct its business in a socially responsible, ethical and environmental friendly manner and to continuously work towards improving quality of life of the communities. The Company has a duly constituted CSR Committee, which is responsible for fulfilling the CSR Objectives of the Company. As on March 2017, the committee comprised viz. Shri Rahul Agarwal, Shri Raj Kumar Sarkar, Shri M. S. Balani, Dr. Monica Agnihotri and Shri A. P. Mishra. Shri Rahul Agarwal is the Chairman of the CSR Committee.

CSR POLICY

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

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

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

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

Number of Complaints received : NIL

Number of Complaints disposed off : NIL

Closing balance of the complaints : NIL

MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

CONTINGENT LIABILITY OF SERVICE TAX

A show cause notice issued to the Company by Director General of Central Excise Intelligence (DGCEI), raising a demand of ₹ 213.59 Crores 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.

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 to 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.

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

PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS U/S 186

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

NOMINATION AND REMUNERATION COMMITTEE

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

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

However Shri Devi Prasad Pande and Shri Raj Kumar Sarkar, Independent Directors vide their letter dated 10/08/2017 had due to their personal reasons vacated the office of the Independent Directorship of the Company.

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

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 shall be treated as NIL as the Company is presently neither energy intensive nor technology intensive.

FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.

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

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

STATEMENT OF ASSOCIATION

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

ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENT

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Sd/-	**Sd.-**
(Dr. Meenu Dang)	**(Aditya Prakash Mishra)**
Director	Managing Director
DIN: 00960974	DIN: 03319240

Date : 18th August, 2017
Place: New Delhi

Annexure-A

Form No. MGT-9

EXTRACT OF ANNUAL RETURNAS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year as on 01.04.2016				No. of Shares held at the end of the year as on 31.03.2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	0	6	6	.0000024	0	6	6	.0000024	NIL
b) Central Govt	0	124999994	124999994	49.99	0	124999994	124999994	49.99	
c) State Govt(s)	0	1000000	1000000	4	0	10000000	10000000	4	NIL
d) Bodies Corp	0	115000000	115000000	46		115000000	115000000	46	
e) Banks / FI									
f) Any Other	0	65000000	65000000	26	0	65000000	65000000	26	NIL
Sub- total(A)(1):-	**0**	**250000000**	**250000000**	**100**	**0**	**250000000**	**250000000**	**100**	**—**
2) Foreign									
g) NRIs-Individuals									
h) Other-Individuals				NIL					
i) Bodies Corp.									
j) Banks / FI									
k) Any Other….									
Sub-total (A)(2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter(A)= A1+A2	**0**	**250000000**	**250000000**	**100**	**0**	**250000000**	**250000000**	**100**	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt				NIL					
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year as on 01.04.2016			Shareholding at the end of the year as on 31.03.2017			% change in share-holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumber-ed to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumber-ed to total shares	
1.	Rail Vikas Nigam Limited	124999994	50	0	124999994	50	0	No change
2.	Kandla Port Trust	65000000	26	0	65000000	26	0	No change
3.	Adani Port and SEZ Ltd	50000000	20	0	50000000	20	0	No change
4.	Government of Gujarat	10000000	4	0	10000000	4	0	No change

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

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

INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year **(01.04.2016)** **i)** Principal Amount **ii)** Interest due but not paid **iii)** Interest accrued but not		NIL		
Total (i+ii+iii)				
Change in Indebtedness during the financial year - Addition - Reduction Net Change Indebtedness at the end of the financial year **(31.03.2017)** **i)** Principal Amount **ii)** Interest due but not paid **iii)** Interest accrued but not due		NIL		
Total (i+ii+iii)				

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Shri Aditya Prakash Mishra Managing Director	Total Amount ₹
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 (b) Value of perquisites u/s17(2) Income-tax Act,1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	 ₹ 31,48,762 ₹ 6,36,294 —	
2.	Stock Option	—	
3.	Sweat Equity	—	
4.	Commission - as % of profit - others, specify…	—	
5.	Others, please specify	—	
6.	Total (A)	₹ 37,85,056	
	Ceiling as per the Act	—	

B. Remuneration to other directors:

Particulars of Remuneration	Sh. Devi Prasad Pande	Sh. Raj Kumar Sarkar	Total Amount ₹
Independent Directors - Fee for attending board committee meetings - Commission - Others, please specify	 1,10,000.00 0 0	 80,000.00 0 0	 1,90,000.00
Total (1)	1,10,000.00	80,000.00	1,90,000.00
Other Non-Executive Directors - Fee for attending board committee meetings - Commission - Others, please specify	 0 0 0	 0 0 0	
Total (2)	0	0	
Total (B)=(1+2)	1,10,000.00	80,000.00	1,90,000.00
Total Managerial Remuneration	0	0	
Overall Ceiling as per the Act	—	—	

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Company Secretary	CFO
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-taxAct, 1961	₹ 24,36,720 ₹ 3,32,442 0.00	₹ 20,98,038 ₹ 3,06,527 0.00
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify…	-	-
5	Others, please specify	-	-
6	Total (₹)	₹ 27,69,162	₹ 24,04,565

VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

ANNEXURE B

S. No.	Extracts from Auditors' Report	Management reply
1.	Note No. 44 regarding fixed assets capitalised by Company (as per advice received from Western Railway), are yet to be verified by the company. Similarly, material supplied by Company and balance outstanding as advance to Western Railway are subject to reconciliation with Western Railway. The impact of the same is unascertainable, and consequent impact on depreciation is also unascertainable.	As per letter dt. 05.05.2017 received from the Western Railway (WR), a debit of ₹ 1.75 lakhs has been intimated by WR for the financial year 2016-17. The Company had also supplied material to WR amounting to ₹ 11997.00 lakhs and balance to WR amounting to ₹ 511.19 lakhs is outstanding as on 31.03.2017, With regard to finalisation of construction accounts, the matter has been raised at various administrative levels in Western Railway and the matter is being further pursued.
2.	Note No. 4.4 regarding division of addition in Bridges & Buildings, Formation, Plant & Machinery (Project) and Permanent Way (classified in other intangibles) in proportion of their gross opening balances The impact of the same is unascertainable.	In the aforesaid letter from WR, it has been mentioned that Railway has introduced AFRES accounting system since 2011. Therefore, it is not feasible to prepare the details of asset wise expenditure. In view of this the addition fixed assets is divided in proportion of their gross opening balances.
3.	Note no.38 regarding non-confirmation of receivables including advances and payables. The impact of the same is unascertainable.	Letters were sent for Confirmation of Accounts to all parties shown as receivables / payables stating therein that if no confirmation is received with in 30 days, it will be presumed that the respective party has accepted the copy of account. Confirmation has been received from most of the parties. Further, the details of account of Western Railway, which forms a major part of KRC account, have been received which has been accounted for in the Books of Accounts of the Company.
4.	1 c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has Bridges and Building, formation and permanent way in their immovable properties. These are constructed on leasehold land taken from western railway. ***The company has only lease agreement of the land on which these assets have been constructed.***	As per the Lease Agreement between the Company and MOR, the existing assets shall be leased to the Company to construct, operate and manage Project Railway.

ANNEXURE B...***Contd.***

S. No.	Extracts from Auditors' Report	Management reply
5.	***7*** b) According to the information given to us and as per the books of accounts produced before us, the company has no dues relating to sales tax, income tax, custom tax, wealth tax, excise duty, cess that have not been deposited on account of any dispute ***except Service tax of ₹ 213.59 crore relating to financial years 2009-10 to 2013-14 for which company received a demand notice from the Director General of Central Excise Intelligence and ₹ 82.07 crore relating to financial year 2014-15 for which a demand cum show notice has been received from Principal Commissioner of Service Tax Delhi-I.***	The reply to the Show cause notice in respect of financial years from 2007-08 to 2013-14, has been submitted on 06.01.2015. A personal hearing has also been held on 21.09.2015. No further correspondence has been received so far. A similar demand cum show cause notice was received for financial year 2014-15 for a demand of ₹ 82.07 crores. It has also been replied on 24.05.2016.

ANNEXURE C

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[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, 2017 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, 2017 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; (Not 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, 1992; (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; (NotApplicable)
   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)

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.

To comply with section 135 of the Companies Act, 2013 read with the Companies (Corporate Responsibility Policy) Rules 2014, During the financial year 2016-17 the Company was required to spend ₹ 5.06 Crores on CSR activities but it had spent ₹ 3,45 Crores on CSR activities.

We further report that:

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

We further report that the independent directors of the company have resigned on 10th August 2017. The Ministry of Corporate Affairs vide its notification dated 5th July 2017 and 13th July 2017 respectively has exempted the requirement of independent director, composition of Audit Committee and Nomination and Remuneration Committee in Joint Ventures Company. On the basis of above notification the Board of director of the company is duly constituted as on the date of this report.

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

We further report 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.

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.

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.

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 ₹ 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 ₹ 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. 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:- 18.08.2017

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

'Annexure A'

To,
The Members,
KUTCH RAILWAY COMPANY LIMITED
SUIT NO. 15-22, 2N° 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. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis,
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

PLACE :- NEW DELHI
DATED:-18.08.2017

FOR VINOD KUMAR & CO.
COMPANY SECRETARIES

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

ANNEXURE D

ANNUAL REPORT ON CSR ACTIVITIES

1.	Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and reference to the web-link to the CSR policy and projects or programs:	:	Brief outline of the Company's CSR objectives and its focus on projects/programmes are mentioned in the CSR Section of the Board's Report
2.	Composition of the CSR Committee:	:	a) Shri Rahul Agarwal, Chairman (Non- Executive Director) b) Shri Raj Kumar Sarkar, Independent Director c) Shri M. S. Balani, Non- Executive Director d) Dr. Monica Agnihotri, Non- Executive Director e) Shri A. P. Mishra, Managing Director
3.	Average Net Profit of the Company for last three Financial Years:	:	₹ 253.03 Crs.
4.	Prescribed CSR expenditure (two percent of the amount as in item 3 above)	:	₹ 5.06 Crs
5.	Details of CSR amount spent during the financial year	:	₹ 3.45 Crs.
a.	Amount to be spent for the financial year	:	₹ 5.06 Crs.
b.	Amount unspent, if any	:	₹ 1.61 Crs.
c.	Manner in which the amount spent during the financial year	:	As per the table attached
6.	In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report	:	The Company has identified viable CSR Projects and programmes to be implemented. However their has been shortfall in the expenditure incurred primarily for the following reasons: The envisaged projects and programmes involved substantial preliminary work to ensure maximum positive impact and the desired outcomes before actual implementation. This interalia required assessing the ground realities, extensive consultations with the beneficiaries, identification of the suitable local NGOs to partner some of the projects etc. which took time.

Annexure

(Rupees in Cr.)

S. No.	CSR Project/activity/ beneficiary	Sector in which the project is covered	Project or programme	Location of the project/ program	Amt. outlay (Budgeted)	Amount spent on the project	Cumulative expenditure up to the reporting period	Amount spent Direct/ impleme-nting agency
1.	Swacch Bharat Kosh	Eradicating hunger, poverty and malnutrition,promoting health care and sanitation. Improving the cleanliness level in rural and urban areas including the schools to make country open defecation free	Swachh Bharat Kosh (SBK) set up by Ministry of Finance, Department of Expenditure, Govt. of India	Pan India	2.50	2.50	2.50	Direct
2.	Clean Ganga Fund	Ensuring environmental sustainability, conser-vation of natural resources and main-taining quality of soil, air and water	Clean Ganga Project set up by Ministry of Water Resources, River Development & Ganga Rejuvenation, Govt. of India.	Pan India	0.50	0.50	0.50	Direct
3.	Cheshire Home, Delhi	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans	Installation of Solar Panel Project at the Cheshire Home, Delhi	Delhi	0.32	0.32	0.32	Direct
4.	Cheshire Home, Delhi	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans and promoting healthcare including preventive health care and sanitation	Setting up of sewage treatment plant for cleanliness, sanitation etc., at the Cheshire Home, Delhi	Delhi	0.13	0.13	0.13	Direct

CONFIDENTIAL/ गोपनिय

सत्यमेव जयते

भारतीय लेखा एवम् लेखा परीक्षा विभाग
प्रधान निदेशक लेखा परीक्षक, रेलवे–वाणिज्यिक का कार्यालय
काफमो, भारतीय रेल, तिलक ब्रिज,नई दिल्ली - 110 002

INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT,
RLY-COMMERCIAL,
COFMOW, INDIAN RAILWAYS, TILAK BRIDGE, NEW DELHI- 110002

No-PDA/RC/RPSU/32-86/KUTCH/2017-18/ 55 दिनांक: 29.08.2017

सेवामें,

प्रबंध निदेशक,
कच्छ रेलवे कम्पनी लिमिटेड
नई दिल्ली।

विषय: **31 मार्च 2017 को समाप्त वर्ष के लिए कच्छ रेलवे कम्पनी लिमिटेड के वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143 (6) (b) के अन्तर्गत भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणियाँ।**

महोदय,

मैं, कच्छ रेलवे कम्पनी लिमिटेड के 31 मार्च 2017 को समाप्त वर्ष के वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143 (6) (b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अग्रेषित कर रहा हूँ।

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

भवदीय,

संलग्न: यथोपरि।

बि. आर. मो.

(बी आर मोण्डल)
प्रधाननिदेशक / आर.सी.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF KUTCH RAILWAY COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2017

The preparation of financial statements of KUTCH RAILWAY COMPANY LIMITED for the year ended 31 March 2017 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 18 August 2017.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of KUTCH RAILWAY COMPANY LIMITED for the year ended 31 March 2017 under section 143 (6) (a) of the Act.

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

(B.R. Mondal)
Principal Director of Audit
Railway Commercial, New Delhi

Place: New Delhi
Dated:२१ August, 2017

INDEPENDENT AUDITOR'S REPORT

TO

THE MEMBERS OF

KUTCH RAILWAY COMPANY LIMITED

REPORT ON THE IND AS FINANCIAL STATEMENTS

1. We have audited the accompanying Ind AS financial statements of **Kutch Railway Company Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rule issued there under. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatements.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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

(a) **Note No. 44 regarding fixed Assets capitalized by Company (as per advice received from Western Railway), are yet to be verified by the company. Similarly, material supplied by company and balance outstanding as advance to Western Railway are subject to reconciliation with Western Railway. The impact of the same is unascertainable, and**

consequent impact on depreciation is also unascertainable.

(b) **Note No. 4.4 regarding division of addition in Bridges & Building, Formation, Plant & Machinery (Project) and Permanent Way (classified in other intangible assets) in proportion of their gross opening balances. The impact of the same is unascertainable.**

(c) **Note No. 38 regarding non confirmation of receivables including advances and payables. The impact of the same is unascertainable.**

Emphasis of Matter:-

Without qualifying our report we draw attention to Note No. 43 to the financial Statement which may have effect of reduction in the Reserves and Sundry debtors by ₹ 2550 lakhs (approx.) in the subsequent years (as and when advised by the Western Railways).

Report on Other Legal and Regulatory Requirements

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

10. The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub section (5) of Section 143 of the Companies Act 2013, the compliance of which is set out in **"Annexure B".**

11. As required by Section 143 (3) of the Act, 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, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

    d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;

    e) 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 C"; and**

    f) 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, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its notes to financial statements - ***Refer Note No. 39 regarding Service tax liability of ₹ 29566 lakhs together with interest & penalty and Writ petition filed by former employee.***

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

        iii. The provision of transferring the amount to the Investor Education and Protection Fund is not applicable to the company,

        iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note No. 49 to the Ind AS financial statements.

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

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

Place: New Delhi
Dated: 18.08.2017

Annexure A to the Independent Auditor's Report

The annexure referred to in paragraph 9 under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Kutch Railway Company Limited on the Ind AS financial statements for the financial year ended on 31st March 2017

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.

   (b) The company has an approved regular program of verification for all assets to cover all the items yearly, which, in our opinion, is reasonable having regard to the size of the company and the nature of its fixed assets. Pursuant to the program, major Assets, which are under the control of Western Railway, have been physically verified by a consultant appointed by the management. Further, in case of other Assets, under the control of Company, as explained to us, have been physically verified by the management. No material discrepancies were noticed on such verification.

   (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has Bridges and Building, formation and permanent way in their immovable properties classified in other Intangibles Assets. These are constructed on leasehold land taken from Western Railway. ***The company has only lease agreement of the land on which these assets have been constructed.***

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

3. In our opinion and according to the information and explanations given to us, the company has not granted any loans secured or unsecured to the companies/firms, limited liability partnership or other parties listed in the register maintained under section 189 of the companies Act, 2013.

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

5. According to the information and explanations given to us, the Company has not accepted any deposit during the year. Therefore, the provision of Clause (v) of paragraph 3 of CARO, 2015 are not applicable to the Company.

6. The Company is not required to maintain cost records which have been specified by the Central Government under sub-section (1) of section 148 of companies act. 2013.

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

   (b) According to the information given to us and as per the books of accounts produced before us, the company has no dues relating to sales tax, income tax, custom tax, wealth tax, excise duty, cess that have not been deposited on account of any dispute ***except Service tax of ₹ 213.59 crore relating to financial years 2009-10 to 2013-14 for which company received a demand notice from the Director General of Central Excise Intelligence and ₹ 82.07 crore relating to financial year 2014-15 for which a demand cum show notice has been received from Principal Commissioner of Service Tax Delhi-I.***

8. Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.

9. The company has not raised any money by way of initial public deposit offer, further public offer, debt instrument or term loans during the year.

10. According to the information and explanations given to us, based upon the audit procedures performed and representations made by the management, we report that no fraud on or by the Company has been noticed or reported during course of our audit.

11. In our opinion and according to information and explanation given to us, Managerial remuneration has been provided and paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of Companies Act, 2013.

12. The company is not a Nidhi company and hence this clause is not applicable.

13. In our opinion and according to information and explanation given to us, all transactions with related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and are disclosed in the financial statements as required by the applicable accounting standards.
14. Company has not made any preferential allotment or private placement of shares or fully or partly convertible or debentures during the year.
15. Based on the representation given by the management, the company has not entered into any non-cash transactions with the directors or other persons connected to directors.
16. The company is not required to be registered under section 45-IA of Reserve Bank of India, 1934.

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

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

Place: New Delhi
Dated: 18.08.2017

ANNEXURE B TO THE AUDITORS' REPORT

Annexure referred to in paragraph 2 under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Dedicated Freight Corridor Corporation of India Limited on the Ind AS financial statements for the financial year ended on 31st March 2017.

S. No.	Directions	Our Report
1.	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available.	According to information and explanations given to us by the management, the Company does not own any freehold land. However, the company has leasehold land taken from Western Railways of which lease agreement has been executed.
2.	Whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons therefore and the amount involved.	According to information and explanations given to us, there are no cases of waiver/write off of debts/ loans/interest etc.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities?	The Company does not have any inventories lying with third parties. According to information and explanations given to us, the company has not received any assets as gifts/grant(s) from government or other authorities.

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

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

Place: New Delhi
Dated: 18.08.2017

Annexure C to the Independent Auditor's Report referred to in paragraph 3(f) under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Kutch Railway Company Limited on the Ind AS financial statements for the financial year ended on 31st March 2017

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

We have audited the internal financial controls over financial reporting **of Kutch Railway Company Limited** ("the Company") as on 31st March 2017 in conjunction with our audit of the Ind AS financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Subject to:-

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

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

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

Place: New Delhi
Dated: 18.08.2017

BALANCE SHEET AS AT MARCH 31, 2017

(₹ in Lakhs)

	Particulars	Note No.	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
I.	**ASSETS**							
1	**Non-current assets**							
	(a) Property, Plant and equipment	3	59.08		72.40		84.72	
	(b) Other Intangible assets	4	37,372.20		38,144.11		38,608.59	
	(c) Intangible assets under development	5	28,475.88		6,967.35		1,007.39	
	(d) Financial Assets							
	(i) Others	6	9.25		7.44		276.90	
	(e) Deferred Tax Assets	15	13,943.16		13,006.14		10,118.85	
	(f) Other non-current assets	7	2,452.09	**82,311.66**	2,757.46	60,954.90	815.92	50,912.37
2	**Current assets**							
	(a) Financial Assets	8						
	(i) Trade Receivables	8.1	-		16,204.11		13,131.87	
	(ii) Cash and cash equivalents	8.2	3.18		83.54		8.28	
	(iii) Bank Balances other than (ii) above	8.3	121,088.40		104,073.47		78,577.11	
	(iv) Others	8.4	4,322.15		3,859.86		3,031.12	
	(b) Current Tax Assets (Net)	9	2,727.73		420.47		420.47	
	(c) Other current assets	10	3.75	**128,145.20**	2.83	124,644.28	5.62	95,174.47
	Total Assets			**210,456.86**		185,599.18		146,086.84
II.	**EQUITY AND LIABILITIES**							
1	**Equity**							
	(a) Equity Share Capital	11	25,000.00		25,000.00		25,000.00	
	(b) Other Equity	12	105,976.87	**130,976.87**	92,223.27	117,223.27	64,654.09	89,654.09
2	**Liabilities**							
(i)	**Non-current liabilities**							
	(a) Financial Liabilities	13						
	(i) Trade Payable	13.1	32,691.93		30,502.96		25,439.58	
	(b) Provisions	14	168.13		123.99		97.65	
	(c) Deferred Tax Liabilities (Net)	15	7,206.77		7,089.12		6,778.78	
	(d) Other Non-Current Liability	16	30,662.25	**70,729.07**	29,417.83	67,133.90	21,997.06	54,313.07
(ii)	**Current liabilities**							
	(a) Financial Liabilities	17						
	(i) Trade Payable	17.1	8,696.41		586.21		619.16	
	(ii) Other financial liabilities	17.2	45.63		535.31		27.93	
	(b) Other current liabilities	18	8.88		53.39		0.81	
	(c) Current Tax liability (Net)	10	-	**8,750.92**	67.10	1,242.01	1,471.78	2,119.68
	Total Equity and Liabilities			**210,456.86**		185,599.18		146,086.84

III. See accompanying notes to the financial statements.

The accompanying notes are integral part of financial statements

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

Sd/-
CA Harinder Singh
Partner
M.No.: 087889
Place: New Delhi
Date: 18.08.2017

For & on behalf of the Board of Directors

Dr. Meenu Dang
Director
(DIN No.:05171078)

Aditya Prakash Mishra
Managing Director
(DIN No.:03319240)

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

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

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31st MARCH, 2017

(₹ in Lakhs)

Particulars	Note No.	for the Year ended 31st March, 2017	for the Year ended 31st March, 2016
I. **Revenue :**			
Revenue from operations	19	**83,858.54**	74,624.38
II. Other income	20	**10,291.95**	9,631.39
III. **Total Income (I + II)**		**94,150.49**	84,255.77
IV. **Expenses:**			
Operating and other Expenses	21	**70,891.23**	47,870.62
Employee benefits expenses	22	**262.36**	220.45
Finance Cost	23	**2,414.06**	2,035.17
Depreciation and amortization expenses	24	**1,806.30**	1,758.77
Other Expenses	25	**543.59**	336.90
Total Expenses (IV)		**75,917.54**	52,221.91
V. **Profit/loss Before exceptional items and Tax (III - IV)**		**18,232.95**	32,033.86
VI. Exceptional items		**-**	-
VII. Profit/(Loss) before tax (V - VI)		**18,232.95**	32,033.86
VIII. Tax expense:			
(1) Current tax -			
For the year	26	**3,974.33**	6,442.00
(2) Deferred tax (net)	26	**102.52**	299.88
(3) MAT Credit	15	**(921.74)**	(2,877.57)
Total Tax Expense (VIII)		**3,155.11**	3,864.31
IX **Profit/(loss) for the period from continuing operation (VII - VIII)**		**15,077.84**	28,169.55
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)**		**15,077.84**	28,169.55
XIV **Other Comprehensive Income**			
A. (i) Items that will not be reclassified to profit and loss	27	**(0.47)**	2.17
(ii) Income Tax relating to Items that will not be reclassified to profit and loss	26	**0.16**	(0.75)
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)**		**15,077.53**	28,170.97

XVI. Earnings Per Equity Share: (For Continuing Operation)			
(1) Basic	28	**6.03**	11.27
(2) Diluted	28	**6.03**	11.27
XVII. Earnings Per Equity Share: (For discontinuing Operation)			
(1) Basic	28	**-**	-
(2) Diluted	28	**-**	-
XVIII. Earnings Per Equity Share: (For discontinued and continuing Operation)			
(1) Basic	28	**6.03**	11.27
(2) Diluted	28	**6.03**	11.27

The accompanying notes are integral part of financial statements

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

Sd/-
CA Harinder Singh
Partner
M.No.: 087889
Place: New Delhi
Date: 18.08.2017

For & on behalf of the Board of Directors

Dr. Meenu Dang
Director
(DIN No.:05171078)

Aditya Prakash Mishra
Managing Director
(DIN No.:03319240)

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

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

(₹ in Lakhs)

		2016-17		2015-16	
CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit before taxation		**18,232.95**		32,033.86	
Adjustment for :					
Depreciation & amortization expenses		**1,806.30**		1,758.77	
Loss / (Profit) on sale of assets(net)		**-**		(1.61)	
Interest Income		**(8,820.37)**		(8,261.55)	
Unwinding of discount on Security Deposit		**(0.61)**		(0.54)	
Unwinding of Discount on Overhead Cost Payable		**(2,414.06)**		(2,035.17)	
Income from reversal of deferred Overhead costs payable		**1,470.89**		1,367.69	
Rent Expense - reversal of fair value adjustment of security deposit		**0.74**		0.71	
Operating Profit before working capital changes	**(1)**	**10,275.85**		24,862.16	
Adjustment for :					
Decrease / (Increase) in Trade Receivables		**16,204.11**		(3,072.24)	
Decrease / (Increase) in Bank Balance other than those taken to Cash & Cash Equivalent		**(17,014.93)**		(25,496.36)	
Decrease / (Increase) in Other Financial current Assets		**(462.28)**		(828.74)	
Decrease / (Increase) in Other Current Assets		**(0.92)**		2.79	
Decrease / (Increase) in Other Non current Financial Assets		**(1.20)**		270.00	
Decrease / (Increase) in Other Non Current Assets		**-0.62**		0.00	
(Decrease) / Increase in Trade Payables		**12,713.23**		7,098.55	
(Decrease) / Increase in Other Non Current Liability		**(226.47)**		6,053.08	
(Decrease) / Increase in Other Current Financial Liability		**(489.68)**		507.38	
(Decrease) / Increase in Other Current Liability		**(44.51)**		52.58	
(Decrease) / Increase in Provisions		**43.67**		28.51	
	(2)	**10,720.40**		(15,384.45)	
Cash generated from operation	**(1+2)**	**20,996.24**		9,477.71	
Income Tax Paid		**(6,348.69)**		(7,846.68)	
NET CASH FROM OPERATING ACTIVITIES	**(A)**		**14,647.55**		1,631.03
CASH FLOW FROM INVESTING ACTIVITIES					
Capital Expenditure on PPE,Other Intangible Assets & Intangible under Development		**(22,529.61)**		(7,240.32)	
Capital Advances given during the year		**305.25**		(1,942.25)	
Interest Received		**8,820.37**		8,261.55	
NET CASH FROM INVESTING ACTIVITIES	**(B)**		**(13,403.99)**		(921.02)
CASH FLOW FROM FINANCING ACTIVITIES					
Dividend (including Dividend Distribution Tax) paid			**(1,323.94)**		(601.79)
NET CASH FROM FINANCING ACTIVITIES	**(C)**		**(1,323.94)**		(601.79)
Effect of Exchange differences on translation of Foreign Currency Cash & Cash Equivalents	**(D)**				

NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT	**(A+B+C+D)**	**(80.37)**	108.22
CASH AND CASH EQUIVALENT (OPENING)	**(E)**	**83.54**	8.28
Cash Balances		**0.11**	0.40
Balance with Banks		**83.43**	0.88
Short term investments		**-**	7.00
CASH AND CASH EQUIVALENT (CLOSING)	**(F)**	**3.18**	83.54
Cash Balances		**0.24**	0.11
Balance with Banks		**2.94**	83.43
Short term investments			
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT	**(F- E)**	**(80.36)**	75.26

Notes:-

The Cash Flow Statement has been prepared under the Indirect method as set out in IndAS-7 on “”Statement of Cash Flow”.

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

As per our report of even date attached
For AKG & Associates
Chartered Accountants
FRN: 002688N
Sd/-
CA Harinder Singh
Partner
M.No.: 087889
Place: New Delhi
Date: 18.08.2017

For & on behalf of the Board of Directors

Dr. Meenu Dang
Director
(DIN No.:05171078)

Aditya Prakash Mishra
Managing Director
(DIN No.:03319240)

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

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

Statement of changes in equity for the period ended 31 March 2016

A. Equity share capital

(₹ in Lakhs)

Particulars	Amount
Balance at April 1, 2015	25,000
Changes in equity share capital during the year	
(a) issue of equity shares capital during the year	-
Balance at March 31, 2016	**25,000**

B. Other Equity

Particulars	Reserve & Surplus		
	General Reserve	**Retained Earnings**	**Total**
Balance at the beginning of the year	879.52	63,774.91	64,654.43
Prior period errors adjustments	-	(0.34)	(0.34)
Restated balance at the beginning of the year	**879.52**	**63,774.57**	**64,654.09**
Profit for the year	-	28,169.55	**28,169.55**
Other Comprehensive Income for the year (net of income tax)	-	1.42	1.42
Total Comprehensive Income for the year	**-**	**28,170.97**	**28,170.97**
Dividends	-	(601.79)	(601.79)
Transfer to retained earning	-	-	-
Balance at the end of the year	**879.52**	**91,343.75**	**92,223.27**

Statement of changes in equity for the period ended 31 March 2017

A. Equity share capital

(₹ in Lakhs)

Particulars	Amount
Balance at April 1, 2016	25,000
Changes in equity share capital during the year	
(a) issue of equity shares capital during the year	-
Balance at March 31, 2017	**25,000**

B. Other Equity

Particulars	Reserve & Surplus		
	General Reserve	**Retained Earnings**	**Total**
Balance at the beginning of the year	879.52	91,347.24	92,226.76
Changes in accounting policy or prior period errors	-	(3.49)	(3.49)
Restated balance at the beginning of the year	**879.52**	**91,343.75**	**92,223.27**
Profit for the year	-	15,077.84	**15,077.84**
Other Comprehensive Income for the year (net of income tax)	-	(0.31)	(0.31)
Total Comprehensive Income for the year	**-**	**15,077.53**	**15,077.53**
Dividends	-	(1,323.94)	(1,323.94)
Prior Period Adjustment	-	-	-
Transfer to retained earning	-	-	-
Balance at the end of the year	**879.52**	**105,097.35**	**105,976.87**

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

Sd/-
CA Harinder Singh
Partner
M.No.: 087889
Place: New Delhi
Date: 18.08.2017

For & on behalf of the Board of Directors

Dr. Meenu Dang
Director
(DIN No.:05171078)

Aditya Prakash Mishra
Managing Director
(DIN No.:03319240)

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

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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Accounting policies and measurement methods

Note 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), Adani 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 Annexure -1 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.

Note: - 2

Basis of Preparation

2.1 Statement of Compliance

The financial statements as at and for the year ended March 31, 2017 have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian accounting standards) Amendment Rules 2016.

For all periods up to and including the year ended March 31, 2016, the company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013 (Indian GAAP). The financial statements for the year ended March 31, 2017 are company's first IND AS financial statements.

Refer Note 54 for "How company adopted IND AS"

2.2 Basis of Measurement

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.

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. Examples of such estimates include estimatation 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 recognised 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 and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand are considered part of the Company's cash management system.

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.

For transition to IND-AS, the company has elected to continue with the carrying value of all its property, plant & equipment recognised as on April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

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 period of significant items of property plant and equipment are as follows:

Particulars

Nature of Assets	**Useful Life (Years)**
Plant & Machinery	15
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.

(d) Company has revised the depreciation rate and life of Intangible Assets (freight sharing right) due to applicability of Ind AS as prescribed by section 133 of Companies Act 2013. As a result, depreciation has been reduced by ₹ 2618.59 lakh and ₹ 2642.55 lakh and accordingly, profit before tax has been increased by ₹ 2618.59 lakh and ₹ 2642.55 lakh for the year ended March 31, 2016 and March 31, 2017 respectively. It will have effect on profits of future periods, the impact of which is unascertainable.

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

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 .

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. 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. No amortisation is provided on assets for the year in which deletion is advised by Western Railway.

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.

For transition to IND-AS, the company has elected to continue with the carrying value of Intangible Assets recognised as on April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.8 Intangible Asset Under Development :

Freight sharing right under development

i. Indirect expenses incidental to construction of various assets will be apportioned on pro-rata basis to respective assets.
ii. Deposit Works contracts are accounted for on the basis of statement of accounts received from executing agencies.
iii. In respect of supply cum erection contracts, the value of supplies received at site and accepted is treated as Intangible assets under development .
iv. Expenses not identifiable with projects under execution are treated as pre-operative expenses, and will be apportioned after identification before final completion of works.
v. The addition/deletion in the Intangible assets under development (advised by Western Railway) are accounted for in the year of advice by Western Railway.

2.9 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(a) Operating revenue

The operating income of the company is recognized on accrual basis as per the provisional figures advised by

Western Railways for the share of revenue due to the company from the operations of goods traffic.

Operating revenue and operation & maintenance cost of earlier years in respect of operation of goods trains are accounted for in the year of advice of provisional figures by the Western Railway.

b) 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.

c) 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

Leases are classified as operating lease whenever the terms of the lease doesn't transfer substantially all the risk and rewards of ownership to the lessee.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term. Where the rentals are structured to increase in line with expected general inflation to compensate for the lessor expected inflationary cost increases, such increases are recognised in the year in which such benefit accrue. Contingent rentals arising under operating lease are recognised as an expense in the period in which they are incurred.

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 period 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 period. In determining diluted earnings per share, the net profit attributable to equity shareholders and weighted average number of shares outstanding during the period 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 period.

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 period is recognised as income/expense in the statement of profit and loss.

2.19 Non-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.

2.20 Standard issued but not yet effective for the Financial Year 2016-17

a) IND AS 115 Revenue from Contracts with Customers

MCA had notified IND AS 115 on Revenue from Contracts with Customers in Feb 2015. The standard establishes a new five step model that will apply to revenue arising from Contracts with customers. Under IND AS 115, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IND AS 115 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IND AS.

The effective date of IND AS 115 is annual periods beginning on or after 1st January 2018, with early adoption permitted. The Company is required to adopt the standard by the Financial Year commencing 1st April 2018. The Company is currently evaluating the requirements of IND AS 115 and has not yet determined the impact on the financial statements.

2.21 Cost Recognition

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

2.22 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.

Note: - 3
Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Vehicle	Plant & Machinery	Furniture & Fixture	Computers	Total
At Cost or Deemed Cost as at 1 April 2015					
At 1 April 2015	64.37	12.93	108.47	9.32	195.09
Additions	-	2.45	1.56	1.79	5.80
Disposals/Adjustments	-	2.37	0.42	-	2.79
At 31 March 2016	**64.37**	**13.01**	**109.61**	**11.11**	**198.10**
Additions	-	0.72	0.45	0.50	1.67
Disposals/Adjustments	-	0.21	-	-	0.21
At 31 March 2017	**64.37**	**13.52**	**110.06**	**11.61**	**199.56**
Accumlated Depreciation and impairment					
At 1 April 2015	55.81	5.78	43.81	4.97	110.37
Depreciation charge for the year	1.30	2.28	11.12	2.54	17.24
Impairment	-	-	-	-	-
Disposals/Adjustments	-	1.56	0.35	-	1.91
At 31 March 2016	**57.11**	**6.50**	**54.58**	**7.51**	**125.70**
Depreciation charge for the year	1.30	2.30	9.47	1.85	14.91
Impairment	-	-	-	-	-
Disposals/Adjustments	-	0.13	-	-	0.13
At 31 March 2017	**58.41**	**8.67**	**64.05**	**9.36**	**140.48**
Net book value					
At 31 March 2017	**5.96**	**4.85**	**46.01**	**2.25**	**59.08**
At 31 March 2016	**7.26**	**6.51**	**55.03**	**3.60**	**72.40**
At 1 April 2015	**8.56**	**7.15**	**64.66**	**4.35**	**84.72**

Note 3.1 :

Company has adopted to continue with carrying value of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS measured as per previous GAAP after adjusting any decommonissioning liabilities. As per management estimate there is no decommonissing, restoration or similiar liablities on its property, plant and equipment hence no adjustment in this regard is done.

Note: - 4
Other Intangible Assets *(₹ in Lakhs)*

Particulars	Computer Software	Freight Sharing Right	Total
At Cost or deemed cost			
At 1 April 2015	6.41	60,243.22	60,249.63
Addition	-	1,346.04	1,346.04
Disposal/Adjustments	-	(71.24)	(71.24)
At 31 March 2016	**6.41**	**61,518.02**	**61,524.43**
Addition during the year	-	1,019.49	1,019.49
Adjustment	-	-	-
Closing balance at 31 March 2017	**6.41**	**62,537.51**	**62,543.92**
Amortisation and Impairment			
At 1 April 2015	6.40	21,634.64	21,641.04
Amortisation for the year	-	1,741.53	1,741.53
Impairment	-	-	-
Disposal/Adjustments	-	(2.25)	(2.25)
At 31 March 2016	**6.40**	**23,373.92**	**23,380.32**
Amortisation	-	1,791.40	1,791.40
Impairment	-	-	-
Disposal/Adjustments	-	-	-
Closing balance at 31 March 2017	**6.40**	**25,165.32**	**25,171.72**
Net book value			
At 31 March 2017	**0.01**	**37,372.19**	**37,372.20**
At 31 March 2016	**0.01**	**38,144.10**	**38,144.11**
At 1 April 2015	**0.01**	**38,608.58**	**38,608.59**

Note 4.1 :

Amortisation on other intangible assets included in note-24 -"Depreciation & Amortisation".

Note 4.2 :

Company has booked additions in the permanent way (Freight Sharing right) of ₹ 1,045.13 Lakhs during the financial year 2014-15 as advised by Western Railway. During the F.Y. 2015-16 company had reduced ₹ 71.24 Lakhs from last year additions as per revised advice of WR. Depreciation of ₹ 2.25 Lakhs has been reduced during the F.Y. 2015-16 (charged during last year on ₹ 71.24 Lakhs) from depreciation reserve and accounted as profit on sale of fixed assets as per policy of company.

Note 4.3 :

Company has adopted to continue with carrying value of its intangible assets as recognised in the financial statements as at the date of transition to Ind AS measured as per previous GAAP in accordance with Ind AS 101.

Note 4.4:

Western Railway (WR) has provided the consolidated figures in respect of addition during the year amounting to ₹ 1.75 lakhs 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 addition. In absence of the same, the total addition has been divided in proportion of gross opening balance of these assets. The capital cost incurred and advised by WR to the tune of ₹ 7,78.09 lakhs during F. Yr. 2016-17 has been debited in Intangible assets (Freight sharing right) i.e. -Permanent Way only.

Note - 5
Intengible Assets under Development

(₹ in Lakhs)

Particulars	2015-16				2016-17		
	As at 1st April 2015	Additions/ (Disposals)	Transfer/ Deduction/ Adjustments	As at 31st March 2016	Additions/ (Disposals)	Transfer/ Deduction/ Adjustments	As at 31st March 2017
Bhildi Running Room	368.81	(20.37)	-	348.44	4.55	-	**352.99**
Intermediate Block Section	617.72	35.75	-	653.47	-	-	**653.47**
Data Logger	-	57.71	-	57.71	3.90	-	**61.61**
Fuse Alarm	-	34.81	-	34.81	14.70	(49.51)	**(0.00)**
PNU-SIOB Doubling	-	5,500.07	-	5,500.07	19,806.53	-	**25,306.60**
Residence for ADSTE-RDHP	-	2.96	-	2.96	6.79	-	**9.75**
Strengthening of Bridges	-	7.43	-	7.43	132.45	-	**139.88**
Track Fitting Renewal	-	102.42	-	102.42	835.25	-	**937.67**
Track Renewal Work	-	46.31	-	46.31	151.34	-	**197.65**
Through Weld Renewal & related work	-	56.00	-	56.00	137.18	-	**193.18**
Earthing Arrangements	20.86	3.39	(24.25)	-	-	-	**-**
Adesar & Santalpur Improvement	-	148.19	-	148.19	41.94	(190.13)	**0.00**
Bankability Study	-	9.54	-	9.54	2.40	-	**11.94**
Laying of OFC	-	-	-	-	474.08	-	**474.08**
Deep Borewell Bhildi	-	-	-	-	11.11	-	**11.11**
PNU-SIOB Doubling Survey	-	-	-	-	125.96	-	**125.96**
Total	**1,007.39**	**5,984.21**	**(24.25)**	**6,967.35**	**21,748.17**	**(239.64)**	**28,475.88**

Note: - 6

6.1 Other non-current financial assets

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
At Amortised Cost			
Security Deposits	**9.25**	7.44	6.90
Fixed Deposit	-	-	270.00
Total	**9.25**	7.44	276.90

Note: - 7

Other non-current assets

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
a) **Capital Advances**			
Unsecured, considered good			
Advances to WR for various project expenditure	**2,447.51**	2,752.76	810.51
b) **Others**			
Prepaid Rent *	**4.58**	4.70	5.41
Total	**2,452.09**	2,757.46	815.92

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

Note: - 8

Financial Assets - Current

8.1 Trade Receivables

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
(a) **Trade Receivables**			
Unsecured, considered good	**-**	16,204.11	13,131.87
Total	**-**	16,204.11	13,131.87

Note (i)

Sundry Debtors (WR) as on March 31, 2016 ammounting to ₹ 16,204.11 Lakhs (April 1, 2015 ₹ 13,131.87 Lakhs) are derived after deducting ₹ 29,843.90 Lakhs payable to WR on account of Operation & Maintenance cost and capital cost as advised by WR.

Note (ii)

The Operation & Maintenance Cost and Capital Cost are derived as follows:- *(₹ in Lakhs)*

Particulars	F.Y. 2015-16
Fixed Costs Maintenance & Stores	1,800.58
Fixed Cost-Manpower	4,938.23
Variable Cost	21,798.09
Capital Cost	1,307.00
Total	**29,843.90**

Note (iii)

The credit period in respect of Trade Receivables is five days from the end of the relevant month.

Note (iv)

Trade receivable are interest bearing. Interest is claimable in case of event of default of Non payment of dues for three consecutive months.

Note: - 8.2
Cash and Cash equivalent

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Cash in hand	**0.24**	0.11	0.40
Balances with banks:			
– On current accounts	**2.94**	83.43	0.88
– Deposits with original maturity of less than three months	**-**	-	7.00
Total	**3.18**	83.54	8.28

Note: - 8.3
Bank Balances other than Cash and Cash equivalent

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Other Bank Balances			
– Deposits with original maturity of more than 3 months but less than 12 months	**121,088.40**	104,073.47	68,341.14
– Deposits with original maturity of more than 12 months		-	10,235.97
Total	**121,088.40**	104,073.47	78,577.11

Note: - 8.4
Other Current Financial Assets

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
(a) Other Receivables			
Employee Advances	**1.05**	1.83	4.01
Interest Accrued but not due on FD	**4321.10**	3857.57	3026.75
KRC Employees Gratuity Trust	**-**	0.46	0.36
Total	**4,322.15**	3,859.86	3,031.12

Note: - 9
Current Tax Asset and Liability

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Current Tax Asset			
Income Tax refundable	**420.47**	420.47	420.47
Advance Tax & TDS receivable	**2,307.27**	-	-
Total	**2,727.73**	420.47	420.47
Current Tax Liability			
Provision for Income Tax (net of advance tax & TDS)	**-**	67.10	1,471.78
Total	**-**	67.10	1,471.78

Note: - 10
Other current assets

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
a) Other Advances			
Advance to Suppliers	**0.02**	-	02.36
b) Others			
Prepaid Expenses	**3.73**	2.83	3.26
Total	**3.75**	2.83	5.62

Note: - 11
Equity Share Capital

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Authorised share capital			
25,00,00,000 Equity Shares of ₹ 10 each (31st March, 2016: 25,00,00,000 Equity Share of ₹ 10 each, April 1,2015: 25,00,00,000 Equity Share of ₹ 10 each)	**25,000.00**	25,000.00	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, 2016: 25,00,00,000 Equity Share of ₹ 10 each, April 1,2015: 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	25,000.00	25,000.00

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

Particulars	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
	No of shares (in Lakhs)	Amount (in Lakhs)	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	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**	**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 2017		As at 31st March 2016		As at 1st April 2015	
	No of shares (in Lakhs)	% holding in the class	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	1,250.00	50.00
2. Kandla Port Trust	650.00	26.00	650.00	26.00	650.00	26.00
3. Adani Ports & SEZ Ltd.	500.00	20.00	500.00	20.00	500.00	20.00
Total	**2,400.00**	**96.00**	**2,400.00**	**96.00**	**2,400.00**	**96.00**

(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 2017 No in lakhs	As at 31 March 2016 No in lakhs	As at 31 March 2015 No in lakhs	As at 31 March 2014 No in lakhs	As at 31 March 2013 No in lakhs
Equity shares issued as bonus	-	-	-	-	-
Total	-	-	-	-	-

Note: - 12
Other Equity

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
General Reserve	879.52	879.52	879.52
Retained Earnings	105,097.35	91,343.75	63,774.57
Total	**105,976.87**	**92,223.27**	**64,654.09**

Note 12.1 General Reserve

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Opening Balance	879.52	879.52	879.52
Add: Transfer from statement of profit and loss	-	-	-
Closing Balance	**879.52**	**879.52**	**879.52**

Note 12.2 Retained Earnings

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Opening Balance	91,343.75	63,774.57	63,774.91
Add: Profit during the period transfer from statement of profit & loss	15,077.84	28,169.55	-
Other comprehensive income arising from Remeasurement of defined benefit obligation net of income tax	(0.31)	1.42	-
Interim Dividend	(500.00)	-	-
Payment of dividend tax	(101.79)	-	-
Payment of dividend on equity shares	(600.00)	(500.00)	-
Payment of dividend tax on equity shares	(122.15)	(101.79)	(0.34)
Closing Balance	**105,097.35**	**91,343.75**	**63,774.57**

During the year 2016-17, Interim dividend of ₹ 0.20 per share was paid to holders of equity shares (Total dividend ₹ 500.00 lakhs). On September 26, 2016 a dividend of ₹ 0.24 per share was paid to holders of equity shares. (Total dividend ₹ 600 lakhs). On September 11, 2015 a dividend of ₹ 0.20 per share was paid to holders of equity shares. (Total dividend ₹ 500 lakhs).

Note: - 13
Financial Liabilities-Non Current

13.1 Trade Payable

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
At Amortised Cost			
Overhead Cost Payable (WR) - Refer Note 42(b)	**32,691.93**	30,502.96	25,439.58
Total	**32,691.93**	30,502.96	25,439.58

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.

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

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

Note: - 14
Provisions

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Employee Benefits			
Gratuity	**17.39**	13.65	9.78
Leave Encashment	**150.74**	110.34	87.87
Total	**168.13**	123.99	97.65

Note:-

The provision for employee benefits includes retirement benefits of gratuity and Leave encashment, for other disclosures refer Note no-45.

Note: - 15
Deferred Tax

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Deferred tax liability			
Property, plant & equipment and other intangible assets	**7,206.77**	7,089.13	6,778.78
Total deferred tax liability	**7,206.77**	7,089.13	6,778.78
Deferred tax Assets			
Employee benefit	**58.19**	42.91	33.19
MAT Credit Entitlement	**13,884.97**	12,963.23	10,085.66
Total deferred tax asset	**13,943.16**	13,006.14	10,118.85

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 31.03.2017.

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.

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

Particulars	PPE & Intangible Assets	MAT	Employee Benefits	Defined benefit obligation	Total
Opening balance as at 1 April 2015	**6,778.78**	**(10,085.66)**	**(33.19)**	-	**(3,340.07)**
Charged/(credited) during 2015-16					
To Profit & Loss	310.34	(2,877.57)	(10.47)		(2,577.69)
To other comprehensive income	-	-	-	0.75	0.75
Closing balance as at 31 March 2016	**7,089.13**	**(12,963.23)**	**(43.66)**	**0.75**	**(5,917.01)**
Charged/(credited)					
To Profit & Loss	117.64	(921.74)	(15.11)	-	(819.22)
To other comprehensive income	-	-	-	-0.16	(0.16)
Closing balance as at 31 March 2017	**7,206.77**	**(13,884.97)**	**(58.78)**	**0.59**	**(6,736.39)**

Note: - 16
Other Non current Liability

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
a) Fair valuation adjustment- Financial Liabilities			
Overhead Cost Payable*	**30,662.25**	29,417.83	21,997.06
Total	**30,662.25**	29,417.83	21,997.06

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

Note: - 17
Financial Liabilities-Current

17.1 Trade Payable

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
At Amortised Cost			
Operating and Maintenance Cost Payable (WR)	**7,847.18**	-	-
Creditors for Project Expenditure (Unsecured, unconfirmed & considered good)	**849.22**	586.21	619.16
Total	**8,696.41**	586.21	619.16

Note (i)
Trade Payable (WR) as on March 31, 2017 amounting to ₹ 7847.18 Lakhs (March 31, 2016 ₹ Nil and April 1, 2015 ₹ Nil Lakhs) are derived after deducting ₹ 61330.52 Lakhs Recoverable from WR on account of Apportioned earnings as advised by WR.
Note (ii)
Trade payable for project Expenditure include ₹ 251.46 Lakhs as on March 31.2017 (March 31,2016 ₹ 500.07 lakhs and April 1, 2015 ₹ Nil Lakhs) payable to RVNL towards project expenditure of doubling of railway line between Palanpur-Samakhiyali.

17.2 Other Financial Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Expenses Payable	**23.42**	23.34	14.29
Security from suppliers	**2.52**	02.10	02.11
Other payables (Unsecured, unconfirmed but Considered good)*	**19.69**	509.87	11.53
Total	**45.63**	535.31	27.93

Note: - 18
Other current Liability

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
EPF Payable	**2.54**	2.38	-
Other Statutory Liabilities*	**6.34**	51.01	0.81
Total	**8.88**	53.39	0.81

* Includes TDS, Professional Tax payable and Service Tax Recoverable.

Note: - 19
Revenue from operation

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016
Income from bulk & Container traffic (refer note no.-29)	**61,330.52**	67,318.38
Other Operating Revenue		
Construction Contract Revenue under SCA (refer note no.-29)	**22,528.02**	7,306.00
Total	**83,858.54**	74,624.38

Note No. 19.1 :

For the year ended 31st March 2017, the company has recognized revenue of ₹ 22528.02 Lakhs (March 31st 2016 ₹ 7306.00 Lakhs), on construction of intangible assets under service concession arrangement.

Note: - 20
Other Income

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016
Interest Income		
Interest Income on Fixed Deposits (at amortised cost)	**8,820.24**	8,261.35
Interest on Advances to Employees	**0.13**	0.20
Other Non-operating Income		
Profit on disposal of Fixed Assets	**-**	1.61
Unwinding of discount on Security Deposit	**0.61**	0.54
Income from reversal of deferred Overhead costs payable	**1,470.89**	1,367.69
Miscellaneous Income	**0.08**	-
Total	**10,291.95**	9,631.39

Note: - 21
Operation & Maintenance Expense (O&M Expenses)

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016
Man Power Cost	**14,159.93**	13,147.23
Fixed Maintenance Cost	**2,674.74**	1,800.58
Cost of Fuel	**10,902.45**	10,537.36
Hiring Charges of Rolling Stock	**1,893.31**	1,992.17
Wagon Repair Charges	**822.58**	758.75
Vehicle Hire Charges	**73.43**	67.31
Overhead cost	**17,568.14**	11,816.68
Documentation Charges	**3.67**	3.95
Special Repair & Breaches	**75.74**	182.00
Compensation Claim	**131.78**	114.86
Other cost	**57.45**	143.74
Construction Contract Cost under SCA (refer note no.-29)	**22,528.02**	7,306.00
Total	**70,891.23**	47,870.62

Note: - 22
Employee Benefit and Expenses

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016
Salaries, Wages & benefits	**155.18**	144.42
Contribution to PF & Other Funds	**15.62**	14.27
Managing Director's Remuneration	**36.93**	27.31
Provision for Retirement Benefits	**49.54**	29.56
Staff Welfare	**5.08**	4.89
Total	**262.36**	220.45

Note: - 23
Finance Cost

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016
Other Borrowing Cost		
Unwinding of Discount on Overhead Cost Payable	**2,414.06**	2,035.17
Total	**2,414.06**	2,035.17

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

Note:- 24
Depreciation and Amortization

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016
Depreciation on Property,Plant & Equipment (refer note-3)	**14.91**	17.24
Amortization of intangible assets (refer note-4)	**1,791.40**	1,741.53
Total	**1,806.30**	1,758.77

Note: - 25
Other Expenses

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016
Professional Charges	**47.94**	40.71
Rent Expense	**49.20**	46.23
Electricity	**2.53**	2.80
Communication	**4.62**	5.02
Travelling & Conveyance	**11.58**	11.52
Printing & Stationery	**2.49**	2.90
Advertisement & Sponsorship	**11.68**	1.67
Books & periodicals	**0.56**	0.55
Insurance	**18.39**	16.24
Entertainment & business promotion	**17.42**	17.34
Membership & Business Subscription	**3.51**	13.86
Meeting and conference charges	**1.23**	0.65

Repairs & maintenance	**2.25**	2.87
Vehicle Running & Maintenance	**4.55**	5.43
Directors Sitting Fees	**1.90**	2.00
Auditor remuneration	**6.05**	3.39
Bank Charges	**0.01**	0.01
Service Tax	**5.60**	4.75
Loss on disposal of Fixed Assets	**0.01**	-
Miscellaneous Expenses	**7.10**	8.96
Corporate Social Responsibility Expenses	**344.97**	150.00
Total	**543.59**	336.90

Note: - 26

Income Tax Expense

Note 26.1 Income tax recognised in profit and loss

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016
Current income tax:		
Current income tax charge	**3,974.33**	6,442.00
Deferred tax:		
In respect of the current year	**102.52**	299.88
For details (Refer note no 15)		
In respect of MAT payable	**(922)**	(2,878)
Total	**3,155.11**	3,864.31

Reconciliation between tax expense and the accounting profit :

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016
Accounting profit before tax from continuing operations	**18,232.95**	32,033.86
Accounting profit before income tax	**18,232.95**	**32,033.86**
At India's statutory income tax rate of 21.3416% (31 March 2016: 21.3416%)*	**3,891.20**	6,836.54
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Less : change in profit due Ind-AS transition adjustment not taxable under Income Tax	**-**	(394.54)
Add: 1/5 Mat Payable on total Ind-Adjustment in retained earning as on 31.03.2016	**83.12**	-
Less : Effect of expenses that are not deductible during the MAT Period	**102.52**	299.88
Add: Recognition of MAT Credit	**(921.74)**	(2,877.57)
At the effective income tax rate of 17.30% (31 March 2016 : 12.06%)	**3,155.11**	3,864.31
Income tax expense reported in the statement of profit and loss (relating to continuing operations)	**3,155.11**	3,864.31
	3,155.11	3,864.31

* 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. 21.3416% has been taken instead of regular rate of income tax 34.61%.

Note: - 27
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	FVTOCI Reserve	
	As at 31st March 2017	**As at 31st March 2016**
Remeasurement of Defined benefit plans	**(0.47)**	2.17
Gain/(Loss) on FVTOCI financial Assets	**0.16**	(0.75)
Total	**(0.31)**	1.42

Note: - 28
Earnings per share (EPS)

(₹ in Lakhs)

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
	(₹ per share)	
Basic EPS		
From continuing operation	**6.03**	11.27
From discontinuing operation	**-**	-
Diluted EPS		
From continuing operation	**6.03**	11.27
From discontinuing operation	**-**	-

28.1 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	Year ended 31st March 2017	Year ended 31st March 2016
Profit attributable to equity holders of the company:		
Continuing operations	**15,077.84**	28,169.55
Discontinuing operations	-	-
Earnings used in calculation of Basic Earning Per Share	**15,077.84**	28,169.55
Weighted average number of shares for the purpose of basic earnings per share	**2,500.00**	2,500.00

28.2 Diluted Earning per Share

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

(₹ in Lakhs)

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Profit attributable to equity holders of the company:		
Continuing operations	**15,077.84**	28,169.55
Discontinuing operations	**-**	-
Earnings used in calculation of diluted Earning Per Share from continuing operations	**15,077.84**	28,169.55

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: (₹ in Lakhs)

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
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

Note: 29 Service Concession arrangements

Public-to-private service concession arrangements are recorded according to Appendix "A" Service Concession Arrangements" IND-AS-11. Appendix "A" 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.

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.

Upon the expiry of 32 years, the Concession Period 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.

For the year ended 31st March 2017, the company has recognized revenue of ₹ 83858.54 Lakhs (₹ 74624.38 Lakhs for the year 2015-16), consisting of ₹ 22528.02 (₹ 7306.00 Lakhs for the year 2015-16) on construction of intangible assets under service concession arrangement and ₹ 61,330.52 Lakhs (₹ 67,318.38 Lakhs for the year 2015-16) towards sharing of apportioned earnings from operation of railway line under service concession arrangement. Company has recognized profit of ₹ 18,233.05 Lakhs for the year ended March 31,2017 (FY 2015-16 ₹ 32033.86), consisting nil profit (F.Y 2015-16 ₹ Nil) on construction of intangible assets under service concession arrangement and a profit of ₹ 7,941.10 Lakhs (FY 2015-16 ₹ 22,402.47 Lakhs) towards sharing of apportioned earnings from operation of railway line under service concession arrangement. The revenue recognized in relation to construction of intangible assets under service concession arrangement in F.Y. 2015-16 represents the fair value of services provided towards construction of intangible assets under service concession arrangement. During the F.Y. 2016-17 company has recognized an additional intangible asset of ₹ 1019.49 Lakhs, (F.Y. 2015-16 ₹ 1346.04 lakhs). The intangible asset under development represents the freight sharing rights under development to receive freight traffic earnings under service concession arrangement.

Notes : 30 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.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017.

Note : 31 Fair Value Measurements

(i) Financial Instruments by Category

(₹ in Lakhs)

Particulars	3/31/2017			3/31/2016			4/1/2015		
	FVTPL	FVT OCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets									
(i) Trade Receivables	-	-	-	-	-	16,204.11	-	-	13,131.87
(ii) Cash and cash equivalents	-	-	3.18	-	-	83.54	-	-	8.28
(iii) Bank Balances other than (ii) above	-	-	121,088.40	-	-	104,073.47	-	-	78,577.11
(iv) Security Deposits	-	-	9.25	-	-	7.44	-	-	276.90
(v) Others	-	-	4,322.15	-	-	3,859.86	-	-	3,031.12
Total Financial Assets	-	-	125,422.98	-	-	124,228.42	-	-	95,025.28
Financial Liabilities									
(i) Trade Payables	-	-	41,388.34	-	-	31,089.17	-	-	26,058.74
(ii) Other financial liabilities	-	-	45.63	-	-	535.31	-	-	27.93
Total Financial Liabilities	-	-	41,433.97	-	-	31,624.48	-	-	26,086.67

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

Particulars	31-Mar-17		31-Mar-16		1-Apr-15	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets						
Security Deposit	9.11	9.11	7.29	7.29	6.75	6.75
Total Financial Assets	**9.11**	**9.11**	**7.29**	**7.29**	**6.75**	**6.75**
Financial Liabilities						
Over Head Cost Payables	32,691.93	32,691.93	30,502.96	30,502.96	25,439.58	25,439.58
Total Financial Liabilities	**32,691.93**	**32,691.93**	**30,502.96**	**30,502.96**	**25,439.58**	**25,439.58**

i) The carrying amounts of trade receivables, 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 31-3-2017

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at Amortized Cost				
Security Deposits			9.11	9.11
	-	-	9.11	9.11

Fair Value hierarchy as on 31-3-2017 -

Particulars	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Financial Liabilities at Amortised Cost				
Over Head Cost Payable	-	-	32,691.93	32,691.93
	-	-	32,691.93	32,691.93

Fair Value hierarchy as on 31-3-2016

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at Amortized Cost				
Security Deposits			7.29	7.29
	-	-	7.29	7.29

Fair Value hierarchy as on 31-3-2016

Particulars	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Financial Liabilities at Amortised Cost				
Over Head Cost Payable	-	-	30,502.96	30,502.96
	-	-	30,502.96	30,502.96

Fair Value hierarchy as on 01-04-2015

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at Amortised Cost				
Security Deposits	-	-	6.75	6.75
	-	-	6.75	6.75

Fair Value hierarchy as on 01-04-2015 -

Particulars	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Financial Liabilities at Amortised Cost				
Over Head Cost Payable	-	-	25,439.58	25,439.58
	-	-	25,439.58	25,439.58

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.

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.

Note 32

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 period 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-31" 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 from 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.

Note : 33

Construction Contracts

In terms of the disclosure required in IND AS-11 "Construction Contracts" as notified in the companies (Accounting Standard) rules 2015, the amount considered in the financial statements up to the balance sheet date are as follows:-

(₹ in Lakhs)

Particulars	**31.03.2017**	**31.03.2016**
Revenue Recognised on exchanging construction services	**22,528.02**	7,306.00
Aggregate amount of costs incurred and recognised	**22,528.02**	7,306.00

Note : 34

Operating Lease

(a) 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 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.

Future minimum rentals payable under non-cancellable operating leases are as follows:

(₹ in Lakhs)

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Within one year	0.01	0.01	0.01
After one year but not more than five years	0.04	0.04	0.04
More than five years	0.15	0.16	0.17
	0.20	**0.21**	**0.22**

Payments recognised as an expense in the period:-

(₹ in Lakhs)

Particulars	31-Mar-17	31-Mar-16
Minimum lease payments	0.01	0.01

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

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

(₹ in Lakhs)

Particulars	31-Mar-17	31-Mar-16
Gross Lease Rent	61.09	58.15
Less: Recovered	0.60	0.59
Net Lease Rent	60.49	57.57

Note : 35
Capital Commitments

(₹ in Lakhs)

Particulars	As at 31st March 2017		As at 31st March 2016	
(a) Estimated cost of deposit work contract (as per revised estimate received from Western Railway dt. 08.03.2010)	53,059.00		53,059.00	
Less; Amount incurred till 31.03.2017 (Opening balance ₹ 49,958 lakhs plus ₹ 02 lakhs debited by WR)	(49,960.00)		(49,958.00)	
Balance		**3,099.00**		**3,101.00**
(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 31.03.2017 is ₹ 353 lakhs) Amount paid till 31/03/2017 is ₹ 355 lakhs.	403.00		403.00	
Less; Amount incurred till 31.03.2017	(355.00)		(348.00)	
Balance		48.00		55.00

(c)	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. 15.07.2014)	154,866.00		154,866.00	
	Less; Amount incurred till 31.03.2017 *(Amount paid to RVNL ₹ 25,055 lakhs)	(25,307.00)		(5,500.00)	
	Balance		129,559.00		149,366.00
	Estimated cost of other projects	7,965.00		7,151.00	
	Less: Amount incurred till 31.03.2017	(5,714.00)		(1,119.00)	
	Balance		2,251.00		6,032.00
	Total estimated amount of contract, remaining to be executed on capital account and not provided for in the accounts as on 31.03.2017.		**134,957.00**		158,554.00

Note 36 : Related Party Disclosures

36.1 Related Parties held equity of company

Name of Party	Relationship	As at 31 March, 2017		As at 31 March, 2016	
		Number of shares held	% holding in that class of shares	Number of shares held	% holding in 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%**

36.2 Key Managerial personnel of the entity

Name	Position
Ambrish kumar gupta	Chairman
Aditya Prakash Mishra	Managing Director
Arun Kumar	Director
Mukesh Sadhu Ram Balani	Director
Dharmendra Nath Sondhi	Director
Sukhmal Chand Jain	Director
Unmesh Madhusudan Abhyankar	Director
Meenu Dang	Director
Pramod Kumar Singh	Director
Monica Agnihotri	Director
Rahul Agarwal	Director
Koottiparampil Chacko Kuncheria	Director
Sajal Mittra	Director
Raj Kumar Sarkar	Independent Director
Devi Prasad Pande	Independent Director
Sanjeev Sharma	Company Secretary
Ankur Rastogi	CFO
Others	
Kalpana Mishra	Wife of MD
Sonal Rastogi	Wife of CFO

36.3 Enterprises over which Key Managerial personnel are able to exercise significant influence
Kutch Railway Company Limited Employee Group Gratuity Trust.

36.4 Disclosure of transaction with related parties:

(i) Joint Venturer: *(₹ in Lakhs)*

Particulars	**Transactions**	**Transactions**	**Outstanding Amount Payable/ (Receivable)**
	Year ended March 31, 2017	**Year ended March 31, 2016**	**As at April 1, 2015**
RVNL			
Amount paid in advance for the Project of doubling of Railway Line between Palanpur - Samakhali (Amount incurred up to 31.03.2017 ₹ 25306.59 Lakhs)	20,055.13	5,000.00	-
Outstanding Amount Payable/ (Receivable)	251.46	500.07	-

(ii) Ministry of Railways (Western Railway) : *(₹ in Lakhs)*

Particulars	**Transactions**	**Transactions**	**Outstanding Amount Payable/ (Receivable)**
	Year ended March 31, 2017	**Year ended March 31, 2016**	**As at April 1, 2015**
Revenue from Operations	61330.52	67,318.38	-
Operations & maintenance expense	48289.78	40,497.31	-
Capital Expenditure	1,020.00	1,346.04	-
Outstanding Amount (Payable)/ Receivable	(78,470.18)	16,204.11	13,131.87

(iii) Kutch Railway Company Limited Employee Group Gratuity Trust. *(₹ in Lakhs)*

Particulars	**Transactions**	**Transactions**	**Outstanding Amount Payable/ (Receivable)**
	Year ended March 31, 2017	**Year ended March 31, 2016**	**As at April 1, 2015**
Contribution made	5.88	1.04	-
Others (Audit Fee)	0.10	-	-
Outstanding Amount (Payable)/ Receivable	-	-	-

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

36.5 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	**Year ended 31st March 2017**	**Year ended 31st March 2016**
Short-term benefits	91.49	77.07
Post-employment benefits	-	-
Other long-term benefits	-	-
	91.49	77.07

36.5 (i) Post employement benefit and other long term benefit of key management personnel are not quantifiable. Therefore the same has not been disclosed.

36.6 :- Others

(₹ in Lakhs)

Particulars	**Year ended 31st March 2017**	**Year ended 31st March 2016**
Lease Rent to realtives of KMP	4.59	4.59
	4.59	4.59

Note 37 : Income Tax

The Company has filed Income Tax Returns up to Assessment Year 2016-17 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.

Note 38 :

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).

Note 39: 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.

iii) During the F.Y. 2016-17 company received a request from WR to give its consent to re-procure damged/burnt OFC cable in KRC section for ₹ 135.00 lakhs. The company has refused to give its consent, as it is the responsibility of WR to keep the OFC cables in safe custody.

Note 40 :

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.

Note : 41

(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.

Note : 42

a) The agreement also provides for a Joint Procedure Order to be prepared by WR & Company, which has not yet been finalised for calculation of provisional apportioned revenue and apportioned costs. However, the figures have been accounted for as advised by WR based on calculation as decided in the Operation & Maintenance Agreement.

b) 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.

Note : 43

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 ₹ 2774.65 Lakhs for current financial year. Further, a total amount of ₹ 836.00 Lakhs has been deducted on this account for the financial years 2009-10. The Company has contested against this method of calculation of apportioned earnings at various levels in Railways. The approximate amount of ₹ 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 ₹ 2550.00 Lakhs (approx.) in the subsequent years as and when advised by the Western Railway.

Note : 44

The project of Gauge Conversion work completed by WR has been dully capitalized under different heads of fixed assets on the basis of advices received from WR on year to year basis. Besides that the Company has also supplied material to WR to the tune of ₹ 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 ₹ 511.19 Lakhs is also outstanding as on 31st March 2017 to WR for the project work which is also subject to verification and reconciliation with WR.

Note : 45

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.

(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.

Note : 46

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)*

Particulars	As at 31.3.2017 Gratuity (Funded)	As at 31.3.2017 Leave Encashment (Unfunded)	As at 31.3.2016 Gratuity (Funded)	As at 31.3.2016 Leave Encashment (Unfunded)
Opening Present value of obligation	45.42	110.35	38.24	87.86
Interest Cost	3.56	8.66	3.04	6.99
Current service cost	8.05	17.27	6.19	18.08
Benefits paid	0	0	0.00	-
Actuarial loss/(gain) on obligations	0.59	14.47	(2.05)	(2.58)
Closing Present value of obligation	57.62	150.75	45.42	110.35

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

Particulars	As at 31.3.2017 Gratuity (Funded)	As at 31.3.2017 Leave Encashment (Unfunded)	As at 31.3.2016 Gratuity (Funded)	As at 31.3.2016 Leave Encashment (Unfunded)
Opening Fair value of plan assets	31.77	NIL	28.46	NIL
Expected return on plan assets	2.56	NIL	2.27	NIL
Employers contribution	5.78	NIL	0.92	NIL
Benefits paid	0	NIL	NIL	NIL
Actuarial (loss)/gain on obligations	0.12	NIL	0.12	NIL
Closing Fair value of plan assets	40.23	NIL	31.77	NIL

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

Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Opening Fair value of plan assets	31.77	NIL	28.46	NIL
Actual Return on Plan Assets		NIL	23.84	NIL
Contribution		NIL	9.22	NIL
Benefits Paid		NIL	NIL	NIL
Fair value of plan assets at the end of the year		-	31.77	-
Closing Present value of obligation		150.75	45.42	110.35
Funded Status		(150.75)	(13.65)	(110.35)

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

Particulars	As at 31.3.2017 Gratuity (Funded)	Leave Encashment (Unfunded)	As at 31.3.2016 Gratuity (Funded)	Leave Encashment (Unfunded)
Estimated present value of obligations at end of the year	57.62	150.75	45.42	110.35
Fair value of plan assets at the end of year	40.23	NIL	31.77	NIL
Funded Status	(17.39)	(150.75)	(13.65)	(110.35)
Net liability recognized in balance sheet	17.39	150.75	13.65	110.35

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

Particulars	As at 31.3.2017 Gratuity (Funded)	Leave Encashment (Unfunded)	As at 31.3.2016 Gratuity (Funded)	Leave Encashment (Unfunded)
Current service cost	8.05	17.27	6.19	18.08
Interest Cost	1.00	8.66	0.77	6.99
Acturial Gain and loss	-	14.47		(2.58)
Total expenses recognized in Profit & Loss Account	9.05	40.40	6.96	22.49

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

Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Remaesurement of plan assets	-0.12	-	(0.11)	-
Remaesurement of Obligation	0.59	-	(2.06)	-
Total (gain)/loss recognized in other comprehensive income	0.47	-	(2.17)	-

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

Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Discount rate	5.00%		5.00%	5.00%
Imputed rate of Interest	7.40%		7.85%	N.A.
Expected rate of salary increase	10.00%		10.00%	10.00%
Method used	Projected Unit Credit (PUC)		Projected Unit Credit (PUC)	Projected Unit Credit (PUC)

(g) The net liability recognized in the Balance Sheet in respect of gratuity is ₹ 17.39 lakhs as at 31.03.2017 and as at 31.03.2016 ₹ 13.65 lakhs as ascertained by the Actuarial Valuation Certificate.

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.

Change in	Change in assumptions	Effect on Gratuity obligation	Effect on Leave Encashment	Effect on Gratuity obligation	Effect on Leave Encashment
Discount Rate	+0.5%	(18.71)			
	-0.5%	20.60			
Salary Growth Rate	+0.5%	20.70			
	-0.5%	(18.96)			

Note 47: Corporate Social Responsibility

The Company is required to spend ₹ 758 Lakhs on Corporate Social Responsibility (CSR) as follows:- *(₹ in Lakhs)*

Year	Amount Required to Spend	Amount Spent	Unspent
2014-15	316	-	
2015-16	431	150	
2016-17	506	345	
Total	**1,253.00**	**495.00**	**758.00**

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

Note 48:

Payment to Auditors

Payment to the Auditors comprises of the following:

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Audit Fee*	**4.00**	2.25
Audit Fee (Earlier years)	**1.25**	-
Tax Audit fees*	**0.30**	0.30
Other Certification Fees*	**0.30**	0.30
Service Tax	**0.20**	0.46
Travelling & Conveyance	**0.05**	0.43
Total	**6.10**	3.74

*** Excluding Service Tax**

Note 49:

Statement of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016

(₹ in Lakhs)

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	0.14	0.09	0.23
(+) Permitted receipts	-	3.45	3.45
(-) Permitted payments	-	3.19	3.19
(-) Amount deposited in Banks	0.14	-	0.14
Closing cash in hand as on 30.12.2016	-	0.35	0.35

Note :

The term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016".

Note :- 50 Prior Period Errors

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Impact on equity (increase/(decrease) in equity)			
Trade Payables	-	(3.49)	(0.34)
Trade Receivables	-	-	
Net Impact on Equity	**-**	**(3.49)**	**(0.34)**

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Impact on statement in profit and loss (increase/(decrease in profit)	**-**	(3.49)
Other Expenses (Professional Expenses)	3.49	0.34
	3.49	**(3.15)**
Attributable to Equity Holders	3.49	(3.15)

Impact on basic and diluted earnings per share (EPS) (increase/(decrease) in EPS)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Earnings per share for continuing operation		
Basic, profit from continuing operations attributable to equity holders	0.00	0.00
Diluted, profit from continuing operations attributable to equity holders	0.00	0.00

Note :- 51 Resurfacing/replacement Cost

As Per Para 21 of appendix A Ind-AS 11, The operator (Kutch Railway) may have contractual obligations, it must fulfil as a condition of its licence (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 (see paragraph 14 of this Appendix above point 6), 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 Appendix A of the Ind AS 11 for best estimate of expenditure required to settle obligation. Company has made 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. However, this is the first year of adoption of Ind–AS for the company, 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 .

Note 52 :- 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.

Note 53: Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on dated 18 August 2017.

Note 54: First-time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first, the company has prepared in accordance with Ind-AS. For periods up to and including the year 31 Mach 2016, the company prepared its financial statements in accordance with the Indian GAAP, including accounting standards notified under the companies (Accounting Standards) Rules, 2006 (as amended). Accordingly the company has prepared financial statements which comply with Ind-AS applicable for the periods on or after the 31 March 2016, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of the significant accounting policies, In preparing these financial statements, the company opening balance sheet was prepared as at 1 April 2015, the company date of transition to Ind-AS. This note explains the principal adjustments made by the company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

Exemptions applied Ind-AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind-AS

Company has applied the following exemptions:-

1- Estimates

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).The estimates used by the company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind-AS and as of 31 March 2016.

2- Deemed Costs

Since there is no change in functional currency, the company has elected to continue with the previous GAAP carrying value of all property Plant and Equipment, investment property and intangibles as recognised in the previous GAAP financials as deemed cost at the transition date.

First Time IND-AS adoption reconciliation

Effect of IND-AS adoption on the balance sheet as at April 1, 2015*

(₹ in Lakhs)

Particulars	Note	INDIAN (GAAP)	Adjustments	IND AS
I. **ASSETS**				
1 **Non-current assets**				
(a) Property, Plant and equipment	1	38,693.30	(38,608.58)	84.72
(b) Capital work-in-progress	2	1,007.39	(1,007.39)	-
(c) Other Intangible assets	1	0.01	38,608.58	38,608.59
(d) Intangible assets under development	2	-	1,007.39	1,007.39
(e) Financial Assets				
(i) Others	4	282.30	(5.40)	276.90
(f) Deferred Tax Assets	6	33.47	10,085.38	10,118.85
(g) Other non-current assets	4,6	10,896.18	(10,080.26)	815.92
		50,912.65	(0.28)	50,912.37
2 **Current assets**				
(a) Financial Assets				
(i) Trade Receivables		13,131.87	-	13,131.87
(ii) Cash and cash equivalents		8.28	-	8.28
(iii) Bank Balances other than (iii) above		78,577.11	-	78,577.11
(iv) Others		3,031.12	-	3,031.12
(b) Current Tax Assets (Net)		420.47	-	420.47
(c) Other current assets		5.62	-	5.62
		95,174.47	-	95,174.47
Total Assets		**146,087.12**	**(0.28)**	**146,086.84**
II. **EQUITY AND LIABILITIES**				
1 **Equity**				
(a) Equity Share Capital		25,000.00	-	25,000.00
(b) Other Equity	1,6,9,10	64,224.07	430.02	64,654.09
		89,224.07	430.02	89,654.09
2 **Liabilities**				
(i) **Non-current liabilities**				
(a) Financial Liabilities				
(i) Trade Payable	5	47,436.65	(21,997.07)	25,439.58
(b) Provisions		97.65	-	97.65
(c) Deferred Tax Liabilities Net	6	6,607.64	171.15	6,778.78
(d) Other Non-Current Liability	5	-	21,997.06	21,997.06
		54,141.94	171.14	54,313.07
(ii) **Current liabilities**				
(a) Financial Liabilities				
(i) Trade Payable		619.16		619.16
(ii) Other financial liabilities	10	27.58	0.35	27.93
(b) Other current liabilities	9	602.60	(601.78)	0.81
(c) Current Tax liability (Net)		1,471.78	-	1,471.78
		2,721.12	(601.43)	2,119.68
Total Equity and Liabilities		**146,087.12**	**(0.28)**	**146,086.84**

* The previous GAAP figures have been reclasified/ regrouped to conform to Ind-AS presentation requirement for the purpose of this note.

Effect of IND-AS adoption on the balance sheet as at March 31, 2016* *(₹ in Lakhs)*

	Particulars	Note	INDIAN (GAAP)	Adjustments	IND AS
I.	**ASSETS**				
1	**Non-current assets**				
	(a) Property, Plant and equipment	1	35,597.92	(35,525.52)	72.40
	(b) Capital work-in-progress	2	6,967.35	(6,967.35)	-
	(c) Other Intangible assets	1	0.01	38,144.10	38,144.11
	(d) Intangible assets under development	2	-	6,967.35	6,967.35
	(e) Financial Assets				
	(i) Others	4	12.31	(4.88)	7.44
	(f) Deferred tax assets (Net)	6	46.39	12,959.75	13,006.14
	(g) Other non-current assets	4,6	15,726.01	(12,968.55)	2,757.46
			58,349.99	2,604.90	60,954.90
2	**Current assets**				
	(a) Financial Assets				
	(i) Trade Receivables		16,204.11	-	16,204.11
	(ii) Cash and cash equivalents		83.54	-	83.54
	(iii) Bank Balances other than (iii) above		104,073.47	-	104,073.47
	(iv) Others		3,859.86	-	3,859.86
	(b) Current Tax Assets (Net)		420.47	-	420.47
	(c) Other current assets		2.83	-	2.83
			124,644.29	-	124,644.28
	Total Assets		**182,994.29**	**2,604.90**	**185,599.18**
II.	**EQUITY AND LIABILITIES**				
1	**Equity**				
	(a) Equity Share Capital		25,000.00	-	25,000.00
	(b) Other Equity	1,3,6,9	90,436.19	1,787.08	92,223.27
			115,436.19	1,787.08	117,223.27
2	**Liabilities**				
(i)	**Non-current liabilities**				
	(a) Financial Liabilities				
	(i) Trade Payable	5	59,253.33	(28,750.37)	30,502.96
	(b) Provisions		123.99	-	123.99
	(c) Deferred Tax Liabilities Net	6	6,220.09	869.02	7,089.12
	(d) Other Non-Current Liability	5	-	29,417.83	29,417.83
			65,597.41	1,536.48	67,133.90
(ii)	**Current liabilities**				
	(a) Financial Liabilities				
	(i) Trade Payable		586.21		586.21
	(ii) Other financial liabilities	10	531.82	3.49	535.31
	(b) Other current liabilities		53.39	-	53.39
	(c) Provisions	9	722.15	(722.15)	-
	(d) Current Tax liability (Net)		67.10	-	67.10
			1,960.67	-718.66	1,242.01
	Total Equity and Liabilities		**182,994.27**	**2,604.90**	**185,599.17**

* The previous GAAP figures have been reclasified/ regrouped to conform to Ind-AS presentation requirement for the purpose of this note

(₹ in Lakhs)

Effect of IND-AS adoption on the statement of Profit & Loss for the year ended March 31, 2016*

Particulars	Note	INDIAN (GAAP)	Adjustments	IND AS
I. **Revenue :**				
Revenue from operations	3	67,318.38	7,306.00	74,624.38
II. Other income	4,5	8,263.16	1,368.23	9,631.39
III. **Total Income (I + II)**		**75,581.54**	**8,674.23**	**84,255.77**
IV. **Expenses:**				
Operating and administrative expenses :	3	40,564.62	7,306.00	47,870.62
Employee benefits expenses	8	218.28	2.17	220.45
Finance costs	5	-	2,035.17	2,035.17
Depreciation, amortization and impairment	1	4,377.36	(2,618.59)	1,758.77
Other Expenses	1,4,10	323.04	13.86	336.90
Total Expenses (IV)		**45,483.30**	**6,738.61**	**52,221.91**
V. **Profit/loss before exceptional items and Tax (I - IV)**		30,098.24	1,935.62	32,033.86
VI. Exceptional items		-	-	-
VII. Profit/(Loss) before tax (V - VI)		30,098.24	1,935.62	32,033.86
VIII. Tax expense:				
(1) Current tax				
- For the year		6,442.00	-	6,442.00
- For earlier years (net)		-	-	-
(2) Deferred tax (net)	6	(400.46)	700.34	299.88
(3) MAT Credit		(2,877.57)	-	(2,877.57)
Total Tax Expense (VIII)		3,163.97	700.34	3,864.31
IX Profit/(loss) for the period from continuing operation (VII - VIII)		**26,934.27**	**1,235.28**	**28,169.55**
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)**		**26,934.27**	**1,235.28**	**28,169.55**
XIV **Other Comprehensive Income**				
A. (i) Items that will not be reclassified to profit and loss	8	-	2.17	2.17
(ii) Income Tax relating to Items that will not be reclassified to profit and loss	8	-	(0.75)	(0.75)
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		-	-	-
XI. **Total Comprehensive Income for the period (IX +X) (Comprehensive profit and other comprehensive income for the period)**		**26,934.27**	**1,236.70**	**28,170.98**

* The previous GAAP figures have been reclasified/ regrouped to conform to Ind-AS presentation requirement for the purpose of this Note.

Reconciliation of Total Equity as at March 31, 2016 and April 1, 2015

(₹ in Lakhs)

Particulars	Notes	31 March 2016	01 April 2015
Total Equity (shareholder's fund) as per previous GAAP		115,436.19	89,224.07
Adjustments			
Reversal of Proposed Dividend	9	722.15	601.79
Unwinding of discount on Security Deposit	4	0.54	-
Rent Expense - reversal of fair value adjustment of security deposit	4	(0.71)	-
Income from reversal of deferred Overhead costs payable	5	1,367.69	-
Unwinding of Discount on Overhead Cost Payable	5	(2,035.17)	-
Derecognition of financial instrument	7	(10.00)	-
Recognition of deferred tax	6	(872.52)	(171.43)
Depreciation	1	2,618.59	-
Prior period Adjustment	10	(3.49)	(0.34)
Total Equity (shareholder's fund) as per Ind-AS		**117,223.27**	**89,654.09**

Reconciliation of Total Comprehensive Income for the year ended March 31,2016

(₹ in Lakhs)

Particulars	Notes	31 March 2016
Profit as per previous GAAP		**26,934.27**
Adjustments		
Construction contract revenue under SCA	3	7,306.00
Unwinding of discount on Security Deposit	4	0.54
Income from reversal of deferred Overhead costs payable	5	1,367.69
Operation & Maintenance Expense (O&M Expenses)	3	(7,306.00)
Remeasurement of defined benefit obligation recognised in other comprehensive income (net of tax)	8	(2.17)
Unwinding of Discount on Overhead Cost Payable	5	(2,035.17)
Depreciation and Amortization	1	2,618.59
Derecognition of financial instrument	7	(10.00)
Rent Expense - reversal of fair value adjustment of security deposit	4	(0.71)
Deferred tax	6	(700.34)
Prior Period Adjustment	10	(3.15)
Profit after tax as per Ind-AS		**28,169.55**
Other comprehensive income for the year (net of tax)	8	1.42
Total Comprehensive income as per Ind-AS		**28,170.98**

Impact of Ind-AS on the Cash flow for the year ended March 31, 2016

There are no material adjsutments to statement of cash flows as reported under the previous GAAP.

Notes to the Reconcilliation:-

Note 1 :- Kutch Railway Company Limited (KRC) has entered into service concession agreement with Ministry of Railway for development, maintenance and operation of railway line which is covered under appendix A of Ind AS 11-"Service Concession Arrangemets". As per such appendix A of Ind AS-11, development of project assets of KRCL, operation and maintenance of railway line under service concession arrangement is defined as intangible assets whereas as per the previous GAAP (Accounting Standards) such project assets are recognised as tangible assets. Accordingly closing balance of project assets of ₹ 35,525.52 Lakhs as at 31 March 2016 (01 April 2015 : ₹ 38,608.58 lakhs) recognised as tangible assets should be recognised as **intangible assets** as **"Freight Sharing Right"** .In addition to reclassification from tangible to intangible the depreciation on project assets during F.Y.2015-16 should be recomputed over the remaining life of concession period of project assets as at 01-04-15 . It is resulting the decrease in depreciation by ₹ 2,618.59 lakhs during F.Y. 2015-16 charged as per previous GAAP and addition to the Intangible Assets (Freight Sharing Right).Therefore, intangible assets as "Freight Sharing Right" is recognised as at 31 March 2016 ₹ 38,144.11 Lakhs (01 April 2015 : ₹ 38,608.59 lakhs).

Note 2 :- As explained above, closing balance of project assets under development (CWIP) of ₹ 6,967.35 lakhs as at 31-03-16 (01-04-2015 : ₹ 1,007.39 Lakhs) recognised as CWIP as per previous GAAP should be recognised as **intangible assets under development** as **"Freight Sharing Right under development"**. Therefore CWIP of ₹ 6,967.35 lakhs as at 31-03-16 (01-04-2015 : ₹ 1,007.39 Lakhs) should be recognised as intangible assets under development as "Freight Sharing Right under development" of ₹ 6,967.35 lakhs as at 31-03-16 (01-04-2015 : ₹ 1,007.39 Lakhs).

Note 3 :- As per IND AS-11 "Construction Contacts" , Construction Contract Cost under SCA incurred during the F.Y. 2015-16 of ₹ 7306.00 lakhs on projects assets under construction has been recognised as contract cost. As the cost include mark up on construction contract also.Threfore, same shall be recognised as construction contract revenue under SCA.

Note 4 :- As per IND AS 109 "Financial Instrument", security deposit of ₹ 12.16 Lakhs paid against office rent is covered under the definition of financial asset, therefore it should be recognized at fair value as at 1 April 2015 of ₹ 6.76 Lakhs and the differences of ₹ 5.40 lakhs in carrying value as per previous GAAP and fair value of ₹ 5.52 lakhs as at 1 April 2015 has been deferred and will be allocated to statement of profit and loss account as a rent expense on SLM basis over the period of lease term.During F.Y. 2015-16 ₹ 0.54 Lakhs has been booked as interest income on Rs.6.76 Lakhs and out of deferred rent expense of ₹ 5.40 Lakhs, ₹ 0.71 Lakhs is booked as rent expense.

Note 5 :- As per IND AS 109 Overhead Cost Payable to WR (Western Railway) is covered under the definition of financial liabilities, therefore it should be recognized at fair value of ₹ 30502.96 lakhs as at 31.3.2016 (₹ 25,439.58 lakhs as at 1 April 2015) and the differences of ₹ 28,750.37 lakhs as at 31.3.2016 (₹ 21,997.07 lakhs as at 1 April 2015) in carrying value as per previous GAAP has been deferred and will be allocated to statement of profit and loss account as deferred overhead income on SLM basis during the relevant period.During the F.Y. 2015-16, ₹ 2,035.17 Lakhs has been booked as interest expene, ₹ 1367.69 Lakhs is booked as deferred overhead income.

Note 6 :- As per IND AS-12 "Income Taxes" require the recognition of deferred tax using the balance sheet approach, which focuses on differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Therefore, there is increase in deferred tax liability of Rs.872.51 Lakhs during F.Y. 2015-16 due to change in WDV as per companies act as discussed in note -1 above and corresponding decrease in statement of profit and loss. And MAT credit of ₹ 12,963.23 lakhs (1 April 2015 : ₹ 10,085.66 Lakhs) have been reclassified as deferred tax asset.

Note 7:- Company has de-recognised One time contribution of '₹ 10.00 Lakhs paid during F.Y 2015-16 , which was shown as "Advances other than Capital Advance" in previous GAAP. This has resulted in decline in equity and profit under Ind AS by ₹ 10.00 Lakhs for the year ended on 31.03.2016. There is corresponding decrease in the "Advances other than Capital Advance" by same amount due to this adjustment.

Note 8:- As per IND AS-19-"Employee Benefits" the actuarial gains and losses form part of remeasurement of the net defined liability/asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under IND AS instead of statement of profit and loss.The acturial gains for the year ended 31 March 2016 is ₹ 2.17 lakhs and the tax effect thereon ₹ 0.75 lakhs.This change does not affect total equity, but there is a decrease in profit before tax ₹ 2.17 Lakhs and in total profit of ₹ 1.42 lakhs for the year ended 31 March 2016.

Note 9 :- As per IND AS 10 - "Events after the Reporting Period" , dividends are recognised when declared by the members in general meeting. The dividend recognised as current liability as per previous GAAP is reversed.Therefore,there is decrease in other current liabilities of ₹ 722.15 Lakhs as at 31 March 2016 (1 April 2015 : ₹ 601.79 Lakhs) which was recognised as per previous GAAP and corresponding increase in total equity.

Note 10 :- As per IND AS 8- Accounting Policies, Changes in Accounting Estimates and Errors , prior period errors need to be corrected retrospectively and if error occurred before the earliest period presented, the opening balances of assets, liabilities and equity of earliest period presented shall be restated. Therefore prior period expenses of ₹ 3.49 lakhs recognised during F.Y. 2016-17 are corrected as on 01 April 2015 & 31 March 2016. Therefore, there is an increase in financial liability and decrease in retained earnings by ₹ 0.34 Lakhs as on 01 April 2015 and increase in financial liability and total comprehensive income by ₹ 3.15 Lakhs for the year ended 31 March 2016.

The accompanying notes are integral part of financial statements

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

Sd/-
CA Harinder Singh
Partner
M.No.: 087889
Place: New Delhi
Date: 18.08.2017

For & on behalf of the Board of Directors

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

Sanjeev Sharma	Ankur Rastogi
(Company Secretary)	(Chief Financial Officer)
M.No.: F3640	M.No.: 095422

TEAR HERE

Form No. MGT-11

KUTCH RAILWAY COMPANY LIMITED

CIN: U45202DL2004PLC124267

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

PROXY FORM

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

Name of the member(s) :

Registered Address :

E-mail Id :

Folio No./Client Id :

DP ID :

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

1. Name: ....
   Address: ....
   E-mail Id: ....
   Signature...or failing him
2. Name: ....
   Address: ....
   E-mail Id: ....
   Signature...or failing him
3. Name: ....
   Address: ....
   E-mail Id: ....
   Signature...or failing him

as my Proxy and to attend and vote (on a poll) for me on my behalf at the **13th Annual General Meeting** of the Company to be held **on Friday, 15th day of September 2017 at 4.00 PM at the Registered Office of the Company at 2nd Floor, Indra Palace Building, H-Block, Connaught Circus, New Delhi - 110 001** and/or at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1..

2..

3..

Revenue Stamp

Dated_____________this day of______________2017

Signature of Shareholder _________________

Signature of Proxy holder(s) ________________

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