15th

Annual Report

2018-19

KUTCH RAILWAY COMPANY LIMITED

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

Board of Directors

Shri Anurag	Chairman
Shri Vinay Singh	Director/ Nominee/ Rail Vikas Nigam Limited
Shri Joginder SinghMahrok	Director/ Nominee/ Rail Vikas Nigam Limited
Shri Dinesh Chandra Pandey	Director/ Nominee/ Rail Vikas Nigam Limited
Dr. Meenu Dang	Director/ Nominee/ Rail Vikas Nigam Limited
Shri Satya Prakash Shastri	Director/Nominee/ Rail Vikas Nigam Limited
Shri Dharmender Nath Sondhi	Director/ Nominee/ Deendayal Port Trust
Capt Unmesh Abhyankar	Director/ Nominee/ Deendayal Port Trust
Shri Sajal Mittra	Director/ Nominee/ Adani Ports and SEZ Limited
Shri Pramod Kr. Singh	Coordinating Director / Nominee/ Rail Vikas Nigam Limited

Company Secretary

Shri Sanjeev Sharma

Chief Financial Officer

Shri Ankur Rastogi

Statutory Auditors

M/s J. K. Sarawagi & Company
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

Abhishek Complex-3,
S/325, 3rd Floor, Haripura,
Nr. Asarwa Bridge, Asarwa
Ahmedabad – 380 016

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 **15th ANNUAL GENERAL MEETING** of the Shareholders of **KUTCH RAILWAY COMPANY LIMITED** will be held on Wednesday, 24th July 2019 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 2019 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 Dr. Meenu Dang (DIN 05171078) who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint a Director in place of Shri Sajal Mittra (DIN 02625510) who retires by rotation and being eligible, offers himself for reappointment.
5. To consider fixation of remuneration for the year ending 31st March, 2020 payable to the Statutory Auditors to be appointed by Comptroller & Auditor General of India (C&AG) and to authorize Board of Directors to fix such remuneration for the financial year 2019-20. Pursuant to the provisions of Section 139 of the Companies Act, 2013, the appointment of Statutory Auditors, for the year 2019-20 will be made by C&AG. Section 142 of the Companies Act, 2013 provides that general meeting of the Company is empowered to fix the remuneration in such manner as it may determine. The following resolution is placed before the shareholders for their approval:

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

   "**RESOLVED THAT** appointment of Statutory Auditors will be made by Comptroller & Auditor General of India (C&AG) under Section 139 of the Companies Act, 2013 for the financial year 2019-20 be noted and the Board of Directors of the Company be and are hereby authorized to fix the remuneration payable to them as per Section 142 of the Companies Act, 2013."

By Order of the Board of Directors

Registered office:
2nd Floor, Indra Palace Building
H-Block, Connaught Circus
New Delhi – 110001
28th May 2019

(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 and Sundays 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 15th 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, 2019. It also has an addendum containing Management replies to the observations made in the Auditor's report.

FINANCIAL RESULTS *(₹ in lakhs)*

	Year *2018-19*	Year ***2017-18***
Income from Operations	**118803.23**	102546.22
Other Income	**7861.72**	9550.12
Total Income	**126664.95**	112096.34
Total expenditure (excluding interest depreciation & taxes)	**104120.71**	82880.20
Profit/ (Loss) before interest & depreciation	**22444.24**	29214.14
Less:		
Financial Cost	**2559.34**	2478.26
Depreciation	**1890.34**	1846.43
Provision for tax	**2301.13**	2678.75
Profit / (Loss) after tax	**15793.46**	22210.70
Other Comprehensive Income	**0.84**	(0.35)
Total Comprehensive Income	**15794.32**	22210.35
Profit /(Loss) brought forward from earlier year	**124900.86**	105097.34
Profit Available for appropriation	**140694.86**	127307.69
Appropriations:		
Interim Dividend	**3500**	1500.00
Dividend	-	500.00
Dividend Tax	**712.52**	407.15
Surplus profit carried to Balance Sheet	**136482.34**	124900.54

DIVIDEND

The Board of Directors in its 75th meeting held on 28.05.2019 has recommended a dividend of 16% i.e. ₹ 1.60 per equity share for the financial year ended 2018-19. The proposal of the dividend of 16% is subject to the approval of the shareholders at the ensuing Annual General Meeting (AGM) to be held on 24th July 2019. The total dividend declared (excluding dividend tax) for the current year is ₹ 40.0 Crores, The details of the dividend declared for the last 3 years are as under:

Financial year	**Interim Dividend in ₹ per share**	**Final Dividend ₹ per share**	**Total dividend in ₹ per share excluding dividend tax**	**% dividend of the total paid up capital of 250.0 Crs.**	**Total dividend paid for the year (₹ in Crs)**
2016-17	0.20	0.20	0.40	4	10.00
2017-18	0.60	1.40	2.00	20	50.00
2018-19*	0.00	1.60	1.60	16	40.00*

The dividend is paid on the paid up capital of ₹ 250. Crs.
** Subject to the approval of the Shareholders in the ensuing 15th AGM.*

OPERATIONS OF THE COMPANY

The Income from operations of your Company has increased from ₹ 102546.22 lakhs in the Financial Year 2017-18 to ₹ 118803.23 lakhs in the Financial Year 2018-19. The break-up of the Income from operations is as follow:

(₹ in Lakhs)

Particulars	2017-18	2018-19
Income from Bulk Traffic & operating revenue	69452.11	73150.15
Construction contract Revenue	22094.11	45653.08
Total	**102,546.22**	**118803.23**

During the year 2018-19, a total of 19219 goods train (15373 loaded & 3846 empty) had run on the section carrying total cargo of 36.30 MT earned revenue of ₹ 72994.44 lakhs as compared to year 2017-18, a total of 17939 goods train (14209 loaded & 3730 empty) had run on the section carrying total cargo of 32.83 MT earned revenue of ₹ 69452.11 lakhs.

The Net Profit after tax has decreased from ₹ 22210.70 Lakhs in 2017-18 to ₹ 15794.32 Lakhs in 2018-19.

There are certain issues with Railways which are affecting the financial position and operations of the Company such as increase in Indirect Cost every year under Operation & Maintenance Cost, Calculation of revenue on the basis of actual ratio of distance traversed, non receipt of Credit for Scrap released, reimbursement of expenses on construction of ROB/RUBs in lieu of Unmanned/ manned level crossing gates etc. The issues are under the consideration of Ministry of Railways. Your directors are hopeful of a favourable solution to the above issues.

DOUBLING BETWEEN SAMAKHYALI- PALANPUR

The Palanpur–Samakhiali is an existing single BG line section on Palanpur– Gandhidham BG route. Samakhiali is a BG Junction Station on Gandhidham-Samakhiali-Viramgam BG section and Gandhidham–Samakhiali–Palanpur BG section. There is already double BG line existing between stretches Gandhidham–Samakhiali. Gandhidham–Palanpur is a feeder route of Western Railway to Dedicated Freight Corridor Mumbai–Delhi. The section between Palanpur–Samakhiali is very saturated and carries heavy freight and passenger traffic. Palanpur, Bhildi and Samakhiali are three junction stations lying on this BG Main route. Palanpur is at Km 0.00, Bhildi at Km 45.50 and Samakhiali Jn at Km 247.73 Ex-Palanpur.

Your Company is undertaking the doubling of the single line between Palanpur – Samakhiali (247.73 kms). The project is being executed by Rail Vikas Nigam Limited at a total project cost of ₹ 1548.66 Crs. Rail Vikas Nigam Limited is executing the project work in six Packages. The status of the progress of work as on the year ended 31.03.2019 is as under:-

The year wise expenditure incurred by the Company on the project is as follow:

Package No.	Stretch covered against the package	Physical Progress (%)	Financial Progress (%)
Package-1	SIOB (Incl)-KYG (Incl) – 34.66 km	82.82	59.57
Package-2	BLDI (Incl)-DEOR (Incl) – 29.48 km	76.94	
Package-3	KYG (Excl)-CASA (Incl) – 67.90 km	45.15	
Package-4	DEOR (Excl)-CASA (Excl) – 72.01 km	50.07	
Package-5	PNU (Incl)-BLDI (Excl) – 43.68 km	65.09	
Package-6	Construction of Important Bridge No 41(15x24.40 composite welded girder and Major bridge no 63D & 76B (1x 76.2 Open web through type girder)	48.98	

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

Financial Year	Expenditure incurred	Cumulative expenditure
2015-16	55.00	55.00
2016-17	198.07	253.07
2017-18	316.18	569.25
2018-19	447.15	1016.38

ELECTRIFICATION OF THE SECTION

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

The electrification of the single line between Samakhiyali - Gandhidham (53 KM) is being executed by Central Organization for Railway Electrification, Allahabad (CORE). The Cost of this project is approximately ₹ 88.0 Crs. Execution of the work will commence soon.

The electrification of the KRC section is considered important in view of all round electrification being undertaken in Indian Railway and also due to commissioning of Western DFC. Your directors consider that after the completion of the Electrification in the adjoining areas of the Company's section it will not be possible for the Railways to provide diesel engines for the KRC section. In order to retain traffic on the section post electrification of the adjoining area, the electrification of the Section is absolute necessity. Furthermore, Electrification of the section will save fuel costs and improve running speed which will bring down the total fuel bill.

INDUSTRY SCENARIO & THE PPP MODEL

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

SHARE CAPITAL

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

TRANSFER TO RESERVE

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

FIXED DEPOSITS

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

BOARD MEETINGS

Five (5) Board meetings were held during the financial year ended 31st March, 2019. The dates of the meetings are as follow: 18th April 2018, 24th July 2018, 24th October 2018, 17th January 2019 and 26th March 2019.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Pursuant to the provisions of section 203 of the Companies Act, 2013 Act, the key managerial personnel of the Company are - Shri Ankur Rastogi, Chief Financial

Officer and Shri Sanjeev Sharma, Company Secretary. During the year the post of Managing Director remained vacant. Shri Pramod Kumar Singh, Director is nominated by the Board of Directors of the Company to look after the day to day affairs of the Company.

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

During the year Shri Surinder Kr. Dhiman, Shri Sanjay Dungrakoti, Shri M. S. Balani, Shri K. C. Kuncheria, Shri S. C. Jain and Shri Rahul Agarwal vacated the office of Directorship of the Company. Your Board places on record its deep appreciation for the valuable services and contributions made by them during their tenure as Director of the Company.

INDEPENDENT DIRECTORS

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

AUDIT COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE

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

DIRECTOR'S RESPONSIBILITY STATEMENT

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 2019.

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, 2019 forms part of this report as Annexure-A.

AUDITORS

M/s J. K. Sarawagi & Company, Chartered Accountants were appointed by the C&AG as Statutory Auditors of the Company for the year 2018-19.

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 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 2018-19. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the Financial Year 2018-19 is annexed to this report as Annexure - C.

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

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

INTERNAL FINANCIAL CONTROL SYSTEMS

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

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

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

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

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

RISK MANAGEMENT

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

CORPORATE GOVERNANCE

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

CORPORATE SOCIAL RESPONSIBILITY

The Company has a duly constituted CSR Committee, which is responsible for fulfilling the CSR Objectives of the Company. As on March 2019, the Committee comprised Shri Sajal Mittra, Shri Pramod Kumar Singh, Shri D. N. Sondhi and Shri Dinesh Chandra Pandey Directors as its members.

The Company is committed to conduct its business in a socially responsible, ethical and environmental friendly manner and to continuously work towards improving quality of life of the communities. The Company has in place CSR Policy with lays down the philosophy and approach towards CSR commitment.

Pursuant to sub-section 3(o) of Section 134 and Section 135 of the Companies Act, 2013 read with Rule 8 (1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the reasons for not spending the amount and the details about the policy developed and implemented by the Company on Corporate and Social Responsibility initiatives taken during the year forms part of this report as Annexure E.

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 2019 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 further 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 Dahaj 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 Dahaj Railway Company Limited and M/s Krishnapatnam Railway Company Limited. KRC had intimated vide our letter dated 17.02.2016 to the Adjudicating Authority to consider the above orders, while finalising the Order in the Show Cause Notice issued to Kutch Railway Company Limited. The order of the Adjudicating Authority is awaited.

During the year a show cause notice is received for the department for the periods 2015-16, 2016-17 and 2017-18 to which the reply was submitted to the department.

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

APPLICABILITY OF GST

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

PARTICUARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

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

FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.

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

PARTICULARS OF EMPLOYEES

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

STATEMENT OF ASSOCIATION

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

ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENT

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Sd/-	Sd/-
(Satya Prakash Shastri)	**(Pramod Kumar Singh)**
Director	Director
DIN 06474602	DIN : 06485280

Place: New Delhi
Date : 28.05.2019

Annexure-A

Form No. MGT-9

EXTRACT OF ANNUAL RETURNAS ON THE FINANCIAL YEAR ENDED ON 31.03.2019

[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	KARVY FINTECH PVT. LTD. PLOT NO. 31-32, GACHIBOWLI, FINANCIAL DISTRICT NANAKRAMGUDA, HYDERBAD-500032, TELANGANA

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	700	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	Rail Vikas Nigam Ltd.	U74999DL2003GOI118633	Associate	50	Section 2(6)
2	Adani Ports and SEZ Ltd.	6309GJ1998PLC034182	Associate	20	Section 2(6)
3	Deendayal Port Trust	-		26	

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 01.04.2018				No. of Shares held at the end of the year as on 31.03.2019				% 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	-	-	-	-	-	-	-	-	-
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 ₹ 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)	**0**	**250000000**	**250000000**	**100**	**0**	**250000000**	**250000000**	**100**	

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year as on 01.04.2018			Shareholding at the end of the year as on 31.03.2019			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in shareholding during the year
1.	Rail Vikas Nigam Limited	124999994	50	0	124999994	50	0	No change
2.	Kandla Port Trust	65000000	26	0	65000000	26	0	No change
3.	Adani Port and SEZ Ltd	50000000	20	0	50000000	20	0	No change
4.	Government of Gujarat	10000000	4	0	10000000	4	0	No change

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 **(01.04.2017)** **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 **(31.03.2018)** **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	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	 3,50,007.00 0.00 —	 0.00 0.00
2.	Stock Option	—	
3.	Sweat Equity	—	
4.	Commission - as % of profit - others, specify…	—	
5.	Others, please specify	—	
6.	**Total (A) ₹**	**3,50,007.00**	
	Ceiling as per the Act	—	—

**The post of Managing Director is vacant since 01.02.2018*

B. Remuneration to other directors:

Particulars of Remuneration			
Independent Directors - Fee for attending board committee meetings - Commission - Others, please specify			
Total (1)		NIL	
Other Non-Executive Directors - Fee for attending board committee meetings - Commission - Others, please specify			
Total (2)			
Total (B)=(1+2)			
Total Managerial Remuneration			
Overall Ceiling as per the Act			

C. 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	₹ 40,07,828 ₹ 6,000 -	₹ 34,87,622 ₹ 6,000 -
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify…	-	-
5	Others, please specify	-	-
6	**Total (₹)**	**40,13,828**	**34,92,622**

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.	Ref. No. of Audit Report	Extracts from Auditors' Report	Management reply
1.	Main Audit Report point no. (a)	Note No.- 44 Regarding fixed assets capitalized by the Company year after year (based on advices received from the western Railway) and subject to verification by the company. Similarly, material supplied by the company and balances outstanding as advances to Western Railway are subject to reconciliation with Western Railway. The Impact of the same is unascertainable and consequent impact on depreciation is also unascertainable.	As per letter dt. 25.04.2019 received from the Western Railway (WR), there is no expenditure incurred by WR on GIM-PNU GC Project for the financial year 2018-19. The Company had also supplied material to WR amounting to Rs. 11997.00 lakhs and balance to WR amounting to ₹ 502.56 lakhs is outstanding as on 31.03.2018. With regard to finalisation of construction accounts, the matter has been raised at various administrative levels in Western Railway and the matter is being further pursued.
2.	Main Audit Report point no. (b)	Note No-55 Capital expenditure incurred by Western Railway on behalf of the Company for the year ended 31st March, 2019 has not been adjusted in absence of advice from the Western Railway. The impact of the same is unascertainable.	The Company, vide its letter dt. 23.04.2019, has requested WR to provide the detail of Capital Expenditure. However, no advice has been received from WR till the balance sheet date. In absence of the same Capital expenditure incurred by Western Railway on behalf of the Company for the year ended 31st March, 2019 has not been adjusted.
3.	Main Audit Report point no. (c)	Note No. 4.2 and 4.3 regarding division of addition and deletion in Bridges, Building, Formation, Plant & Machinery (Project) and Permanent Way (Classified in other intangible assets) , if any is being made year after year in proportion of their gross opening balances instead of asset wise breakup. The impact of the same and consequent impact on depreciation is unascertainable. However, no addition/ deletion has been advised by Western Railway for the FY 2018-19.	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/deletion in fixed assets is divided in proportion of their gross opening balances. However, no addition/deletion has been advised by Western Railway for the FY 2018-19.
4.	Main Audit Report point no. (d)	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.

ANNEXURE B...Contd.

S. No.	Ref. No. of Audit Report	Extracts from Auditors' Report	Management reply
5.	Main Audit Report point no. (e)	Note No. 54 regarding one of the joint venture of the Company (RVNL) is incurring expenditure on behalf of the company under the contract and the same are being accounted for based on its advices without verification the correctness thereof. The impact of the same is unascertainable. Assignment of verification was outsourced for the pervious year (FY 2017-18) in which variations were pointed out in several advices / vouchers apart from missing of original supporting documents. Out of which certain have been settled and adjusted in the year under audit and others remained pending.	The work of verification of expenditure incurred on behalf of Company has been started on receiving the detail and supporting vouchers after the end of financial year. It will be completed soon. A letter has already been written to RVNL informing about the differences. The remaining variations will be rectified soon.
6.	Main Audit Report point no. (f)	Note No. 47 regarding CSR expenses, the company is required to spend arrears of Rs 1536.79 Lakhs of the earlier years on CSR activities. The company executed MOU with RVNL (Joint Venture). The Company has made payments of Rs 4.56 Crore has been accounted for as CSR expenditure without any supporting evidences. The variation in amount, if any, is unascertainable.	A letter has already been written to RVNL in this regard and a reminder has also been issued. The supporting vouchers/evidences will be received soon.
7.	Main Audit Report point no. (g)	The company has not received any information from Western Railway with regard to scrap belonging to the company with regards to quantity and value thereof and hence value thereof has not been considered in the accounts. The impact of the same is unascertainable.	The Company has raised this issue before the Western Railway and Railway Board. The Company is hopeful of getting the credit for scrap material from the WR.

ANNEXURE B...Contd.

S. No.	Ref. No. of Audit Report	Extracts from Auditors' Report	Management reply
8.	Main Audit Report point no. (h)	The Company has not identified and furnished the information in the standalone financial statements in terms of section 22 of the Micro, Small and Medium enterprises Development Act, 2006. The impact of the same is unascertainable.	The Company has identified and furnished the information sought under MSMED Act, in respect of suppliers whose balances are outstanding by the end of financial year.
9.	Emphasis of Matter point (i)	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).	Since the financial year 2013-14, Western Railway has computed Company's share of apportioned earnings on the basis of 'carried route' instead of 'booked route'. Accordingly, apportioned earnings have been reduced by ₹ 4120.22 Lakhs for current financial year. The Company has contested against this method of calculation of apportioned earnings at various levels in Railways. The approximate amount of Rs.2550.00 Lakhs may be deducted by on this account for earlier financial years (from 2006-07 to 2008-09).
10.	Emphasis of Matter point (ii)	Note No. 53 to the financial Statement regarding applicability of GST. The Company has sought exemption/ clarification from GST Council through MoR for GST on transactions with Railways. Company is of opinion that GST is not applicable on Freight sharing revenue and O& M cost to WR.	During the financial year 2017-18, Goods and Service Tax (GST) has subsumed the service tax with effect from 1st July 2017. The Company is of the view that no supply is involved by the Company to railways and visa-versa in sharing of freight revenue & cost by Railways with the Company. Therefore, there are no GST obligations on the Company in respect to sharing of the freight revenue & cost by Railways with the Company including furnishing of the particulars/details for the same. However, Ministry of Railways has taken up the issue with Finance Ministry for issuing clarification/ exemption.
11.	Emphasis of Matter point (iii)	Note No. 5.2 regarding cost for elimination of 30 un-manned level crossing as well as expenditure incurred by Western Railway. Western Railway has given estimate for this work of ₹ 2125 lakhs and expenditure of ₹ 48.15 lakhs has been incurred against which ₹ 1085 lakh recovered. The company has shown the same as contingent liability with the contention that the same shall be borne by Western Railway.	For elimination of level crossings, Railway Board has issued instructions that the cost shall be borne by railways. However, Western Railway is of opinion that the cost shall be borne by SPVs. Accordingly, Company has shown the same as contingent liability with the contention that the same shall be borne by Western Railway.

ANNEXURE B...Contd.

<table>
<tr><th>S. No.</th><th>Ref. No. of Audit Report</th><th>Extracts from Auditors' Report</th><th>Management reply</th></tr>
<tr><td>12.</td><td>Emphasis of Matter point (iv)</td><td>The Company has engaged consultants / advisors from time to time based on contracts/ agreements executed with them. There was neither any terms / condition for payment of incentive based on their performance nor otherwise payable to consultants based on performance. However, incentive of Rs 42000 (42000*3 = 126000) has been paid during the year under audit for the earlier year i.e. FY 2017-18 by passing resolution by the board of directors at par with MD and regular employees. Further in the resolution ₹ 42000 has been sanctioned to consultants / advisors but the amount has been paid @ ₹ 42000 to each of them.</td><td>The incentive of ₹ 126000 (42000*3 = 126000) has been paid during the year under audit for the earlier year with the approval of the board of directors.</td></tr>
<tr><td>13.</td><td>Emphasis of Matter point (v)</td><td>RVNL has not charged contingencies provision @ 3% while calculating total cost in quarterly statement of expenditure on behalf of the company in terms of schedule to the agreement executed with them for which no provision has been made. It was informed that clarification has been sought from RVNL but the same has not yet responded.</td><td>In terms of Construction Agreement between Company and RVNL, there is a provision of contingencies @3%. However, the same has not been charged by RVNL in quarterly statements. Accordingly, it has been shown in contingent liabilities.</td></tr>
<tr><td>14.</td><td>Report on Other legal & Regulatory requirements 1(f)</td><td>a) Under section 167 of the companies Act,2013 following directors were ceased to be directors long back but they continued on the Board thereafter:
<table>
<tr><th>Sl. No.</th><th>Name of Director</th><th>Date of Appoint-ment</th><th>Last Meeting attended</th><th>ceased to be as Director</th><th>Continued Director upto</th></tr>
<tr><td>1.</td><td>Mr. K. C. Kuncjeria</td><td>23.06.2015</td><td>23.06.2015</td><td>23.06.2015</td><td>24.07.2018</td></tr>
<tr><td>2.</td><td>Mr. M. S Balani</td><td>17.05.2013</td><td>15.01.2017</td><td>15.01.2017</td><td>24.07.2018</td></tr>
<tr><td>3.</td><td>Mr.Rahul Aggarwal</td><td>23.06.2015</td><td>29.06.2017</td><td>29.06.2017</td><td>17.01.2019</td></tr>
<tr><td>4.</td><td>Mr. S. C. Jain</td><td>16.08.2016</td><td>None</td><td>16.08.2017</td><td>17.01.2019</td></tr>
</table></td><td>The matter was taken up with the shareholders who have nominated these Directors. Subsequently, they withdrew their names and nominated new incumbents vice them.</td></tr>
</table>

ANNEXURE B...Contd.

S. No.	Ref. No. of Audit Report	Extracts from Auditors' Report	Management reply
15.	Report on Other legal & Regulatory requirements 1(g)	Under Section 203 of the Companies Act, 2013 read with Rule 8 of the Companies (Appointments & Remuneration of Managerial Personnel) Rules, 2014 Company was required to appoint its Managing Director within 6 months of retirement of Ex Managing Director who retired on 30.01.2018 but no person has been appointed as Managing Director throughout the year under audit and till date.	The initial advertisement for the post was placed in national newspapers on 31.07.2018 inviting applications for the post. Subsequently, at the directions of Railway Board vide letter No. 2018/Infra/18/05 dated 10.08.2018 communicating that a uniform eligibility and Selection criteria for the Post of MD/CEOs of the SPVs is to be maintained. After incorporating the criteria suggested by Railway Board, the re-advertisement for the post was made in the national Newspapers on 12.02.2019 and the last date for receipt of applications was 14.03.2019. The meeting of the nominated members of the Selection Board was held on 15th April, 2019 to short list the eligible candidates for the post of Managing Director / KRC.
16.	Report on Other legal & Regulatory requirements 1(j)	Non Compliance in Payment of Dividend: (i) The Company has not deposited dividend amount in 5 days from the date of declaration of dividend in separate banks account with scheduled bank in terms of section 123(4) of Companies Act, 2013 and Para 5 of ICSI Secretarial standard on dividend (SS-3). (ii) The company has not transferred any amount out of profits to reserve account as provided in provisio to section 123(1) of the Companies Act, 2013.(iii) The company has not sent statement in writing showing Dividend paid, Folio No/ DP ID and client ID numbers, number of shares held, amount paid on each share and relevant financial year as specified in Para 5.6 of SS-3, which was also to be sent in case of Electronic transfers showing amount of dividend and TDS, if any	No separate Bank account was opened for payment of Dividend considering the small number of shareholders. However, the dividend was paid through regular banking Channels to the shareholders with in a period Five days from it declaration in the Annual General Meeting. The statement showing the folio no. amount of Dividend Paid for the relevant Financial Year has been sent to the shareholders.
17.	Report on Other legal & Regulatory requirements 1(k)	Register required pursuance to section 189 of the Companies Act, 2013 for the related party transactions under section 184 or 188 has not been maintained by the Company.	There are no related party transactions under the provisions of Section 184 or 188 of the Companies Act, 2013. Therefore, register under section 189 may not be required to be maintained.

ANNEXURE B...Contd.

S. No.	Ref. No. of Audit Report	Extracts from Auditors' Report	Management reply
18.	Report on Other legal & Regulatory requirements 1(i)(ii)	The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts except GST on the transactions with Western Railway w.e.f. 01.07.2017 for which matter has been referred to GST council through MOR for exemption/ clarification.	During the financial year 2017-18, Goods and Service Tax (GST) has subsumed the service tax with effect from 1st July 2017. The Company is of the view that no supply is involved by the Company to railways and visa-versa in sharing of freight revenue & cost by Railways with the Company. Therefore, there are no GST obligations on the Company in respect to sharing of the freight revenue & cost by Railways with the Company including furnishing of the particulars/details for the same. However, Ministry of Railways has taken up the issue with Finance Ministry for issuing clarification/exemption.
19.	Report on the internal Financial Control point 1(i)	Non obtaining confirmation of balances of Trade Receivables including advances and Payables and reconciliation thereof.	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.
20.	Report on the internal Financial Control point 1(ii)	No specific guidelines to invite quotations / tenders and contract / work have been assigned to outsiders without following the business guidelines in general.	The Company has a specific guidelines in the form of Schedule of Power (SoP) covering the provisions in respect of invitation for quotations / tenders etc. The same has been followed in respect of contract / work assigned to outsiders.
21.	Report on the internal Financial Control point 1(iii)	Nature of official purpose is not appearing in the expenses statements of visits by the employees /others.	The expenses in the nature of conveyance / travelling expenses are reimbursed with the approval of competent authority. The expenses are incurred for the day to day working / business of the Company.
22.	Report on the internal Financial Control point 1(iv)	Non maintenance of proper records of Assets of the Company and its periodical verification.	The Company has records of fixed assets and an approved program for the verification of fixed assets considering the size of the Company.

ANNEXURE B...Contd.

S. No.	Ref. No. of Audit Report	Extracts from Auditors' Report	Management reply
23.	Report on the internal Financial Control point (v)	No record of work done by Western Railway and / or joint venturer (RVNL) on behalf of the company and verification thereof.	RVNL has provided the detail of work carried out on behalf of Company. The Company has asked for the detail of work done by WR, however, the same could not be provided by WR till the date of signing of the Balance Sheet.
24.	Report on the internal Financial Control point (vi)	No control / assessment of scrap on renovation / replacement of railway track.	In terms of Operation & Maintenance Agreement held between the Company & WR, it is the responsibility of WR to maintain the Assets of the Company. Accordingly, all the assets have been handed over to WR.
25.	Report on the internal Financial Control point (vii)	No record/ supporting documents of the expenditure made under CSR.	A letter has already been written to RVNL in this regard and a reminder has also been issued. The supporting vouchers/evidences will be received soon.
26.	Report on the internal Financial Control point (viii)	No documented policy for rotation of employees and consultants.	The Policy for rotation of employees and consultants is not required considering the size of Company and its nature of business.
27.	Report on the internal Financial Control point (ix)	No documented anti fraud policy.	The antifraud policy is not required considering the size of Company and its nature of business. However, the fact about non- occurrence of any fraud has been reported by the Statutory Auditors in their report for current Financial year.
28.	Report on the internal Financial Control point (x)	Non reconciliation of income tax refunds/demand of earlier years and due follow up.	There is a complete record available in respect of tax refunds / demand and a regular follow up mechanism through the Website of Income Tax Deptt.
29.	Report on the internal Financial Control point (xi)	Cash purchases exceeding ₹ 10,000 for purchases or gifts etc on festivals.	The purchases of gifts were made through the employees of the Company. The Company has not paid cash exceeding ₹ 10,000/-.

ANNEXURE B...Contd.

S. No.	Ref. No. of Audit Report	Extracts from Auditors' Report	Management reply
30.	Report on the internal Financial Control point (xii)	Travelling by company's employees /WR officials by hiring vehicles having no insurance.	The fact stated by the auditors is incorrect as in the two incidents informed by the Auditors, the insurance was up to date.
31.	Report on the internal Financial Control point (xiii)	Non maintenance of records under MSMED Act and Companies Act.	The Company has identified and furnished the information sought under MSMED Act, in respect of suppliers whose balances are outstanding by the end of financial year.
32.	Report on the internal Financial Control point (xiv)	Non finalization of Joint Procedure order in terms of operation and maintenance agreement and provisional figures of income from traffic and respective cost advised by Western Railway.	The Joint Procedure Order will be finalised after agreement on its terms between KRC & WR.
33.	Annexure B to Indepen-dent Audit Report 1.	In respect of its fixed assets: (a) The Company is maintaining records showing particulars of fixed assets on the basis of available information without details of quantity and situation / location thereof. (b) According to the information and explanations given to us, the company has an approved regular program of verification for all assets to cover all the items yearly and no material discrepancies were noticed on verification, but in our opinion same does not appear reasonable in absence of information with regard to quantity and location in case of assets under the control of Western Railway. Further, in case of other Assets, under the control of Company, as explained to us, have been physically verified by the management and no material discrepancies were noticed on such verification. However, verification reports were not for all the assets and not in reconciliation with fixed assets register.	The Fixed Assets of the Company has been spread over the distance of 301 KMs from Palapur to Gandhidham in Gujarat. Since, the Company has entered in to an Operation & Maintenance Agreement with the Western railways (WR), all the assets have been handed over to the WR. The Company is maintaining records showing particulars of fixed assets on the basis of available information. There is also an approved regular program of verification for all assets to cover all the items yearly and no material discrepancies were noticed on verification. However, considering the size and nature of the business of the Company, it is not feasible to provide the information about the quantity and situation of assets of the Company. In case of other Assets, under the control of Company have been physically verified by the management and no material discrepancies were noticed on such verification. As per the Lease Agreement between the Company and MOR, the existing assets shall be leased to the Company to construct, operate and manage Project Railway.

ANNEXURE B...Contd.

S. No.	Ref. No. of Audit Report	Extracts from Auditors' Report	Management reply
		(c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has Bridges and Building, formation and permanent way in their immovable properties classified in other Intangibles Assets. These are constructed on leasehold land taken from western railway *as stated in Concession Agreement on annual lease rent of ₹ 1000.*	
34.	Annexure B to Independent Audit Report 7(a)	According to the records of the company, the company is generally regular in depositing undisputed statutory dues including Sales Tax, Excise Duty, Provident Fund, ESI and other statutory dues applicable over the company *though there has been a delay in case of Tax deducted at source.*	There was minor delay in deposit of TDS. The same was deposited with due interest.
35.	Annexure B to Independent Audit Report 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 duty, wealth tax, excise duty, cess that have not been deposited on account of any dispute *except Service tax of ₹ 213.59 crore relating to financial years 2009-10 to 2013-14 for which company received a demand notice from the Director General of Central Excise Intelligence and ₹ 82.07 crore relating to financial year 2014-15 for which a demand cum show cause notice has been received from Principal Commissioner of Service Tax Delhi-I and ₹ 211.66 crores related to F.Y. 2015-16, 2016-17, 2017-18 (upto 30.06.2017) for which statement of demand cum show cause notice was served on 22.03.2018.*	The reply to the Show cause notice in respect of financial years from 2007-08 to 2013-14, has been submitted on 06.01.2015. A personal hearing has also been held on 21.09.2015. No further correspondence has been received so far.A demand cum show cause notice was received for financial year 2014-15 for a demand of ₹ 82.07 crores. It has also been replied on 24.05.2016.A similar demand cum show cause notice was received for financial year 2015-16, 2016-17 & 2017-18 (up to 30.06.2017) for a demand of ₹ 211.66 crores. It has also been replied on 18.05.2018.

ANNEXURE C

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[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, 2019 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, 2019 according to the provisions of:

I. The Companies Act, 2013 (the Act) and the rules made there under;

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Not Applicable)**

III. The Depositories Act, 1996 and the regulations and bye-laws framed there under; **(Applicable)**

IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment. **(Not Applicable)**

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable)**

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015e; **(Not Applicable)**

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable)**

   d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not Applicable)**

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable)**

f. The Securities and Exchange Board of India (Registrar to an issue and share transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not Applicable)**

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable)** and

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable)**

i. SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. **(Not Applicable)**

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

(i) The Employees Provident Funds and Miscellaneous Provision Act, 1952

(ii) Insurance Act, 1938

(iii) Registration Act 1908

(iv) Indian Stamp Act , 1899

(v) Applicable Local/ Municipal laws

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

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

1. **In terms of section 135 of the Companies Act, 2013 read with the Companies (Corporate Responsibility Policy) Rules 2014, During the financial year 2018-19 the Company was required to spend ₹ 4.88 Crores on CSR activities. The company has spent ₹ 7.06 Crores on CSR activities. The company has executed a MOU with Rail Vikas Nigam Limited(hereinafter called as RVNL) on 09-01-2018 for jointly collaborate to implement CSR Project in accordance with the CSR Policy of the Company and RVNL and as per Section 135 of the Companies Act, 2013. The Company has transferred ₹ 4,56,07,959/- to RVNL for implementation of CSR Projects as per the terms of MOU. During the year the Company has received a Letter through mail dated 12.03.2019 from Ministry of Corporate Affairs regarding calling information under section 206 of the Companies Act, 2013 (Act) regarding compliance of provisions of Corporate Social Responsibility (CSR) u/s r/w section 134(3)(o)of the act and the Rules thereunder. The Company has provided the necessary information to the Ministry of Corporate Affairs within the period prescribed in this letter.**

2. **The Company has filed all the necessary documents with the Concerned Authorities for Dematerialisation of Securities of the Company in accordance with the provision of the Depositories Act, 1996 as per the Rule 9 and 9A of the Companies (Prospectus and Allotment of Securities) Rules issued by the Ministry of Corporate Affairs .**

3. **Whereas in terms of the provisions of section 203 read with Rule 8 of Companies (Appointments & Remuneration of Managerial Personnel) Rules, 2014, company was required to appoint Managing Director as Whole Time key Managerial Personnel in the company. Since Managing Director of the company was retired from his office of Managing Director with effect from 31st January, 2018. The vacancy caused by such retirement should be filled within 6 months from the date of such retirement. However, no person has been appointed as Managing Director of the company during the financial year 2018-19.**

4. **The Company has not opened separate banks account with scheduled bank in terms of section 123(4) of Companies Act, 2013 and Para 5 of ICSI Secretarial Standard on dividend (SS-3). However, the company has paid Dividend to the registered shareholders through regular banking channel.**

We further report that:

The Board of Directors of the Company is duly constituted.

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

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

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

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

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. A further Show Cause Notice was received on 19.03.2018 for the period 2015-16, 2016-17 and 2017-18 **(up to 30.06.2017).** The reply to the Show Cause Notice was submitted by the Company. As on the date of this report no further development in the case is reported.

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

PLACE :- NEW DELHI
DATED :- 28.05.2019

FOR VINOD KUMAR & CO.
COMPANY SECRETARIES

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

'Annexure A'

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

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

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

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

6. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

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

PLACE :- NEW DELHI
DATED:- 28.05.2019

FOR VINOD KUMAR & CO.
COMPANY SECRETARIES

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

ANNEXURE D

S. No.	Extracts from the Secretarial Auditors Report	Management reply
1.	In terms of section 135 of the Companies Act, 2013 read with the Companies (Corporate Responsibility Policy) Rules 2014, During the financial year 2018-19 the Company was required to spend ₹ 4.88 Crores on CSR activities. The company has spent ₹ 7.06 Crores on CSR activities. The company has executed a MOU with Rail Vikas Nigam Limited(hereinafter called as RVNL) on 09.01-2018 for jointly collaborate to implement CSR Project in accordance with the CSR Policy of the Company and RVNL and as per Section 135 of the Companies Act, 2013. The Company has transferred ₹ 4,56,07,959/- to RVNL for implementation of CSR Projects as per the terms of MOU. During the year the Company has received a Letter through mail dated 12.03.2019 from Ministry of Corporate Affairs regarding calling information under section 206 of the Companies Act, 2013 (Act) regarding compliance of provisions of Corporate Social Responsibility (CSR) u/s r/w section 134(3)(o)of the act and the Rules thereunder. The Company has provided the necessary information to the Ministry of Corporate Affairs within the period prescribed in this letter.	During the year company has spend ₹ 7.06 Cr. as against ₹ 4.88 Crs which it was required to be spent on CSR activates. The excess amount spent is to clear the unspent amount from previous years. The company and its Board of Directors are committed to spending on CSR activities in a productive manner for the real benefit to the society and not for the sake of Compliance. The balance unspent amount of previous years is carried forward to the next financial years and the same will be spent on CSR activities as per the provisions of section 135 of the Companies Act 2013.
2.	The Company has filed all the necessary documents with the Concerned Authorities for Dematerialisation of Securities of the Company in accordance with the provision of the Depositories Act, 1996 as per the Rule 9 and 9A of the Companies (Prospectus and Allotment of Securities) Rules issued by the Ministry of Corporate Affairs.	International Security Identification Number (ISIN) allotted to the Company's Equity Shares is INE08CN01011. The Company We is facilitating dematerialization of all existing Shares via its our Registrar & Share Transfer Agent (RTA) namely M/s Karvy Fintech Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.
3.	Whereas in terms of the provisions of section 203 read with Rule 8 of Companies (Appointments & Remuneration of Managerial Personnel) Rules, 2014, company was required to appoint Managing Director as Whole Time key Managerial Personnel in the company. Since Managing Director of the company was retired from his office of Managing Director with effect from 31st January, 2018. The vacancy caused by such retirement should be filled within 6 months from the date of such retirement. However, no person has been appointed as Managing Director of the company during the financial year 2018-19.	The initial advertisement for the post was placed in national newspapers on 31.07.2018 inviting applications for the post. Subsequently, at the directions of Railway Board vide letter No. 2018/ Infra/18/05 dated 10.08.2018 communicating that a uniform eligibility and Selection criteria for the Post of MD/CEOs of the SPVs is to be maintained. After incorporating the criteria suggested by Railway Board, the re-advertisement for the post was made in the national Newspapers on 12.02.2019 and the last date for receipt of applications was 14.03.2019. The meeting of the nominated members of the Selection Board was held on 15th April, 2019 to short list the eligible candidates for the post of Managing Director / KRC.
4.	The Company has not opened separate banks account with scheduled bank in terms of section 123(4) of Companies Act, 2013 and Para 5 of ICSI Secretarial Standard on dividend (SS-3). However, the company has paid Dividend to the registered shareholders through regular banking channel.	No separate Bank account was opened for payment of Dividend considering the small number of shareholders. However, the dividend was paid through regular banking Channels to the shareholders with in a period Five days from it declaration by the shareholders in the Annual General Meeting.

ANNEXURE E

CSR Statement as per section 134(o) of the Companies Act, 2013

CORPORATE SOCIAL RESPONSIBILITY STATEMENT REQUIRED TO BE ANNEXED ALONG WITH THE BOARD'S REPORT FOR THE FINANCIAL YEAR 2018-19 AS PER THE PROVISIONS OF SECTION 134(3)(O) READ WITH COMPANIES (CSR POLICY) RULES, 2014

1. **A brief outline of the Company's Corporate Social Responsibility (CSR) policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

   Kutch Railway Company Limited (KRC) Corporate Social Responsibility Policy is:

   To remain a responsible corporate entity mindful of its social responsibilities to all stakeholders, with aim and object to fight, hunger, poverty and malnutrition, promote education, health care, gender equality, rural development and sanitation etc as embodied in Schedule VII of the Companies Act 2013.

2. **The composition of the CSR committee:** The Company has a CSR committee of directors comprising Shri Pramod Kr. Singh, Shri Dinesh Chandra Pandey, Shri Dharmendra Nath Sondhi, and Shri Sajal Mittra as its members.

3. **Average net profit of the company for last three financial years for the purpose of computation of CSR:** Rs. 244.00 Crs.

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 2 above):** ₹ 4.88 Crs.

5. **Details of CSR spent during the financial year:** ₹ 7.06 Crs.
   a. **Total amount to be spent for the financial year:** ₹ 4.88 Crs.
   b. **Amount unspent:** Nil for the current year (2018-19). Previous year's unspent amount is ₹ 15.37 Crs.
   c. **Manner in which the amount spent during the financial year:**

(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	2.00	2.00	2.00	Direct
2.	Clean Ganga Fund	Ensuring environmental sustainability, conser-vation of natural resour-ces and maintaining quality of soil, air and water	Clean Ganga Project set up by Ministry of Water Resources, River Deve-lopment & Ganga Rejuv-enation, Govt. of India.	Pan India	0.50	0.50	0.50	Direct

(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
3.	Providing Ultra Sound machine for TB Clinic at Sri Ramakrishna Ashram, Delhi	Promoting health and medical care	Providing Ultra Sound machine for TB Clinic at Sri Ramakrishna Ashram, Delhi	New Delhi	0.17	0.17	0.17	In terms of the agreement / MOU with RailVikas Nigam Limited
4.	Construction of Toilet Block & Kitchen-cum-Multipurpose Hall at International Vedanta Society, Guwahati	Promoting health care and sanitation. Improving the cleanliness level and providing facilities for eradicating hunger, and malnutrition,	Construction of Toilet Block & Kitchen-cum-Multipurpose Hall at International Vedanta Society, Guwahati	Guwahati Assam	.21	.21	.21	In terms of the agreement / MOU with Rail Vikas Nigam Limited
5.	Renovation / repair of School Building at Nimisharnya, Sitapur (UP) at Adhyatma Vidyapith Bramachary Ashram, Nimisharnya, Sitapur (UP)	Promotion of education	Renovation / repair of School Building at Nimisharnya, Sitapur (UP)	Sitapur,UP	.92	.92	.92	In terms of the agreement / MOU with Rail Vikas Nigam Limited
6.	Construction of 180 Bedded Hospital facilities for treatment of female & child patients at Sri Ramakrishna Mission, Sevashrama, Vrindaban, Dist. Mathura, UP	To facilitating medical care to female and child patients. Reducing child mortality and improving maternal health for women	Construction of 180 Bedded Hospital facilities for treatment of female & child patients at Sri Ramakrishna Mission, Sevashrama, Vrindaban, Dist. Mathura, UP	Mathura UP	3.42	3.26	3.26	In terms of the agreement MOU with Rail Vikas Nigam Limited
7.	To improve learning outcomes in the government schools ment schools through quality intervention etc.	Promotion of education	To improve learning outcomes in the government schools through quality intervention etc.	Palanpur Gujarat	.54	0.00	0.00	To be spent through implement agency viz. M/s Smile Foundation, Delhi
				Total	**7.76**	**7.06**	**7.06**	

ANNEXURE E....(Contd)

6. In case the company has failed to spend the two per cent 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.

During the Year Company was required to spend ₹ 4.88 Crs but has spent ₹ 7.06 Crs. The excess amount spent was to clear the unspent amount from the previous years. The shortfall in the previous years in the expenditure incurred by the Company was primarily for the following reasons:

The suitable eligible projects during the previous years could not be identified to make expenditure towards Corporate Social Responsibility since the projects / activities under CSR involve substantial preliminary work to ensure maximum positive impact and the desired outcomes before actual implementation. The Company is in consistent process of identifying suitable eligible projects for implementing its CSR objectives and intends to spend the unspent amounts on CSR activities during the next financial years. The unspent CSR amounts are carried forward to the next financial years. The Company is committed to spending on CSR activities in a productive manner for the real benefit to the society and not for the sake of Compliance. It is further mentioned that on 12.03.2019 during the current year 2018-19 Company has received notice from the Ministry of Company Affairs (MCA) for calling information for short spending on CSR activities for FY 2015-16, under section 206 of the Companies Act, 2013 (Act) regarding compliance of provisions of Corporate Social Responsibility (CSR) u/s r/w section 134(3)(o) of the act and the Rules thereunder The reply/ information was submitted to the MCA.

7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

The Committee takes the responsibility that the implementation and monitoring of the CSR policy are in compliance with CSR objectives and CSR policy of the Company.

For Kutch Railway Company Limited

Sd/-
Pramod Kr. Singh
Director/KRC
DIN: 06485280

Confidential/गोपनीय

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

सत्यमेव जयते

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

संख्या:पीडीए/आरसी/**Accounts Audit**/केआरसीएल/**53-13/2019-20/**53 दिनांक: 24.06.2019

सेवा में,

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

विषय: 31 मार्च, 2019 को समाप्त वर्ष के लिए कच्छ रेलवे कंपनी लिमिटेड के वित्तीय विवरणों पर कम्पनी अधिनियम 2013 की धारा 143(6) (b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियां |

महोदय,

मैं, कच्छ रेलवे कंपनी लिमिटेड के 31 मार्च, 2019 को समाप्त वर्ष के लिए कच्छ रेलवे कंपनी लिमिटेड लिमिटेड के वित्तीय विवरणों पर कम्पनी अधिनियम 2013 की धारा 143(6) (b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियां अग्रेषित कर रहा हूँ|

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

भवदीय,

वि. आर. मंडल
21/6/19

संलग्न: यथोपरि|

(वि. आर. मंडल)
प्रधान निदेशक/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 2019.

The preparation of financial statements of **KUTCH RAILWAY COMPANY LIMITED** for the period ended 31 March 2019 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 28.05.2019

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **KUTCH RAILWAY COMPANY LIMITED** for the period ended 31 March 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

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

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

Place: New Delhi
Dated: 21 June, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of
Kutch Railway Company Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Kutch Railway Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Our opinion is subject to matters stated below:

(a) Note No. -44 Regarding fixed assets capitalized by the Company year after year (based on advices received from the Western Railway) and subject to verification by the company. Similarly, material supplied by the company and balances outstanding as advances to Western Railway are subject to reconciliation with Western Railway. The Impact of the same is unascertainable and consequent impact on depreciation is also unascertainable.

(b) Note No-55 Capital expenditure incurred by Western Railway on behalf of the Company for the year ended 31st March, 2019 has not been adjusted in absence of advice from the Western Railway. The impact of the same is unascertainable.

(c) Note No. 4.2 and 4.3 regarding division of addition and deletion in Bridges, Building, Formation, Plant & Machinery (Project) and Permanent Way (Classified in other intangible assets) , if any is being made year after year in proportion of their gross opening balances instead of asset wise breakup. The impact of the same and consequent impact on depreciation is unascertainable. However, no addition/deletion has been advised by Western Railway for the FY 2018-19.

(d) Note No. 38 regarding non confirmation of receivable including advances and payables, the impact of the same is unascertainable.

(e) Note No. 54 regarding one of the joint venturer of the Company (RVNL) is incurring expenditure on behalf of the company under the contract and the same are being accounted for based on its advices without verification the correctness thereof. The impact of the same is unascertainable.

Assignment of verification was outsourced for the pervious year (FY 2017-18) in which variations were pointed out in several advices / vouchers apart from missing of original supporting documents. Out of which certain have been settled and adjusted in the year under audit and others remained pending.

(f) Note No. 47 regarding CSR expenses, the company is required to spend arrears of ₹ 1536.79 Lakhs of the earlier years on CSR activities. The company executed MOU with RVNL (Joint Venturer). The Company has made payments of ₹ 4.56 Crore has been accounted for as CSR expenditure without any supporting evidences. The variation in amount, if any, is unascertainable.

(g) The company has not received any information from Western Railway with regard to scrap belonging the company with regards to quantity and value thereof and hence value thereof has not been considered in the accounts. The impact of the same is unascertainable.

(h) The Company has not identified and furnished the information in the standalone financial statements in terms of section 22 of the Micro, Small and Medium enterprises Development Act, 2006. The impact of the same is unascertainable.

Emphasis of Matters

Without qualifying our report we draw attention to

i. Note No-43 to the financial statements which may effect of reduction in the reserves and sundry debtors by ₹ 2550 lakhs (approx) in the subsequent years as and when adviced by the Western Railway.

ii. Note No 53 to the Financial Statements regarding applicability of GST, the Company has sought exemption/ clarification from GST council through MOR in respect of transactions with Railway on freight sharing revenue (the only source of revenue) and operation and maintenance cost to Western Railway for the period from 1.07.2017, which is pending. The company's presumption is that GST is not applicable.

iii. Note No. 5.2 regarding cost for elimination of 30 unmaned level crossing as well as expenditure incurred by Western Railway. Western Railway has given estimate for this work of ₹ 2125 lakhs and expenditure of ₹ 48.15 lakhs has been incurred against which ₹ 1085 lakh recovered. The company has shown the same as contingent liability with the contention that the same shall be borne by Western Railway.

iv. The Company has engaged consultants / advisors from time to time based on contracts/ agreements executed with them. There was neither any terms / condition for payment of incentive based on their performance nor otherwise payable to consultants based on performance. However, incentive of ₹ 42000 (42000*3 = 126000) has been paid during the year under audit for the earlier year i.e. FY 2017-18 by passing resolution by the board of directors at par with MD and regular employees. Further in the resolution Rs 42000 has been sanctioned to consultants / advisors but the amount has been paid @ Rs 42000 to each of them.

v. RVNL has not charged contingencies provision @ 3% while calculating total cost in quarterly statement of expenditure on behalf of the company in terms of schedule to the agreement executed with them for which no provision has been made. It was informed that clarification has been sought from RVNL but the same has not yet responded.

Management's Responsibility for the Standalone Financial Statements

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

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

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

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f) Under section 167 of the companies Act,2013 following directors were ceased to be directors long back but they continued on the Board thereafter:

S.No.	Name of Directors	Date of Appointment	Last meeting attended	Ceased to be director	Continued as director upto
1	Mr. K.C. Kuncheria	23.06.2015	23.06.2015	23.06.2015	24.07.2018
2	Mr. Mukesh Sadhuram Balani	17.05.2013	15.01.2017	15.01.2017	24.07.2018
3	Mr.Rahul Agarwal	23.06.2015	29.06.2017	29.06.2017	17.01.2019
4	Mr. Sukhmal Chand Jain	16.08.2016	None	16.08.2017	17.01.2019

g) Under Section 203 of the Companies Act, 2013 read with Rule 8 of the Companies (Appointments & Remuneration of Managerial Personnel) Rules, 2014 Company was required to appoint its Managing Director within 6 months of retirement of Ex Managing Director who retired on 30.01.2018 but no person has been appointed as Managing Director throughout the year under audit and till date.

h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

j) Non Compliance in Payment of Dividend: (i) The Company has not deposited dividend amount in 5 days from the date of declaration of dividend in separate banks account with scheduled bank in terms of section 123(4) of Companies Act, 2013 and Para 5 of ICSI Secretarial standard on dividend (SS-3). (ii) The company has not transferred any amount out of profits to reserve account as provided in provisio to section 123(1) of the Companies Act, 2013.(iii) The company has not sent statement in writing showing Dividend paid, Folio No/ DP ID and client ID numbers, number of shares held, amount paid on each share and relevant financial year as specified in Para 5.6 of SS-3, which was also to be sent in case of Electronic transfers showing amount of dividend and TDS, if any.

k) Register required pursuance to section 189 of the Companies Act, 2013 for the related party transactions under section 184 or 188 has not been maintained by the Company.

l) 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, as amended 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 standalone financial statements. (Refer Note-39)

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts except GST on the transactions with Western Railway w.e.f. 01.07.2017 for which matter has been referred to GST council through MOR for exemption/ clarification.

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

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

3. The Comptroller and Auditor General of India's has issued directions indicating the areas to be examined in terms of section 143(5) of the companies Act, 2013, the compliance of which is set out in Annexure 'C'.

For **JK Sarawgi and Company**
Chartered Accountants
Firm's Regn. No. 006836C

(L.S.Khandelwal)
Partner
(Membership No.009878)
Place: New Delhi
Date: 28.05.2019

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1(h) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Kutch Railway Company Limited of even date)

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

We have audited the internal financial controls over financial reporting of **KUTCH RAILWAY COMPANY LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 financial statements.

Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial

Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India except following material weaknesses identified during the course of audit.

i) Non obtaining confirmation of balances of Trade Receivables including advances and Payables and reconciliation thereof.
ii) No specific guidelines to invite quotations / tenders and contract / work have been assigned to outsiders without following the business guidelines in general.
iii) Nature of official purpose is not appearing in the expenses statements of visits by the employees /others.
iv) Non maintenance of proper records of Assets of the Company and its periodical verification.
v) No record of work done by Western Railway and / or joint venturer (RVNL) on behalf of the company and verification thereof.
vi) No control / assessment of scrap on renovation / replacement of railway track.
vii) No record/ supporting documents of the expenditure made under CSR.
viii) No documented policy for rotation of employees and consultants.
ix) No documented antifraud policy.
x) Non reconciliation of income tax refunds/demand of earlier years and due follow up.
xi) Cash purchases exceeding ₹ 10,000 for purchases or gifts etc on festivals.
xii) Travelling by company's employees /WR officials by hiring vehicles having no insurance.
xiii) Non maintenance of records under MSMED Act and Companies Act.
xiv) Non finalization of Joint Procedure order in terms of operation and maintenance agreement and provisional figures of income from traffic and respective cost advised by Western Railway.

For **JK Sarawgi and Company**
Chartered Accountants
Firm's Regn. No. 006836C

(L.S.Khandelwal)
Partner
(Membership No.009878)
Place: New Delhi
Date: 28.05.2019

Annexure B to the Independent Auditor's Report

The 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 Kutch Railway Company Limited on the Ind AS financial statements for the financial year ended on 31st March, 2019

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

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

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

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

2. The company did not maintain with it any inventory during the year.
3. In our opinion and according to the information and explanations given to us, the company has not granted any loans secured or unsecured to the companies/firms, limited liability partnership or other parties to be 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 within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013.

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

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

(b) According to the information given to us and as per the books of accounts produced before us, the company has no dues relating to sales tax, income tax, custom duty, wealth tax, excise duty, cess that have not been deposited on account of any dispute *except Service tax of Rs. 213.59 crore relating to financial years 2009-10 to 2013-14 for which company received a demand notice from the Director General of Central Excise Intelligence and Rs.82.07 crore relating to financial year 2014-15 for which a demand cum show cause notice has been received from Principal Commissioner of Service Tax Delhi-I and Rs.211.66 crore related to F.Y. 2015-16, 2016-17, 2017-18 (upto 30.06.2017) for which statement of demand cum show cause notice was served on 22.03.2018.*

8. The Company has no dues payable to 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. No fraud on or by the Company has been noticed or reported during course of our audit as per the information and explanations given to us.

11. Since the post of Managing Director has remained vacant throughout the current financial year, no managerial remuneration has been provided and paid during the current financial year under audit except incentive paid to ex-managing director based on his last performance.

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

13. According to information and explanation given to us, all transactions with related parties are in compliance with sections 184 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 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 and hence the provision of section 192 of the Companies Act is not applicable.

16. The company is not required to be registered under section 45-IA of Reserve Bank of India, 1934.

For **JK Sarawgi and Company**
Chartered Accountants
Firm's Regn. No. 006836C

(L.S.Khandelwal)
Partner
(Membership No.009878)
Place: New Delhi
Date: 28.05.2019

ANNEXURE C 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 Kutch Railway Company Limited on the Ind AS financial statements for the financial year ended on 31st March 2019.

S. No.	Directions	Our Report
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, the company has system in place to process all the accounting transactions through IT system. No Case of accounting transactions outside I.T. System was observed.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to company's inability to repay the loan? If yes, the financial impact may be stated.	No loan is outstanding in case of Company. No Case of waiver/write off of debt/loan/interest etc. made by a lender to the Company was observed
3.	Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	No such funds received during the year under audit.

For **JK Sarawgi and Company**
Chartered Accountants
Firm's Regn. No. 006836C

(L. S. Khandelwal)
Partner
(Membership No.009878)
Place: New Delhi
Date: 28.05.2019

BALANCE SHEET AS AT MARCH 31, 2019

(₹ in Lakhs)

	Particulars	Note No.	As at 31st March 2019		As at 31st March 2018	
I.	**ASSETS**					
1	**Non-current assets**					
	(a) Property, Plant and equipment	3	**39.01**		49.08	
	(b) Other Intangible assets	4	**35,423.08**		36,397.44	
	(c) Intangible assets under development	5	**102,563.98**		57,815.08	
	(d) Financial Assets					
	(i) Loans	6	**10.66**		9.97	
	(e) Deferred Tax Assets	15	**18,584.15**		16,738.75	
	(f) Other non-current assets	7	**10,220.68**	**166,841.56**	5,214.92	116,225.24
2	**Current assets**					
	(a) Financial Assets	8				
	(i) Cash and cash equivalents	8.1	**83.97**		64.27	
	(ii) Bank Balances other than (i) above	8.2	**15,035.23**		101,309.75	
	(iii) Others	8.3	**51,738.17**		3,338.64	
	(b) Current Tax Assets (Net)	9	**3,362.71**		1,287.71	
	(c) Other current assets	10	**8.24**	**70,228.32**	4.03	106,004.40
	Total Assets			**237,069.88**		222,229.64
II.	**EQUITY AND LIABILITIES**					
1	**Equity**					
	(a) Equity Share Capital	11	**25,000.00**		25,000.00	
	(b) Other Equity	12	**137,361.86**	**162,361.86**	125,780.06	150,780.06
2	**Liabilities**					
(i)	**Non-current liabilities**					
	(a) Financial Liabilities	13				
	(i) Trade Payable	13.1				
	- Total outstanding dues of micro enterprises and small enterprises		**-**		-	
	- Total outstanding dues of creditors other than micro enterprises and small enterprises		**26,631.94**		27,366.94	
	(b) Provisions	14	**225.64**		195.58	
	(c) Deferred Tax Liabilities	15	**7,450.15**		7,286.55	
	(d) Other Non-Current Liability	16	**27,046.03**	**61,353.76**	28,668.79	63,517.86
(ii)	**Current liabilities**					
	(a) Financial Liabilities	17				
	(i) Trade Payable	17.1				
	- Total outstanding dues of micro enterprises and small enterprises		**-**		-	
	- Total outstanding dues of creditors other than micro enterprises and small enterprises		**11,371.58**		6,209.83	
	(ii) Other financial liabilities	17.2	**98.70**		44.10	
	(b) Other current liabilities	18	**1,876.70**		1,672.15	
	(c) Short Term Provisions	19	**7.28**	**13,354.26**	5.64	7,931.72
	Total Equity and Liabilities			**237,069.88**		222,229.64
III.	See accompanying notes to the financial statements 1 to 57					

The accompanying notes are integral part of financial statements

As per our report of even date attached
For **JK Sarawgi & Company**
Chartered Accountants
FRN: 006836C

Sd/-
CA L.S. Khandelwal
Partner
M. No. : 009878
Place: New Delhi
Date: 28.05.2019

For & on behalf of the Board of Directors

Satya Prakash Shastri
Director
(DIN : 06474602)

Pramod Kumar Singh
Director
(DIN : 06485280)

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

Ankur Rastogi
(Chief Financial Officer)

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31st MARCH, 2019

(₹ in Lakhs)

	Particulars	Note No.	for the Year ended 31st March, 2019	for the Year ended 31st March, 2018
I.	**Revenue :**			
	Revenue from operations	20	**118,803.23**	103,710.26
II.	Other income	21	**7,861.72**	9,550.12
III.	**Total Income (I + II)**		**126,664.95**	113,260.38
IV.	**Expenses:**			
	Operating and other Expenses	22	**102,942.99**	83,513.92
	Employee benefits expenses	23	**304.86**	339.41
	Finance Cost	24	**2,559.34**	2,478.37
	Depreciation and amortization expenses	25	**1,890.29**	1,846.43
	Other Expenses	26	**872.86**	192.80
	Total Expenses (IV)		**108,570.34**	88,370.93
V.	**Profit/loss Before exceptional items and Tax (III - IV)**		**18,094.61**	24,889.45
VI.	Exceptional items		**-**	-
VII.	Profit/(Loss) before tax (V - VI)		**18,094.61**	24,889.45
VIII.	Tax expense:			
	(1) Current tax			
	- For the year	27	**3,983.38**	5,394.82
	- For earlier years (net)		**-**	(0.43)
	(2) Deferred tax (net)	27	**151.40**	68.50
	(3) MAT Credit	**15**	**(1,833.65)**	(2,784.14)
	Total Tax Expense (VIII)		**2,301.13**	2,678.75
IX	**Profit/(loss) for the period from continuing operation (VII - VIII)**		**15,793.48**	22,210.70
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)**		**15,793.48**	22,210.70
XIV	**Other Comprehensive Income**			
	A. (i) Items that will not be reclassified to profit and loss	28	**1.29**	(0.53)
	(ii) Income Tax relating to Items that will not be reclassified to profit and loss		**(0.45)**	0.18
	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)**		**15,794.32**	22,210.35
XVI.	Earnings Per Equity Share: (For Continuing Operation)			
	(1) Basic	29	**6.32**	8.88
	(2) Diluted	29	**6.32**	8.88
XVII.	Earnings Per Equity Share: (For discontinuing Operation)			
	(1) Basic	29	**-**	-
	(2) Diluted	29	**-**	-
XVIII.	Earnings Per Equity Share: (For discontinued and continuing Operation)			
	(1) Basic	29	**6.32**	8.88
	(2) Diluted	29	**6.32**	8.88

The accompanying notes are integral part of financial statements

As per our report of even date attached
For **JK Sarawgi & Company**
Chartered Accountants
FRN: 006836C

Sd/-
CA L.S. Khandelwal
Partner
M. No. : 009878
Place: New Delhi
Date: 28.05.2019

For & on behalf of the Board of Directors

Satya Prakash Shastri
Director
(DIN : 06474602)

Pramod Kumar Singh
Director
(DIN : 06485280)

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

Ankur Rastogi
(Chief Financial Officer)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

(₹ in Lakhs)

Particulars		As At 31st March, 2019	As At 31st March, 2018
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before taxation		**18,094.61**	24,889.45
Adjustment for :			
Depreciation & amortization expenses		**1,890.29**	1,846.43
Loss / (Profit) on sale of assets(net)		**0.35**	5.65
Interest Income		**(6,151.97)**	(7,543.65)
Unwinding of discount on Security Deposit		**(0.78)**	(0.72)
Unwinding of Discount on Overhead Cost Payable		**2,403.31**	2,478.26
Income from reversal of deferred Overhead costs payable		**(1,622.76)**	(2,005.71)
Rent Expense - reversal of fair value adjustment of security deposit		**0.81**	0.81
Operating Profit before working capital changes	**(1)**	**14,613.86**	19,670.52
Adjustment for :			
Decrease / (Increase) in Trade Receivables		-	-
Decrease / (Increase) in Bank Balance other than those taken to Cash & Cash Equivalent		**86,274.52**	19,726.65
Decrease / (Increase) in Other Financial current Assets		**(48,399.53)**	(0.65)
Decrease / (Increase) in Other Current Assets		**(4.21)**	0.53
Decrease / (Increase) in Other Non current Financial Assets		**0.09**	-
Decrease / (Increase) in Other Non Current Assets		**0.01**	-
(Decrease) / Increase in Trade Payables		**2,023.44**	(10,289.80)
(Decrease) / Increase in Other Non Current Liability		**-**	1,635.01
(Decrease) / Increase in Other Current Financial Liability		**54.60**	(1.53)
(Decrease) / Increase in Other Current Liability		**204.55**	40.51
(Decrease) / Increase in Current tax Assets		**-**	-
(Decrease) / Increase in Provisions		**31.35**	26.92
(Decrease) / Increase in Current Provisions		**1.64**	5.64
	(2)	**40,186.46***	11,143.27
Cash generated from operation	**(1+2)**	**54,800.33**	30,813.80
Income Tax Paid		**(6,058.39)**	(3,954.36)
NET CASH FROM OPERATING ACTIVITIES	**(A)**	**48,741.94***	26,859.43
CASH FLOW FROM INVESTING ACTIVITIES			
Capital Expenditure on PPE,Other Intangible Assets & Intangible under Development		**(45,655.16)**	(34,267.05)
Proceeds from disposal of Assets		**0.05**	2.68
Capital Advances given during the year		**(5,006.58)**	1,293.39
Interest Received		**6,151.97**	8,527.79
NET CASH FROM INVESTING ACTIVITIES	**(B)**	**(44,509.72)**	(24,443.19)

CASH FLOW FROM FINANCING ACTIVITIES

Dividend (including Dividend Distribution Tax) paid		**(4,212.52)**	(2,407.15)
NET CASH FROM FINANCING ACTIVITIES	**(C)**	**(4,212.52)**	(2,407.15)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT	**(A+B+C)**	**19.70***	9.09
CASH AND CASH EQUIVALENT (OPENING)	**(D)**	**64.27**	55.18
Cash Balances		**0.07**	0.24
Balance with Banks		**64.20**	54.94
CASH AND CASH EQUIVALENT (CLOSING)	**(E)**	**83.97**	64.27
Cash Balances		**0.09**	0.07
Balance with Banks		**83.88**	64.20
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT	**(E - F)**	**19.70**	9.09

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.

The accompanying notes are integral part of financial statements
As per our report of even date attached
For **JK Sarawgi & Company**
Chartered Accountants
FRN: 006836C

Sd/-
CA L.S. Khandelwal
Partner
M. No. : 009878
Place: New Delhi
Date: 28.05.2019

For & on behalf of the Board of Directors

Satya Prakash Shastri
Director
(DIN : 06474602)

Pramod Kumar Singh
Director
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(Company Secretary)
M.No.: F3640

Ankur Rastogi
(Chief Financial Officer)

Statement of changes in equity for the period ended 31 March 2019

A. Equity share capital

(₹ in Lakhs)

Particulars	No. of shares in lakhs	Amount
Balance at April 1, 2018	2,500	25,000
Changes in equity share capital during the year		
(a) issue of equity shares capital during the year	-	-
Balance at March 31, 2019	**2,500**	**25,000**

B. Other Equity

Particulars	Reserve & Surplus		
	General Reserve	Retained Earnings	Total
Balance at the beginning of the year	879.52	**124,900.54**	**125,780.06**
Changes in accounting policy or prior period errors	-	-	-
Restated balance at the beginning of the reporting period	**879.52**	**124,900.54**	**125,780.06**
Profit for the period	-	215,793.48	15,793.48
Other Comprehensive Income for the year (net of income tax)	-	0.84	0.84
Total Comprehensive Income for the year	**-**	**15,794.32**	**15,794.32**
Dividends (including DDT)	-	(4,212.52)	(4,212.52)
Prior Period Adjustment	-	-	-
Transfer to retained earning	-	-	-
Balance as at 31st March 2019	**879.52**	**136,482.34**	**137,361.86**

Statement of changes in equity for the period ended 31 March 2018

A. Equity share capital

(₹ in Lakhs)

Particulars	No. of shares in lakhs	Amount
Balance at April 1, 2017	2,500	25,000
Changes in equity share capital during the year		
(a) issue of equity shares capital during the year	-	-
Balance at March 31, 2018	2,500	**25,000**

B. Other Equity

Particulars	Reserve & Surplus		
	General Reserve	Retained Earnings	Total
Balance at the beginning of the year	879.52	105,097.34	105,976.86
Prior period errors adjustments	-	-	-
Restated balance at the beginning of the year	**879.52**	**105,097.34**	**105,976.86**
Profit for the year	-	22,210.70	**22,210.70**
Other Comprehensive Income for the year (net of income tax)	-	(0.35)	(0.35)
Total Comprehensive Income for the year	**-**	**22,210.35**	**22,210.35**
Dividends (including DDT)	-	(2,407.15)	(2,407.15)
Transfer to retained earning	-	-	-
Balance at the end of the year	**879.52**	**124,900.54**	**125,780.06**

The accompanying notes are integral part of financial statements

As per our report of even date attached
For **JK Sarawgi & Company**
Chartered Accountants
FRN: 006836C

Sd/-
CA L.S. Khandelwal
Partner
M. No. : 009878
Place: New Delhi
Date: 28.05.2019

For & on behalf of the Board of Directors

Satya Prakash Shastri
Director
(DIN : 06474602)

Pramod Kumar Singh
Director
(DIN : 06485280)

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

Ankur Rastogi
(Chief Financial Officer)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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), Mundra Ports & SEZ Ltd, Kandla Port Trust and Govt. of Gujarat. The registered office of the company is located at Suit No. 15 - 22, 2nd Floor, Indra Palace, H- Block, Connaught Circus, New Delhi.

The Company has entered into a Concession Agreement with President of India, through Executive Director (Perspective Planning) of the Ministry of Railways (MoR), Government of India, Rail Bhawan, New Delhi on November 8, 2005 granting rights to the company for commercial exploitation, development of additional facilities in the project area and right to receive/share earnings of Ministry of Railways of the tariff collected from freight traffic and other charges as per the agreement in relation of the project. It also defines obligation of the company to be performed by it. The agreement is granted for 32 years. The company has also executed a lease deed on the same day with the President of India for the use of leased assets which forms part of the concession agreement and is attached as Schedule -A thereto. Upon expiry, the company is required to hand over the project assets to Ministry of Railways free from all encumbrances whatsover. Upon transfer the company shall be entitled to receive amount equal to book value of the project assets.

Note: - 2

Basis of Preparation

2.1 Statement of Compliance

The financial statements as at and for the year ended 31 March 2019 have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under section 133 of the Companies Act 2013 as Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

2.2 Basis of Measurement

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. Such estimates include estimation of useful life of property, plant and equipment, intangible assets and future obligation under employee benefit plan. Actual results may differ from these estimates.

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

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

2.4 Statement of Cash flow

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

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

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

2.5 Functional and Presentation Currency

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

2.6 Property, plant and equipment

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

Cost of asset includes the following:

i. Cost directly attributable to the acquisition of the assets

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

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

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

Depreciation

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

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

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

Particulars

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

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

2.7 Intangible Assets

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

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

The 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 i.e 32 years.

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

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

2.8 Intangible Asset Under Development :

Freight sharing right under development

i. Indirect expenses incidental to construction of various assets are being apportioned on pro-rata basis to respective assets.
ii. Deposit Works contracts are accounted for on the basis of statement of accounts received from executing agencies.
iii. In respect of supply cum erection contracts, the value of supplies received at site and accepted is treated as Intangible assets under development .
iv. The addition/deletion in the Intangible assets under development (advised by Western Railway) are accounted for in the year of advice by Western Railway.

2.9 Revenue Recognition

a) Revenue from Contracts with Customers

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

Revenue from Railway Operation

The operating income of the company is recognized on point in time 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.

Construction Contract Revenue under SCA

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

b) <u>Other Revenue Recognition</u>

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 Cost Recognition

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

2.21 Material Events

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

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.

2.23 Standard issued but not yet effective for the Financial Year 2018-19

IND AS 116 Leases

On March 30,2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace Ind AS- 17 and related interpretations from its proposed effective date, being annual periods beginning on or after 1 April 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. Ind AS 116 requires the identification of leases and introduces a single lessee accounting model and requires a lessee to recognized assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees. The Company as a lessee, would be required to account for the assets on lease and corresponding liability for all leases in its Balance Sheet.

Note: - 3
Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Vehicle	Plant & Machinery	Furniture & Fixture	Computers	Total
At Cost or Deemed Cost					
At 1 April 2017	**8.56**	**9.30**	**66.60**	**6.64**	**91.10**
Additions	-	2.86	4.35	1.68	8.89
Disposals/Adjustments	-	(4.36)	(4.62)	(0.87)	(9.85)
At 31 March 2018	**8.56**	**7.80**	**66.33**	**7.45**	**109.84**
Additions	-	1.01	0.88	0.18	2.07
Disposals/Adjustments	-	(0.75)	(0.18)	-	(0.93)
At 31 March 2019	**8.56**	**8.06**	**67.03**	**7.63**	**110.98**
Accumlated Depreciation and impairment					
At 1 April 2017	**2.60**	**4.45**	**20.59**	**4.39**	**32.02**
Depreciation charge for the period	1.30	2.04	8.28	1.29	12.91
Impairment	-	-	-	-	-
Disposals/Adjustments	-	(2.20)	(0.87)	(0.81)	(3.89)
At 31 March 2018	**3.90**	**4.29**	**28.00**	**4.87**	**41.06**
Depreciation charge for the period	1.30	1.85	7.62	0.97	11.74
Impairment		-			
Disposals/Adjustments	-	(0.48)	(0.05)	-	(0.53)
At 31 March 2019	**5.20**	**5.66**	**35.57**	**5.84**	**52.27**
Net book value					
At 31 March 2019	**3.36**	**2.40**	**31.46**	**1.79**	**39.01**
At 31 March 2018	**4.66**	**3.51**	**38.33**	**2.58**	**49.08**

Note: - 4

Other Intangible Assets

(₹ in Lakhs)

Particulars	Computer Software	Freight Sharing Right	Total
At Cost or deemed cost			
At 1 April 2017	**0.01**	**40,905.12**	**40,905.13**
Addition during the period	-	861.13	861.13
Adjustment	-	(2.41)	(2.41)
At 31 March 2018	**0.01**	**41,763.84**	**41,763.85**
Addition during the period	-	904.19	904.19
Adjustment	-	-	-
At 31 March 2019	**0.01**	**42,668.03**	**42,668.04**
Amortisation and Impairment			
At 1 April 2017	**-**	**3,532.93**	**3,532.93**
Amortisation	-	1,833.52	1,833.52
Disposal/Adjustments		(0.04)	(0.04)
At 31 March 2018	**-**	**5,366.41**	**5,366.41**
Amortisation	-	1,878.55	1,878.55
Disposal/Adjustments		-	-
At 31 March 2019		**7,244.96**	**7,244.96**
Net book value			
At 31 March 2019	**0.01**	**35,423.07**	**35,423.08**
At 31 March 2018	**0.01**	**36,397.43**	**36,397.44**

Note 4.1 : Amortisation on other intangible assets included in note-25 -"Depreciation & Amortisation".

Note 4.2: The capital cost incurred and advised by WR to the tune of ₹ 904.19 Lakhs during the year ended 31, March 2019 (FY 17-18, ₹ 861.13 Lakhs) has been debited in Intangible assets (Freight sharing right) i:e -Permanent Way only.

Note 4.3: Western Railway (WR) has provided the consolidated figures in respect of deletion during the F.Y 2017-18 amounting to ₹ 2.41 lakh in Intangible assets (Freight sharing right) i:e Bridges & Buildings, Formation, Plant & Machinery (Project) and Permanent Way. They have expressed their inability to provide assets wise break up of deletion. In absence of the same, the total deletion has been divided in proportion of gross opening balance of these assets.There is no addition/deletion as advised by the WR during the F.Y 2018-19.

Note 4.4: Deletion from Intangible assets (Freight sharing right) during the F. Yr. 2017-18 as advised by Western Railway are assumed to be out of additions made during the financial year 2016-17. No depreciation is charged on these assets during the year ended 31 March,2018

Note 4.5: Amortisation of ₹ 0.04 lakhs has beeen reduced from the Amortisation reserve and accounted as profit on sale of fixed assets during the F. Yr. 2017-18.

Note: - 5
Intangible Assets under Development

(₹ in Lakhs)

Particulars		2017-18		2018-19	
	As at 1st April 2017	Additions/ Deduction	As at 31st March 2018	Additions/ Deduction/	As at 31st March 2019
Bhildi Running Room	352.99	5.43	358.42	-	358.42
Intermediate Block Section	653.47	-	653.47	-	653.47
Data Logger	61.61	-	61.61	-	61.61
Fuse Alarm	-	-	-	-	-
PNU-SIOB Doubling	21,248.75	32,781.74	54,030.49	44,748.90	98,779.39
AT Weld -ADEN-GIM & RDHP		256.78	256.78	-	256.78
Radhanpur RCC Overhead Tank		7.09	7.09	-	7.09
Residence for ADSTE-RDHP	9.75	-	9.75	-	9.75
Strengthening of Bridges	139.89	146.16	286.05	-	286.05
Track Fitting Renewal	937.66	169.39	1,107.05	-	1,107.05
Track Renewal Work	197.66	107.03	304.69	-	304.69
Through Weld Renewal & related work	193.18	(80.99)	112.19	-	112.19
Earthing Arrangements	-	-	-	-	-
Adesar & Santalpur Improvement	-	-	-	-	-
Bankability Study	11.95	-	11.95	-	11.95
Laying of OFC	474.08	-	474.08	-	474.08
Deep Borewell Bhildi	11.11	4.40	15.51	-	15.51
PNU-SIOB Doubling Survey	125.96	-	125.96	-	125.96
Total	**24,418.05**	**33,397.03**	**57,815.08**	**44,748.90**	**102,563.98**

Note 5.1:- Western Railways has not provided the details about the works being carried out by them as on 31 March, 2019 , therefore the same has not been accounted for.

Note 5.2:- Western Railway has given the estimate of Rs 2125.00 lakhs for elimination of 30 unmaned level crossings and expenditure of Rs 48.15 Lakhs has been incurred for which company has deposited Rs 1085 lakhs which has been shown as capital advances, since this liability is disputed the same has not been provided in Intangible Assets Under Development.

Note: - 6

6.1 Financial Assets - Loans

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Considered Good : Unsecured		
At Amortised Cost		
Security Deposits	10.66	9.97
Total	**10.66**	**9.97**

Note: - 7

Other non-current assets

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
a) **Capital Advances**		
Unsecured, considered good		
Advances for various project expenditure	10,218.54	5,211.96
b) **Others**		
Prepaid Rent *	2.14	2.96
Total	**10,220.68**	**5,214.92**

* 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

Note: - 8.1

Cash and Cash equivalent

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Cash in hand	**0.09**	0.07
Balances with banks:		
– On current accounts	83.88	64.20
Total	**83.97**	**64.27**

Note: - 8.2

Bank Balances other than Cash and Cash equivalent

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Other Bank Balances		
– Deposits with original maturity of more than 3 months but less than 12 months	15,035.23	101,309.75
Total	**15,035.23**	**101,309.75**

Note: - 8.3

Other Current Financial Assets

(₹ in Lakhs)

Particulars	**As at 31st March 2019**	**As at 31st March 2018**
(a) Fixed Deposit having remaining maturity of less than 12 months	48,713.22	-
(b) Other Receivables		
Employee Advances	9.97	1.28
Interest Accrued but not due on FD	3,014.98	3,336.96
Other Advances	-	0.40
Total	**51,738.17**	**3,338.64**

Note: - 9

Current Tax Asset

(₹ in Lakhs)

Particulars	**As at 31st March 2019**	**As at 31st March 2018**
Current Tax Asset		
Income Tax refundable	2,370.58	2,728.16
Advance Tax & TDS	4,975.51	3,954.37
Less:- Provision for Income Tax	(3,983.38)	(5,394.82)
Total	**3,362.71**	**1,287.71**

Note: - 10

Other current assets

(₹ in Lakhs)

Particulars	**As at 31st March 2019**	**As at 31st March 2018**
a) Others		
Prepaid Expenses	3.89	3.22
Prepaid Rent *	0.81	0.81
Advance GST TDS	0.21	-
Other Advances	3.33	-
Total	**8.24**	**4.03**

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

Note: - 11
Equity Share Capital

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Authorised share capital		
25,00,00,000 Equity Shares of ₹ 10 each (31st March, 2018: 25,00,00,000 Equity Share of ₹ 10 each,	25,000.00	25,000.00
	25,000.00	**25,000.00**
Issued, Subcribed and Paid up Capital		
25,00,00,000 Equity Shares of ₹ 10 each (31st March, 2018; 25,00,00,000 Equity Share of ₹ 10 each	25,000.00	25,000.00
(Includes 2,73,50,100 Shares issued for consideration other than cash & 5,00,00,000 bonus shares)		
	25,000.00	**25,000.00**

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

Particulars	As at 31st March 2019		As at 31st March 2018	
	No of shares (in Lakhs)	Amount (in Lakhs)	No of shares (in Lakhs)	Amount (in Lakhs)
Issued/Subscribed and Paid up equity Capital outstanding at the beginning of the year	2,500.00	25,000.00	2,500.00	25,000.00
Add: Shares Issued during the year	-		-	-
Issued/Subscribed and Paid up equity Capital outstanding at the end of the year	**2,500.00**	**25,000.00**	**2,500.00**	**25,000.00**

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

Name of the shareholder	As at 31st March 2019		As at 31st March 2018	
	No of shares (in Lakhs)	% holding in the class	No of shares (in Lakhs)	% holding in the class
1. Rail Vikas Nigam Limited	1,250.00	50.00	1,250.00	50.00
2. Kandla Port Trust	650.00	26.00	650.00	26.00
3. Adani Ports & SEZ Ltd.	500.00	20.00	500.00	20.00
Total	**2,400.00**	**96.00**	**2,400.00**	**96.00**

(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 2018 No in lakhs	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
Equity shares issued as bonus	-	-	-	-	-
Total	-	-	-	-	-

Note: - 12
Other Equity

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
General Reserve	879.52	879.52
Retained Earnings	136,482.34	124,900.54
Total	**137,361.86**	**125,780.06**

Note 12.1 General Reserve

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Opening Balance	879.52	879.52
Add: Transfer from statement of profit and loss	-	-
Closing Balance	**879.52**	**879.52**

Note 12.2 Retained Earnings

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Opening Balance	1,05,097.34	91,343.75
Opening Balance	124,900.54	105,097.34
Add: Profit during the period transfer from statement of profit & loss	15,793.48	22,210.70
Other comprehensive income arising from Remeasurement of defined benefit obligation net of income tax	0.84	(0.35)
Interim Dividend	-	(1,500.00)
Payment of dividend tax	-	-
Payment of dividend on equity shares	(3,500.00)	(500.00)
Payment of dividend tax on equity shares	(712.52)	(407.15)
Transfer to Profit and Loss	-	-
Closing Balance	**136,482.34**	**124,900.54**

Nature and Purpose of Other Reserves:

(a) Retained Earnings

Retained Earnings represents the undistributed profits of the Company.

(b) General Reserve

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

Distributions Made and Proposed

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Cash dividend on Equity shares declared and paid		
Dividend paid during 2018-19: INR 1.40 per share for the FY 2017-18 (FY 2017-18: INR 0.20 per share for the F.Y 2016-17)	3,500.00	500.00
Dividend distribution Tax on Final dividend	712.52	101.79
Interim Dividend paid during 2018-19: INR Nil per share (FY 2017-18: INR 0.60 per share)	-	1,500.00
Dividend distribution Tax on interim dividend	-	305.36
	4,212.52	**2,407.15**

Distributions Made and Proposed

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Cash dividend on Equity shares declared and paid		
Proposed Dividend on Equity shares		
Dividend for 31 March 2019: INR Nil per share (31 March 2018: INR 1.40 per share	4,000.00	3,500.00
Dividend distribution Tax on proposed dividend	822.21	712.52
	4,822.21	**4,212.52**

Note: - 13
Financial Liabilities-Non Current

13.1 Trade Payable

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		
- At Amortised Cost		
Overhead Cost Payable (WR) - Refer Note 42(b)	26,631.94	27,366.94
Total	**26,631.94**	**27,366.94**

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.

In the FY 2016-17 Overhead Cost Payable has been ascertained on the basis of original payment Schedule as per O & M agreement which has been started from the April 16, however actual payment has been started from the Dec' 16 which results in additional impact on the Profit & loss account of the 31st, March 2018 amounting ₹ 370.79 lakhs.

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.

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

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

Note: - 14
Provisions

(₹ in Lakhs)

Particulars	**As at 31st March 2019**	**As at 31st March 2018**
Employee Benefits		
Gratuity	11.97	17.26
Leave Encashment	213.67	178.32
Total	**225.64**	**195.58**

Note:-

The provision for employee benefits includes retirement benefits of gratuity and Leave encashment , for other disclosures refer Note no-46.

Note: - 15
Deferred Tax

(₹ in Lakhs)

Particulars	**As at 31st March 2018**	**As at 31st March 2017**
Deferred tax liability		
Property, plant & equipment and other intangible assets	7,450.15	7,286.55
Total deferred tax liability	**7,450.15**	**7,286.55**
Deferred tax Assets		
Employee benefit	81.39	69.64
MAT Credit Entitlement	18,502.76	16,669.11
Total deferred tax asset	**18,584.15**	**16,738.75**
Net Deferred tax Assets	**11,134.00**	**9,452.20**

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 31.03.2019.

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	Total
Opening balance as at 1 April 2017	**7,206.77**	**(13,884.97)**	**(58.19)**	**(6,736.38)**
Charged/(credited)				
To Profit & Loss	79.78	(2,784.14)	(11.27)	**(2,715.64)**
To other comprehensive income	(0.18)	**(0.18)**		
Closing balance as at 31 March 2018	**7,286.55**	**(16,669.11)**	**(69.64)**	**(9,452.20)**
Charged/(credited)				
To Profit & Loss	163.60	(1,833.65)	(12.20)	**(1,682.25)**
To other comprehensive income	0.45	**0.45**		
Closing balance as at 31 March 2019	**7,450.15**	**(18,502.76)**	**(81.39)**	**(11,134.00)**

Note: - 16
Other Non current Liability

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
a) **Fair valuation adjustment-Financial Liabilities**		
Overhead Cost Payable*	**27,046.03**	28,668.79
Total	**27,046.03**	28,668.79

* 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 2019	As at 31st March 2018
(i) **Total outstanding dues of micro enterprises and small enterprises**	-	-
(ii) **Total outstanding dues of creditors other than micro enterprises and small enterprises**		
- At Amortised Cost		
Overhead Cost Payable (WR)*	3,006.44	3,006.44
Operating and Maintenance Cost Payable (WR)	7,511.14	1,482.22
Creditors for Project Expenditure (Unsecured, unconfirmed & considered good)	854.00	1,721.17
Total	**11,371.58**	**6,209.83**

*Refer Note No-13.1(a) & 42(b) for detail.

Note (i) Trade Payable (WR) as on March 31, 2019 amounting Rs.7,511.14 Lakhs (as on March 31, 2018 amounting to ₹ 1482.22 Lakhs) are derived after deducting/adjusting ₹ 3185.30 Lakhs (as on March 31, 2018 ₹ 59,522.76 Lakhs) Recoverable from WR on account of Apportioned earnings as advised by WR.

Note (ii) Trade payable for project Expenditure include ₹ Nil (Rs 685.38 Lakhs as on March 31.2018) 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 2019	As at 31st March 2018
Expenses Payable	16.98	19.16
Security from suppliers	4.80	4.24
Other payables (Unsecured, unconfirmed but Considered good)	76.91	20.70
Total	**98.70**	**44.10**

Note: - 18
Other Current Liability

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Others		
EPF Payable	3.02	2.72
Other Statutory Liabilities*	250.92	46.67
Overhead Cost Payable**	1,622.76	1,622.76
Total	**1,876.70**	**1,672.15**

***** Includes TDS, Professional Tax payable , GST payable

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

Note: - 18
Other current Liability

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Others		
EPF Payable	3.02	2.72
Other Statutory Liabilities*	250.92	46.67
Overhead Cost Payable**	1,622.76	1,622.76
Total	**1,876.70**	**1,672.15**

Note: - 19
Short Term Provisions

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Employee Benefits		
Gratuity	5.10	4.29
Leave Encashment	2.18	1.35
Total	**7.28**	**5.64**

Note: - 20
Revenue from operation

(₹ in Lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Revenue From Contracts with Customers		
Income form bulk & Container traffic (Refer Note No.-30)	73,150.15	69,452.11
Other Operating Revenue		
Construction Contract Revenue under SCA (Refer Note No.-30)	45,653.08	34,258.15
Total	**118,803.23**	**103,710.26**

Note No. 20.1 : For the year ended 31st March 2019, the company has recognized revenue of ₹ 45,653.08 Lakhs (March 31st 2018 ₹ 34,258.15 Lakhs), on construction of intangible assets under service concession arrangement.

Note: - 21
Other Income

(₹ in Lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Interest Income		
Interest Income on Fixed Deposits (at amortised cost)	6,151.94	7,543.57
Interest on Advances to Employees	0.03	0.08
Interest on Income Tax Refund	86.11	-
Other Non-operating Income	-	-
Unwinding of discount on Security Deposit	0.78	0.72
Income from reversal of deferred Overhead costs payable	1,622.76	2,005.71
Excess Provision written off	-	-
Miscellaneous Income	0.10	0.04
Total	**7,861.72**	**9,550.12**

Note: - 22
Operation & Maintenance Expense (O&M Expenses)

(₹ in Lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Man Power Cost	16,998.56	15,617.28
Fixed Maintenance Cost	999.17	522.87
Cost of Fuel	16,172.37	13,216.00
Hiring Charges of Rolling Stock	2,784.78	2,324.78
Wagon Repair Charges	1,084.34	999.81
Vehicle Hire Charges	136.91	102.27
Overhead cost	18,708.13	16,083.53
Documentation Charges	9.01	8.79
Special Repair & Breaches	250.79	228.80
Compensation Claim	145.85	133.01
Restoration Cost	-	18.63
Construction Contract Cost under SCA (Refer Note No.-30)	45,653.08	34,258.15
Total	**102,942.99**	**83,513.92**

Note: - 23
Employee Benefit and Expenses

(₹ in Lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Salaries, Wages & benefits	235.22	220.81
Contribution to PF & Other Funds	17.84	19.46
Managing Director's Remuneration	-	34.83
Provision for Retirement Benefits	46.96	59.56
Staff Welfare	4.84	4.75
Total	**304.86**	**339.41**

Note: - 24
Finance Cost

(₹ in Lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Other Borrowing Cost		
Unwinding of Discount on Overhead Cost Payable	2,403.31	2,478.26
Interest on Income Tax	156.03	0.11
Total	**2,559.34**	**2,478.37**

24.1 Finance Cost representsunwinding of Discount on overhead cost payable as required by IND- AS 109 read with IND-AS 113.

Note:- 25
Depreciation and Amortization

(₹ in Lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Depreciation on Property, Plant & Equipment (Refer Note No-3)	11.74	12.91
Amortization of intangible assets (Refer Note No-4)	1,878.55	1,833.52
Total	**1,890.29**	**1,846.43**

Note: - 26
Other Expenses

(₹ in Lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Professional Charges	39.97	35.90
Rent Expense	52.62	54.70
Electricity	2.81	2.75
Communication	3.46	4.64
Travelling & Conveyance	7.85	9.87
Printing & Stationery	2.74	3.17
Advertisement & Sponsorship	6.28	1.75
Books & periodicals	0.18	0.58
Insurance for project assets	17.42	17.10
Entertainment & business promotion	11.59	18.02
Membership & Business Subscription	3.54	3.51
Meeting and conference charges	0.51	0.50

Repairs & maintenance	1.80	2.22
Vehicle Running & Maintenance	3.61	4.71
Directors Sitting Fees	-	0.60
Auditor remuneration (refer Note 48)	8.05	10.99
Bank Charges	0.03	0.06
Service Tax	-	1.27
Loss on disposal of Fixed Assets	0.35	5.69
Miscellaneous Expenses	3.97	4.64
Corporate Social Responsibility Expenses	706.08	10.13
Total	**872.86**	**192.80**

Note: - 27
Income Tax Expense
Note 27.1 Income tax recognised in profit and loss

(₹ in Lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Income tax:		
Current income tax charge	3,983.38	5,394.82
For earlier years (net)	-	(0.43)
Deferred tax:		
In respect of the current year (For details Refer Note No-15)	151.40	68.50
In respect of MAT payable	(1,833.65)	(2,784.14)
Total	**2,301.13**	**2,678.75**

Reconciliation between tax expense and the accounting profit :

(₹ in Lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Accounting profit before tax from continuing operations	18,094.61	24,889.45
Accounting profit before income tax	**18,094.61**	**24,889.45**
At India's statutory income tax rate of 21.5488% (31 March 2018: 21.3416%)*	3,899.17	5,311.81
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Less : change in profit due Ind-AS adjustment not taxable under Income Tax		
Add: 1/5 Mat Payable on total Ind-Adjustment in retained earning as on 31.03.2016	83.93	83.12
Less : Effect of expenses that are not deductible during the MAT Period	151.40	68.50
Add: Taxable Income	0.28	(0.11)
Add: Recognition of MAT Credit	(1,833.65)	(2,784.14)
Add:- Income tax effect of earlier years	-	(0.43)
At the effective income tax rate of 12.72% (31 March 2018 : 10.76%)	**2,301.13**	**2,678.75**
Income tax expense reported in the statement of profit and loss (relating to continuing operations)	2,301.13	2,678.75
	2,301.13	**2,678.75**

* 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. 21.5488% has been taken instead of regular rate of income tax 34.944%.

Note: - 28
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	Year ended 31st March 2019	Year ended 31st March 2018
Remeasurement of Defined benefit plans	1.29	(0.53)
Tax impact on Remeasurement of Defined benefit plans	(0.45)	0.18
Total	**0.84**	**(0.35)**

Note: - 29
Earnings per share (EPS)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
	(₹ per share)	
Basic EPS		
From continuing operation	6.32	8.88
From discontinuing operation	-	-
Diluted EPS		
From continuing operation	6.32	8.88
From discontinuing operation	-	-

29.1 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 2019	Year ended 31st March 2018
Profit attributable to equity holders of the company:		
Continuing operations	15,793.48	22,210.70
Discontinuingoperations		
Earnings used in calculation of Basic Earning Per Share	**15,793.48**	**22,210.70**
Weighted average number of shares for the purpose of basic earnings per share	2,500.00	2,500.00

29.2 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 2019	Year ended 31st March 2018
Profit attributable to equity holders of the company:		
Continuing operations	15,793.48	22,210.70
Discontinuing operations	-	-
Earnings used in calculation of diluted Earning Per Share from continuing operations	**15,793.48**	**22,210.70**

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 2019	Year ended 31st March 2018
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: 30 Disclosure of Ind As 115 "Revenue from Contracts with Customers"

Note: 30.1 Service Concession arrangements

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

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

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

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

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

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

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

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

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

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

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

Sections:

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

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

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

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

For the year ended 31st March 2019, the company has recognized revenue of ₹ 1,18,803 Lakhs (₹ 1,03,710.26 Lakhs for the year 2017-18), consisting of ₹ 45,653.08 (₹ 34,258.15 Lakhs for the year 2017-18) on construction of intangible assets under service concession arrangement and ₹ 73,150.15 Lakhs (₹ 69,452.11 Lakhs for the year 2017-18) towards sharing of apportioned earnings from operation of railway line under service concession arrangement. Company has recognized profit of ₹ 18,094.62 Lakhs for the year ended March 31,2019 (FY 2017-18 ₹ 24,889.45) ,consisting nil profit (F.Y 2017-18 ₹ Nil) on construction of intangible assets under service concession arrangement and a profit of ₹ 10,232.89 Lakhs (FY 2017-18 ₹ 15,339.33 Lakhs) towards sharing of apportioned earnings from operation of railway line under service concession arrangement. During the year ended 31st, March 2019 company has recognized an additional intangible asset of ₹ 904.19 Lakhs,(F.Y.2017-18 ₹ 861.13 lakhs). The intangible asset under development represents the freight sharing rights under development to receive freight traffic earnings under service concession arrangement.

Note : 30.2

The Company has applied modified retrospective approach for the application of Ind AS 115 “Revenue from contracts with customers” and the effect is nil on retained earnings as at April 1, 2018.

Note : 30.3

Particulars	As at 31st March 2019	As at 31st March 2018
Disaggregation Of Revenue		
Income form bulk & Container traffic	73,150.15	69,452.11
Construction Contract Revenue under SCA	45,653.08	34,258.15
	118,803.23	**103,710.26**
Contract balances		
Trade receivables	-	-
Contract assets	-	-
Contract liabilities	-	-
Contract Assets		
Contract Asset at the beginning of the year	-	-
Transfer from Contract Asset to Trade Receivable and increase as a result of changes in measure of progress	-	-
Contract Asset at the end of the year	-	-
Contract Liabilities		
Contract Liabilities at the beginning of the year	-	-
Transfer from Contract Liabilities to Revenue and increase as a result of changes in measure of progress	-	-
Contract Liabilities at the end of the year	-	-

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

Note : 30.4 Construction Contracts

In terms of the disclosure required in IND AS-115 "Construction Contracts" as notified in the companies (Accounting Standard) rules 2018, the amount considered in the financial statements up to the balance sheet date are as follows:-

(₹ in Lakhs)

Particulars	31.03.2019	31.03.2018
Revenue Recognised on exchanging construction services	45,653.08	34,258.15
Aggregate amount of costs incurred and recognised	45,653.08	34,258.15

Notes :31 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 Year ended 31st March 2019.

Note : 32 Fair Value Measurements

(i) Financial Instruments by Category

(₹ in Lakhs)

Particulars	3/31/2019			3/31/2018		
	FVTPL	FVT OCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets						
(i) Trade Receivables	-	-	-	-	-	-
(ii) Cash and cash equivalents	-	-	**83.97**	-	-	64.27
(iii) Bank Balances other than (ii) above	-	-	**15,035.23**	-	-	101,309.75
(iv) Loans	-	-	**10.66**	-	-	9.97
(v) Others	-	-	**51,738.17**	-	-	3,338.64
Total Financial Assets	-	-	**66,868.03**	-	-	104,722.63
Financial Liabilities						
(i) Trade Payables	-	-	**38,003.52**	-	-	33,576.77
(ii) Other financial liabilities	-	-	**98.70**	-	-	44.10
Total Financial Liabilities	-	-	**38,102.22**	-	-	33,620.87

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

Particulars	31-Mar-19		31-Mar-18	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Security Deposit	10.60	10.77	9.83	9.73
Total Financial Assets	**10.60**	**10.77**	**9.83**	**9.73**
Financial Liabilities				
Over Head Cost Payables	26,631.94	31,196.07	27,366.94	33,013.05
Total Financial Liabilities	**26,631.94**	**31,196.07**	**27,366.94**	**33,013.05**

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 31-3-2019

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at Amortized Cost				
Security Deposits	-	-	10.77	10.77
	-	-	**10.77**	**10.77**

Financial Liabilities as on 31-3-2019

Particulars	Level 1	Level 2	Level 3	Total
Financial Liabilities at Amortised Cost				
Over Head Cost Payable	-	-	31,196.07	31,196.07
	-	-	**31,196.07**	**31,196.07**

Fair Value hierarchy as on 31-3-2018

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at Amortized Cost				
Security Deposits	-	-	9.73	9.73
	-	-	**9.73**	**9.73**

Fair Value hierarchy as on 31-3-2018

Particulars	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Financial Liabilities at Amortised Cost				
Over Head Cost Payable	-	-	33,013.05	33,013.05
	-	-	**33,013.05**	**33,013.05**

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.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31,March 2019 and 31, March 2018 :

Particulars		As At 31-03-2019	
	Less than 1 Year	1-2 years	2 Years and above
Trade Payable	3,006.44	3,006.44	31,990.64
	3,006.44	**3,006.44**	**31,990.64**

Particulars		As At 31-03-2018	
	Less than 1 Year	1-2 years	2 Years and above
Trade Payable	3,006.44	3,006.44	27,563.89
	3,006.44	**3,006.44**	**27,563.89**

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 33

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

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-32" for further disclosures.

b) Useful life of Property, plant & equipment

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

c) Useful life of Intangible Assets

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

d) Defined benefit plan

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

e) Taxes

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

f) Revenue Recognition

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

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 to be extended/renewed at terms to be mutually decided by the parties.

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

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

Particulars	31-Mar-19	31-Mar-18
Within one year	0.01	0.01
After one year but not more than five years	0.04	0.04
More than five years	0.13	0.14
	0.18	**0.19**

Payments recognised as an expense in the period:- *(₹ in Lakhs)*

Particulars	31-Mar-19	31-Mar-18
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.

(c) The company has taken Ahmedabad office under cancellable operating lease. The rent for Ahmedabad Office of the Company will increase by 10% 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-19	31-Mar-18
Gross Lease Rent	51.81	62.32
Less: Recovered	-	0.41
Net Lease Rent	51.81	61.91

Note : 35
Capital Commitments

(₹ in Lakhs)

	Particulars	As at 31st March 2019	As at 31st March 2018
(a)	Estimated cost of deposit work contract (Palanpur Gandhidham Gauge Conversion Project (as per revised estimate received from Western Railway dt. 08.03.2010)	53,059.00	53,059.00
	Less; Amount incurred till 31.03.2019	(49,957.59)	(49,957.59)
	Balance	**3,101.41**	**3,101.41**
(b)	Estimated Cost for construction of new Running Room at Bhildi (as per estimate received from Western Railway dt. 20.01.2011 & 30.05.2012 total amount was ₹ 403 lakhs. However, total amount incurred as per WR advise till 31.03.2018 is ₹ 358.41 lakhs) Amount paid till 31.03.2019 is ₹ 355 lakhs	403.00	403.00
	Less; Amount incurred till 31.03.2018, in absence of advise from Western Railway for the FY. 2018-19	(358.41)	(358.41)
	Balance	**44.59**	**44.59**
(c)	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)	1,54,866.00	1,54,866.00
	Less; Amount incurred till 31.03.2019 *(Amount paid to RVNL ₹ 1,03,890.73 lakhs)	(1,01,638.46)	(56,924.29)
	Balance	**53,227.54**	**97,941.71**
(d)	Estimated cost of other projects	14,242.03	11,106.03
	Less; Amount incurred till 31.03.2018,in absence of advise from Western Railway for the FY. 2018-19	(3,288.25)	(3,288.25)
		10,953.78	**7,817.78**
	Total estimated amount of contract, remaining to be executed on capital account and not provided for in the accounts as on 31.03.2019.	**67,327.32**	**1,08,905.49**

Note 36 : Related Party Disclosures

36.1 Related Parties held equity of company

Name of Party	Relationship	As at 31 March, 2019		As at 31 March, 2018	
		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
Anurag	Chairman
Mukesh Sadhu Ram Balani(upto 24.07.2018)	Director
Dharmendra Nath Sondhi	Director
Sukhmal Chand Jain	Director
Unmesh Madhusudan Abhyankar	Director
Meenu Dang	Director
Pramod Kumar Singh	Director
Rahul Agarwal	Director
Koottiparampil Chacko Kuncheria(upto 24.07.2018)	Director
Sajal Mittra	Director
Sanjay Dungrakoti (upto 12.10.2018)	Director
Surinder Kumar Dhiman(upto 22.06.2018)	Director
Dinesh Chandra Pandey	Director
Joginder Singh Mahrok	Director
Vinay Singh	Director
Satya Prakash Shastri	Director
Sanjeev Sharma	Company Secretary
Ankur Rastogi	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
			Year ended March 31, 2019	**Year ended March 31, 2018**
RVNL				
a	(i)	Amount paid in advance for the Project of doubling of Railway Line between Palanpur - Samakhali(Amount incurred upto 31.03.2019 ₹ 1,01,638.46 Lakhs (upto 31.03.2018 ₹ 56,924.29 Lakhs))	103,890.73	56,238.91
	(ii)	Outstanding Amount Payable/ (Receivable)	(2,252.27)	685.38
b	(i)	Amount paid in terms of MOU between the company and RVNL for CSR	456.07	-
	(ii)	Outstanding Amount Payable/ (Receivable)	54.96	-

(ii) Ministry of Railways (Western Railway) :

(₹ in Lakhs)

Particulars	Transactions	Transactions
	Year ended March 31, 2019	**Year ended March 31, 2018**
Revenue from Operations	73,150.15	69,452.11
Operations & maintenance expense	57,153.00	49,153.50
Capital Expenditure	904.19	861.13
Outstanding Amount (Payable)/ Receivable	(7,511.14)	(1,482.22)

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

(₹ in Lakhs)

Particulars	Transactions	Transactions
	Year ended March 31, 2019	**Year ended March 31, 2018**
Contribution made	13.96	16.96
Others (Audit Fee)	0.10	0.10
Outstanding Amount (Payable)/ Receivable	-	-

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

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 2019	Year ended 31st March 2018
Short-term benefits	75.23	103.31
Post-employment benefits	-	-
Other long-term benefits	105.41	91.00
	180.64	**194.31**

36.6 :- Others *(₹ in Lakhs)*

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Lease Rent to realtives of KMP	-	**5.36**
	-	**5.36**

Note 37 : Income Tax

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

The Company is eligible for tax holiday under Section 80-IA of the Income Tax Act, 1961. As per the provisions of this Section the deduction of an amount equal to 100 percent of the profits and gains derived from the business of Infrastructure Development for 10 consequent assessment years out of 15 years beginning from the year in which the undertaking or the enterprise develops and begins to operate any infrastructure facility. The Company has started claiming deduction under this Section from the financial year 2012-13.

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 most of 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. For F.Y. 2015-16, 2016-17, 2017-18 (upto 30.06.2017), the statement of demand cum show cause notice in which a total demand of ₹ 21165.83 Lakhs cum show cause notice was served on 22.03.2018, which was replied on 18.05.2018.

iii) Western Railway has carried out the work of elimination of 30 level crossings by converting them into mannad or by construction of RUB/LHS against the estimate of ₹ 2125 Lakhs. ₹ 1085 Lakhs has been deposited by the company towards this work till 31-03-2019. For elimination of unmanned level crossing ,Railway Board has issued instructions that the cost shall be borne by Railways, Whereas WR is of opinion that this amount should be borne by SPV/ Company. Accordingly Company has requested to WR to refund the amount of Rs. 1085 Lakhs paid to WR towards elimination of unmand level crossing.

iv) As per the Construction Agreement for Palanpur-Samakhiali doubling, there is a provision for contingencies of 3% amounting to ₹ 39.65 crores as mentioned in estimated project cost.

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 Operation & Maintenance Agreement 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 FY 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 ₹ 4,120.22 Lakhs for the Year ending 31.03.2019. 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 ₹ 502.56 Lakhs is also outstanding as on 31st March 2019 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)*

	As at 31.3.2019		**As at 31.3.2018**	
Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Opening Present value of obligation	81.80	179.67	57.62	150.74
Interest Cost	6.30	13.83	4.26	10.78
Past Service Cost	-	-	11.39	-
Current service cost	9.49	21.36	8.38	21.72
Benefits paid	-	-	-	(10.04)
Actuarial loss/(gain) on obligations	-1.63	0.99	0.14	6.47
Closing Present value of obligation	**95.96**	**215.85**	**81.80**	**179.67**

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

	As at 31.3.2019		**As at 31.3.2018**	
Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Opening Fair value of plan assets	60.25	NIL	40.23	NIL
Expected return on plan assets	5.17	NIL	3.60	NIL
Employers contribution	13.81	NIL	16.81	NIL
Benefits paid	-	NIL	0	NIL
Actuarial (loss)/gain on obligations	-0.33	NIL	(0.39)	NIL
Closing Fair value of plan assets	**78.90**	NIL	**60.25**	NIL

(c) Fair Value of Plan Assets

(₹ in Lakhs)

Particulars	As at 31.3.2019		As at 31.3.2018	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Opening Fair value of plan assets	60.25	NIL	40.23	NIL
Actual Return on Plan Assets		NIL		NIL
Contribution		NIL		NIL
Benefits Paid		NIL		NIL
Fair value of plan assets at the end of the year	78.90	-	60.25	-
Closing Present value of obligation		215.85		179.67
Funded Status		-215.85		(179.67)

(d) Amount recognized in balance sheet

(₹ in Lakhs)

Particulars	As at 31.3.2019		As at 31.3.2018	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Estimated present value of obligations at end of the year	95.96	215.85	81.80	179.67
Fair value of plan assets at the end of year	78.90	NIL	60.25	NIL
Funded Status	-17.06	-215.85	(21.55)	(179.67)
Net liability recognized in balance sheet	**17.06**	**215.85**	**21.55**	**179.67**

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

(₹ in Lakhs)

Particulars	As at 31.3.2019		As at 31.3.2018	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Past service cost	-	-	11.39	-
Current service cost	9.49	21.36	8.38	21.72
Interest Cost	1.13	13.83	0.66	10.78
Actuarial Gain and loss	-	0.99	-	6.47
Total expenses recognized in Profit & Loss Account	10.61	36.19	20.44	38.97

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

(₹ in Lakhs)

Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Remeasurements of plan assets	0.33	-	0.39	-
Remeasurements of Obligation	(1.63)	-	0.14	-
Total (gain)/loss recognized in other comprehensive income		**(1.29)**	-	0.53

(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%	5.00%
Imputed rate of Interest	7.65%	7.65%	7.70%	7.70%
Expected rate of salary increase	10.00%	10.00%	10.00%	10.00%
Method used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)

(h) The net liability recognized in the Balance Sheet in respect of gratuity is ₹ 17.06 lakhs as at 31.03.2019 and as at ₹ 21.55 lakhs as at 31.03.2018 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
Discount Rate	+1%	88.90	199.07
	-1%	104.04	235.18
Salary Growth Rate	+1%	99.66	234.55
	-1%	91.56	199.27
Attrition Rate	+1%	95.59	213.37
	-1%	96.37	218.69

Note 47: Corporate Social Responsibility

(₹ in Lakhs)

The Company is required to spend Rs.1,536.79 Lakhs on Corporate Social Responsibility (CSR) as follows:-

Year	Amount Required to Spend	Amount Spent	Unspent
2014-15	316	-	
2015-16	431	150	
2016-17	506	345	
2017-18	519	10.13	
2018-19	488	706.08	
Total	**2,748.00**	**1,211.21**	**1,536.79**

The Company has paid ₹ 31.37 Lakhs to Western Railway for provision of lift under CSR on 17.09.2017. However, work is still progress and will be accounted for on completion.

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:

(₹ in Lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Audit Fee*	6.20	8.00
Audit Fee (Earlier years)	-	0.72
Tax Audit fees*	0.30	0.30
Other Certification Fees*	0.30	0.30
Service Tax/GST	1.22	1.66
Travelling & Conveyance	0.03	0.01
Total	**8.05**	**10.99**

*** Excluding Service Tax/GST**

Note :- 49 Resurfacing/replacement Cost

As Per Para 21 of appendix D Ind-AS 115 The operator (Kutch Railway) may have contractual obligations, it must fulfil as a condition of its license (a) to maintain the infrastructure to a specified level of serviceability or (b) to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the service arrangement. These contractual obligations to maintain or restore infrastructure, except for any upgrade element (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 D of the Ind AS 115 for best estimate of expenditure required to settle obligation. Company has make an assessment in respect of its project assets and their respective codal lives. The company is of the opinion that the codal lifes of most of the assets are over the concession period. At present reliable estimate for restoration obligation is not available, therefore provision for same is not provided in financial statements, the same will be provided in the year in which reliable estimate becomes available .

Note 50 :- During the FY 17-18 Overhead Cost payable & Deferred Portion of financial instruments has been reclassified into current and non-current in line with the provisions of Indian Accounting Standards, Accordingly Previous year's figures are regrouped to confirm and make them comparable with those of the current year**.**

Note 51: Application of IndAS on material items

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

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

Note 54:-Expenses incurred by RVNL on behalf of the Company on Samakhiali-Palanpur doubling projects are being accounted for based on advice of RVNL without verification thereof for the period ending 31-03-2019. Discrepancies pointed out by consultant for verification of the same upto 31st March 2018, are subject to confirmation from RVNL and adjustment in Books accordingly.

Note 55:- Advances given to Western Railway for Capital expenditure has not been adjusted during the year in absence of advice received from Western Railways.

Note 56:- On the basis of review of Depreciation methods, useful lives and residual values of Property, Plant & Equipment and Intangible Assets, the management is of the opinion that there is no change in the Depreciation methods, useful lives and residual values of Property, Plant & Equipment and Intangible Assets.

Note 57: Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on 28.05.2019.

The accompanying notes are integral part of financial statements

As per our report of even date attached
For **JK Sarawgi & Company**
Chartered Accountants
FRN: 006836C

Sd/-
CA L.S. Khandelwal
Partner
M. No. : 009878
Place: New Delhi
Date: 28.05.2019

For & on behalf of the Board of Directors

Satya Prakash Shastri	**Pramod Kumar Singh**
Director	*Director*
(DIN : 06474602)	(DIN : 06485280)
Sanjeev Sharma	**Ankur Rastogi**
(Company Secretary)	(Chief Financial Officer)
M.No.: F3640	

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 **15th Annual General Meeting** of the Company to be held **on Wednesday, 24th day of July 2019 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______________2019

Signature of Shareholder _________________

Signature of Proxy holder(s) ________________

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

- - - TEAR HERE - - -