



**KRISHNAPATNAM RAILWAY COMPANY LIMITED**

**ANNUAL REPORT**

**2016 -2017**



**BOARD OF DIRECTORS, MANAGEMENT  
& CORPORATE INFORMATION**

## **BOARD OF DIRECTORS AND MANAGEMENT**

### **Mr. Vinod Kumar Aggarwal**

Chairman (Ex-officio) (Nominee of Ministry of Railways)

### **Mr. Pradeep Gaur**

Acting Managing Director (Nominee of Rail Vikas Nigam Ltd.)

### **Dr. Koya Praveen**

Director (Nominee of Govt. of Andhra Pradesh)

### **Mr. Y. Anil Kumar**

Director (Nominee of Krishnapatnam Port Company Ltd.)

### **Dr. T.R.K. Rao**

Director (Nominee of National Mineral Development Corp. Ltd.)

### **Mr. S. Subba Rao**

Director (Nominee of Krishnapatnam Port Company Ltd.)

### **Dr. Monica Agnihotri**

Director (Nominee of Rail Vikas Nigam Ltd.)

### **Mr. S. N. Banerjea**

Chief Executive Officer

### **Mr. T. Muni Prasad**

Chief Financial Officer

### **Mr. Trilok Garg**

Company Secretary

## **CORPORATE INFORMATION**

### **REGISTERED OFFICE**

Amsri Faust Complex,  
Door No 9-1-164/A to 166,  
5<sup>th</sup> Floor, Sarojini Devi Road,  
Secunderabad- 500003, Telangana

### **STATUTORY AUDITORS**

M/s Satyendra Jain & Associates  
Firm Registration no. 012018N

### **SECRETARIAL AUDITORS**

CS Anil Anand  
Company Secretary in Practice

### **CORPORATE OFFICE**

Room No. 272, 1<sup>st</sup> Floor  
August Kranti Bhawan,  
Bhikaji Cama Place,  
New Delhi- 110066

### **INTERNAL AUDITORS**

M/s Sunil K. Gupta & Associates  
Firm Registration no. 002154N

### **BANKERS**

Bank of India, Allahabad Bank  
Punjab National Bank  
Union Bank of India  
State Bank of Mysore  
State Bank of Travancore  
State Bank of Hyderabad





**NOTICE  
OF  
11<sup>TH</sup> ANNUAL GENERAL MEETING**

**KRISHNAPATNAM RAILWAY COMPANY LIMITED**  
**Registered Office:** Amsri Faust Complex, Door No 9-1-164/A to 166,  
5<sup>th</sup>Floor, Sarojini Devi Road, Secunderabad- 500003, Telangana  
Ph. No. 011-26738406, Fax. No. 011-26182957  
CIN:U45200TG2006PLC051378

**NOTICE**  
**Of the 11<sup>th</sup>Annual General Meeting**

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Notice is hereby given that the 11<sup>th</sup> Annual General Meeting of members of Krishnapatnam Railway Company Limited will be held on Wednesday, 20<sup>th</sup> September, 2017 at 12:30 hrs at Amsri Faust Complex, Sarojini Devi Road, Secunderabad- 500003, Telangana to transact the following business:

**ORDINARY BUSINESS:**

**1. Adoption of Financial Statements**

To receive, consider and adopt the Audited Financial Statements of the Company for the Financial year ended March 31, 2017 together with the Report of the Board of Directors, the Statutory Auditors and Secretarial Auditors thereon.

**2. Appointment of Director**

To appoint a Director in place of Dr. Monica Agnihotri, (DIN No. 06953119), who retires by rotation and being eligible, offers herself for re-appointment.

**3. Appointment of Director**

To appoint a Director in place of Mr. Y Anil Kumar, (DIN No. 02898938), who retires by rotation and being eligible, offers himself for re-appointment.

**4. Appointment of Director**

To appoint a Director in place of Mr. Pradeep Gaur, (DIN No. 07243986), who retires by rotation and being eligible, offers himself for re-appointment.

**5. Remuneration of Statutory Auditors for the year 2017-18**

As per the provisions of section 139(5) of the Companies Act, 2013 appointment of Statutory Auditors of the Company is made by the Comptroller & Auditor General of India (C&AG). Section 142 of the Companies Act, 2013 provides that, the remuneration of the auditor of the Company shall be fixed by the Company in General Meeting or in such manner as the Company may determine in the General Meeting. Therefore the following resolution is proposed before the General Meeting:



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

**"RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized to fix the remuneration of Statutory Auditors of the Company appointed by the office of Comptroller & Auditor General of India for audit of Accounts of the Company for financial year 2017-18."

**SPECIAL BUSINESS:**

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

**Item No. 06-Appointment of Mr. Vinod Kumar Aggarwal (Din: 07764956) as a Director**

**"RESOLVED THAT** Mr. Vinod Kumar Aggarwal, AM(L)/Ministry of Railways(Holding DIN No. 07764956), who was appointed as an Additional Director of the Company by the Board of Directors with effect from March 14, 2017, pursuant to Section 161(1) of the Companies Act, 2013, to hold office till the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall not be liable to retire by rotation."

**Item No. 07 -Appointment of Dr. Koya Praveen (Din: 07858949) as a Director**

**"RESOLVED THAT** Dr. Koya Praveen, IPS, Director of Ports, Kakinada, nominee of the Government of Andhra Pradesh (Holding DIN No. 07858949), who was appointed as Additional Director of the Company by the Board of Directors with effect from August 14, 2017, pursuant to Section 161(1) of the Companies Act, 2013, to hold office till the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director,



be and is hereby appointed as a Director of the Company whose period of office shall be liable to retire by rotation.”

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

**8. Raising the limit of Borrowing Powers of the Board of Directors**

“**RESOLVED THAT** in supersession of earlier resolution(s) and pursuant to the provisions of section 180 (1) (c) and other applicable provisions of the Companies Act, 2013, and its rules and regulations applicable, if any, the Board of Directors of the Company be and is hereby authorized and shall be deemed to always have been authorized, to raise or borrow from time to time at its discretion either from the Banks/financial Institutions or from Shareholders or from elsewhere on such terms and conditions as to repayment, adjusting against Equity, interest or otherwise, as it thinks fit, such sums as may be necessary for the purpose of the Company up to a limit Rs.1500 Crore over and above the aggregate of the paid-up share capital and free reserves of the Company, outstanding at any one time and that such borrowing shall be exclusive of temporary loans obtained or to be obtained by the Company from the Company’s Bankers in the ordinary course of business”

“**RESOLVED FURTHER THAT** the consent of the Company be and is hereby accorded in terms of Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013 to mortgaging and/or creation of charge by the Board of Directors of the Company upon all of the tangible/intangible, immovable and moveable assets of the Company wherever situated, present and future, and the whole of the undertaking of the Company to or in favor of Financial Institutions / Banks (lenders) or the trustees for the lenders of the Company to secure the financial assistances granted / to be granted by the lenders upto an amount in the aggregate not exceeding Rs.1500 Crore, together with existing loan, assistance, if any borrowed by the Company and”

**"RESOLVED FURTHER THAT** subject to the provisions of Articles of Association of the company and the provisions of Companies Act, 2013, if any, the Board of directors of the company be and is hereby authorized to finalize the terms of any debt, including subordinated debt raised by the Company, from time to time and for creating any encumbrance over all the movable & immovable assets of the Company (present & future), if required."

By Order of Board of Directors  
**For Krishnapatnam Railway Company Limited**

**Date: 9<sup>th</sup> August, 2017**

**Place: New Delhi**

  
**Trilok Garg**

**Company Secretary**



**NOTES:**

1. THE RELATED STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 IN RESPECT OF ITEM NOS. 6 to 8 SET OUT IN THE NOTICE IS ANNEXED HERETO.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND, AND ON A POLL, TO VOTE INSTEAD OF HIM/HERSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

**TO:**

- i. ALL THE SHAREHOLDERS OF THE COMPANY.
- ii. STATUTORY AUDITORS OF THE COMPANY.
- iii. SECRETARIAL AUDITOR OF THE COMPANY
- iv. ALL DIRECTORS OF THE COMPANY.

**Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") to the accompanying Notice**

The following Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") sets out all material facts relating to the Special Businesses mentioned in the accompanying Notice and should be taken as forming part of the Notice.

**Item No. 06**

The Board of Directors appointed Mr. Vinod Kumar Aggarwal, AM(L)/Ministry of Railways (Holding DIN No. 07764956), as Additional Director cum Chairman Part Time Ex-officio, w.e.f. March 14, 2017 pursuant to Section 161 of the Companies Act, 2013 till the ensuing Annual General Meeting. The Board of Directors of your Company recommends passing of the Ordinary Resolution as set out in the Item no. 6 of the Notice.

Except Mr. Vinod Kumar Aggarwal, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution.

**Item No. 07**

The Board of Directors appointed Dr. Koya Praveen, IPS, Director of Ports, Kakinada, nominee of the Government of Andhra Pradesh (Holding DIN No. 07858949), as Additional Director, w.e.f. August 09, 2017 pursuant to Section 161 of the Companies Act, 2013 till the ensuing Annual General Meeting. The Board of Directors of your Company recommends passing of the Ordinary Resolution as set out in the Item no. 7 of the Notice.

Except Dr. Koya Praveen, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution.



**Item No. 08**

The Board of Directors was earlier empowered by shareholders in the 5<sup>th</sup> Annual General Meeting of the Company held 29<sup>th</sup> September, 2011 for borrowing loan upto Rs. 1000 Cr. over and above the aggregate of paid up capital and free reserves of the Company, for financing of the project partly through Debt, at a time when the estimated cost of the project was Rs.1396 Crore (i.e. Landed cost, which includes hard cost Rs. 1203 Crore and IDC Rs. 193 Crore).

In the view that the estimated cost of the project has increased to Rs.1866 Crore, due to many factors like price escalation, Termination of Tunnel Contract, Ministry of Railways policy to provide RoB/RUBs in place of LC gates etc. Now, the Company will need to arrange for additional funds through equity share capital as well as additional debt beyond the existing tie up.

The Company is already in process of engaging a syndication agency which will assist the Company in availing the required debt in a shortest possible time. Therefore, it is proposed to increase the limit of Borrowing powers of the Board to the extent of Rs.1500 Crore, to arrange necessary funds to complete the construction of the project.

As per the provisions of Section 180 (1) (c) of Companies Act, 2013, the Board of Directors of the Company shall borrow moneys over and above the aggregate of the paid up capital of the Company and its free reserves apart from the temporary loans obtained from the Company's bankers in the ordinary course of Business, with the consent of shareholder in General meeting through SPECIAL RESOLUTION.

Further, Section 180 (1) (a) of Companies Act, 2013 provides that the Board of Directors of a public limited company shall sell, lease or otherwise dispose of i.e. mortgage/create charge on whole or substantially the whole of the

undertaking of the Company, with the consent of shareholder in General meeting through SPECIAL RESOLUTION.

As per the Clause 7(iv), 7(xiv) of Shareholders and Share Subscription Agreement, the finalization of the terms of any debt raised by the Company, creating any encumbrance over the assets of the Company requires the shareholders approval by passing Super Majority Resolution (i. e. 3/4 Majority) in General Meeting with affirmative vote by RVNL.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution.

The Board of Directors recommends passing the resolution at Item No. 8 above as **Super Majority (Special) Resolution.**

By Order of Board of Directors  
**For Krishnapatnam Railway Company Limited**

**Date: 9<sup>th</sup> August, 2017**

**Place: New Delhi**



**Trilok Garg**

**Company Secretary**



## **DIRECTOR'S REPORT**



## BOARD'S REPORT

To  
The Members,

Your Directors take pleasure in presenting the 11<sup>th</sup> Annual Report on the working of your Company along with Audited Annual Accounts, for the Financial Year ended March 31, 2017.

### 1. Financial Performance: Summary of Financial Results

(Amount in Rs. Cr.)

Particulars	March 31, 2017	March 31, 2016
Total Revenue	527.95	381.51
Total Expenditure	527.42	378.33
Net profit/loss before tax	0.53	3.18
Provision for tax/deferred tax	0.45	1.13
Net Profit/Loss after tax	.08	2.05
Earnings Per Share	(.00)	0.08
- Basic	(.00)	0.08
- Diluted	(.00)	0.08

**\*Figures in ( ) represents loss**

Figures of revenue and expenditures given above are according to assumptions taken while preparation of Financial Statements by the Company as per IND-AS. Actual figures of revenue from operations and O&M expenses are given at para 2 below.

### 2. Operations and Performance of the Company and status of Project

During the FY 2016-17 10.69 MT traffic moved on the operational line of 21 KM while during FY 2015-16 13.45 MT traffic moved through the line. There was a decline of 20.50% in the movement of traffic on the Line during the period under report from the FY 2015-16. This was mainly due to consecutive fall in IIP which affected the Industrial production badly and also due to policy changes made by the Government to ban iron ore and coal imports. Net earnings of the Company from operations after deduction of O&M charges but before depreciation also decreased by 12% (i.e. Rs. 18.26 Cr for FY 2016-17 against Rs. 20.72 Cr for FY 2015-16).

However, the traffic for 2017-18 is expected to be increased by about 5%, due to increase in import of coal traffic to powerhouses and export of Dolomite, Stone, Gypsum, etc.

### 3. Construction of Phase-II Single Line from Obulavaripalle to Venkatachalam (95km):

Rail line section from Venkatachalam to Krishnapatnam (21KM) is already operational. Construction of Rail Line under Ph-II is in full swing, which is expected to be completed by March 31, 2018. Brief status of the construction is below:

ACTIVITY	TOTAL QTY	COMPLETED QUANTITY	TARGET
Land Acquisition	1900 ACRES	1900 ACRES	COMPLETED
Forest Clearance	325 ACRES	325 ACRES	COMPLETED
Earthwork	108 LAC CUM	104 LAC CUM	AUGUST, 2017
Tunnel -I Excavation	962 M	962 M	COMPLETED
Tunnel-II Excavation	6700 M	5200 M (SLOWED DOWN)	OCTOBER, 2017
Tunnel-I Lining and Ballastless Track	962M	LINING COMPLETED	BALLASTLESS TRACK BY AUGUST, 2017
Tunnel-II Lining and Ballastless Track	6700 M	PENDED	FEBRUARY, 2018
Formation Work	87 KM	67 KM (PENDED)	SEPTEMBER, 2017
Track linking, Signalling and OHE	95 KM	--	JULY 2017 TO MARCH, 2018
Commissioning	OBVP-VKT	--	MARCH, 2018

#### **Key focus:**

Key focus of the Company is to complete the construction of Phase -II of the project line in time in a cost effective manner.

#### **4. Reserves**

During the year the Company has not transferred any amount to reserves except unabsorbed loss for the FY 2016-17.

#### **5. Share Capital**

During the year under review, there is no change in the Capital Structure of the Company. The issued, subscribed and paid-up Equity Share capital of the Company on 31<sup>st</sup> March, 2017 is Rs. 270Crore.

#### **6. Dividend**

During the year the Company earned no profit after tax, hence the Directors do not recommend any dividend for the Financial Year ended on 31<sup>st</sup> March, 2017.



### 7. Changes in the nature of the Business

During the year under review, there were no changes in nature of business of the Company.

### 8. Material changes and Commitments affecting the Financial Position of the Company

There are no material changes and commitments, from the date of the Balance Sheet till the date of this Report, affecting the financial position of the Company.

### 9. Extract of Annual Return

The Extract of Annual Return in Form MGT-9 pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is attached as **ANNEXURE- I** to this Report.

### 10. Details of Board of Directors

#### 10.1 Board's composition, Category of Directors and their Meetings

The Board is collectively responsible for the sustainable success of the Company under the leadership of Chairman. The Company's Board has an optimum combination of Non-Executive/Nominee Directors and Independent Directors and reflects diversity in terms of disciplines, professions, social groups, and gender and stakeholder interest.

The strength of the Board as on March 31, 2017 was Nine (9) directors. They are as follows:

Sl. No.	Name	DIN Number	Designation
1.	Mr. Vinod Kumar Aggarwal	07764956	Chairperson
2.	Mr. A Venkateswar	03514059	Independent Director
3.	Mr. N V Trivedi Babu	00647839	Independent Director
4.	Mr. Rahul Pandey	07164201	Nominee director
5.	Dr. T R K Rao	01312449	Nominee Director
6.	Mr. Pradeep Gaur	07243986	Nominee Director
7.	Mr. Anil Kumar Yendluri	02898938	Nominee Director
8.	Dr. Monica Agnihotri	06953119	Nominee Director
9.	Mr. S Subba Rao	07124119	Nominee Director

During the financial year ended March 31, 2017, the Board of Directors met Four (4) times on 27<sup>th</sup> May, 2016, 23<sup>rd</sup> August, 2016, 19<sup>th</sup> December, 2016 and 28<sup>th</sup> March, 2017.



**10.2 Details of attendance of each Director in the Board meetings held during the period April 01, 2016 to March 31, 2017**

<b>SL No</b>	<b>Name of the Director</b>	<b>Designation</b>	<b>Meetings Held during the tenure</b>	<b>Meetings Attended</b>
1	Mr. Vinod Kumar Aggarwal	Chairperson	1	1
2	Mr. A Venkateswar	Independent Director	4	4
3	Mr. N V Trivedi Babu	Independent Director	4	4
4	Mr. Rahul Pandey	Director	2	-
5	Dr. T R K Rao	Director	4	1
6	Mr. Pradeep Gaur	Director	4	3
7	Mr. Anil Kumar Yendluri	Director	4	1
8	Dr. Monica Agnihotri	Director	4	4
9	Mr. S Subba Rao	Director	4	3

**\*Cessation/ Appointment/Re-appointment of Directors during April 01, 2016 to March 31, 2017. Details are given under section 10.3 below.**

**10.3 Changes in the Board during the period April 01, 2016 to March 31, 2017**

During the year under review, following changes took place in the composition of the Board of Directors of the Company:

<b>S. No</b>	<b>Name of the Director</b>	<b>Designation</b>	<b>Appointment Resignation/ Re-appointment and Change in Designation of Director</b>
1.	Mr. Pradeep Gaur	Nominee Director	Appointment on April 08, 2016
2.	Mr. Rahul Pandey	Nominee Director	Appointment on September 02, 2016
3.	Mr. Vinod Kumar Aggarwal	Chairperson	Appointment on March 14, 2017
4.	Mr. Ashok Kumar Choudhary	Nominee Director	Cessation on April 08, 2016
5.	Mr. Ajay Jain	Nominee Director	Cessation on September 02, 2016
6.	Mr. Ganga Ram Agarwal	Chairperson	Cessation on March 14, 2017



## 11 Committees of the Board

### 11.1 Audit Committee and vigil mechanism

The Company has constituted an Audit Committee of the Board under Section 177 of the Companies Act, 2013 consisting three Directors as member of the committee.

The Company has established a vigil mechanism for Directors and employees of the Company to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Company oversees the mechanism through audit committee. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of co-employees and the Company.

### Composition of the Audit Committee and its Meetings

The strength of the Members of Committee as on March 31, 2017 was three (3) members as follows:

Sl. No.	Name	DIN Number	Designation
1.	Mr. A Venkateswar	03514059	Chairman
2.	Mr. N V Trivedi Babu	00647839	Member
3.	Mr. T.R.K. Rao	01312449	Member

During the financial year ended March 31, 2017, the Members of Audit Committee met Three (3) times on 23<sup>rd</sup> August, 2016, 19<sup>th</sup> December, 2016 and 28<sup>th</sup> March, 2017.

### 11.2 Nomination & Remuneration Committee

The Company has constituted a Nomination and Remuneration Committee under Section 178(1) of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014.

### Composition of the Nomination & Remuneration and its Meetings

The strength of the Members of Committee as on March 31, 2017 was three (3) members as follows:

Sl. No.	Name	DIN Number	Designation
1.	Mr. A Venkateswar	03514059	Member
2.	Mr. N V Trivedi Babu	00647839	Member
3.	Mr. S. Subba Rao	07124119	Member



During the financial year ended March 31, 2017, two meetings of Nomination & Remuneration Committee were held on 27<sup>th</sup> May, 2016 and 23<sup>rd</sup> August, 2016.

### **12 Details of Appointment and cessation of Key Managerial Personnel (KMP)**

During the year under review all the personnel appointed/designated as KMP under provisions of the Companies Act, 2013 remained the same. Presently following persons are the designated KMPs of the Company:

1. Sh. S N Banerjea, Chief Executive Officer
2. Sh. T Muni Prasad, Chief Financial Officer
3. Sh. Trilok Garg, Company Secretary

### **13. Board Evaluation**

A Separate meeting of Independent Directors was held during the FY 2016-17 wherein both the Independent Directors noted that the contribution of Non-Independent Directors and the Board as a whole was found noteworthy and their contribution has been worthwhile in all the affairs and proceedings of the Company. Independent Directors have also reviewed the performance of Chairperson of the Company taking into views of non-executive Directors of the Company.

However, the Independent Directors emphasized on appointment of a Whole Time Managing Director at the earliest to deal with the critical issues of the Company.

### **14 Declaration from Independent Directors**

The Company has received declaration from Independent Directors as required under section 149 (7) of Companies Act, 2013.

### **15. Particulars of Employees and related Disclosures**

In terms of the provisions of section 197 (12) of the Companies Act, 2013 read with Rule 5(2) and Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014. During the year under Report, no employee of the Company was drawing remuneration in excess of Rs. 6,00,000 per month.

### **16. Particulars of Loans, Guarantees or Investments**

During the year under review, the Company has not advanced any loans/given guarantees/made investments under section 186 of the Companies Act, 2013.



**17. Particulars or Contracts with Related Party Transactions**

No Related Party Transactions was entered into by the Company during the year as per the provisions of section 188(1) of the Companies Act, 2013. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

**18. Internal Financial Control**

The Company has in place adequate internal control system which is commensurate with its size, scale and complexities of its operations. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and no reportable material weakness in the design or operation were observed.

**19. Statutory Auditors Report**

M/s Satyendra Jain & Associates, Chartered Accountants was appointed as Statutory Auditors of the Company for FY 2016-17 by the office of the CAG. The report of the Statutory Auditors of the Company, is attached herewith.

**20. Secretarial Audit Report**

The Company appointed Mr. Anil Anand (Company Secretary in Practice), as Secretarial Auditor of the Company for FY 2016-17 pursuant to provisions of Section 204 of the Companies Act, 2013.

The Report of Secretarial Auditor for the Financial Year 2016-17 is annexed to this report as Annexure-II.

**21. Explanations or comments by the Board on qualifications, reservations, adverse remarks or disclaimer in the Auditor's Report and Secretarial Auditor's report**

Explanations or replies of the Board on qualifications/reservations/adverse remarks, disclaimers in the Audit Report issued by the Statutory Auditor of the Company are enclosed as Annexure-III, to Directors report. There is no adverse remark/comment in the Secretarial Audit Report.

**22. Risk management policy**

The Company got a mandate to execute the Obulavaripalle- Krishnapatnam New BG Rail Line project on built, own, operate and transfer basis for a period of 30 years or on attainment of NPV payback at a discount rate of 14% (whichever is earlier), under a concession agreement signed by the Company with Ministry of Railways on 23<sup>rd</sup> November, 2007. Thus the rights of the Company to earn revenue from operations of the project are protected by the concession agreement.

The volume and size of Company's earnings and profit largely depends on the volume of traffic movement on the line, which is dependent on several factors beyond the control of the Company i.e. economic conditions, import export policy of the Government, currency fluctuations, level of demand and



supply of various components of traffic moved on the line, etc. To combat the risks of uncertainty in earnings of the Company the Company is moving forward in the direction of capacity augmentation of the line, building strong relationship with the stakeholders and customers, providing hassle free services, reduction of cost, etc.

The risk associated with the project assets of the Company of the operational line are protected by obtaining the comprehensive insurance policies for the assets and the risk associated with the assets under construction are safeguarded by obtaining contractor's all risk insurance policy.

The management is of the view that a business of this size and nature must be reviewed constantly to identify the risk factors and proper measures should be adopted in time for risk mitigation, risk handling.

The Board keeps a close look on the happenings in and outside the Company that can have any major impact on the Company, its earnings and its existence. Based on the above factors, the Board is of the opinion that, at present various risks associated with the Company and its business are low to moderate level.

### **23. Policy on Corporate Social Responsibility**

The Company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within purview of Section 135(1) of the Companies Act, 2013 and hence it is not required to formulate policy on corporate social responsibility.

### **24. Corporate Governance**

Corporate Governance is about maximizing all stakeholders' value legally, ethically and sustainably. At KRCL the goal is to ensure fairness to all stakeholders so as to enhance and retain their trust. The Company will continue to uphold the true spirit of Corporate Governance and implement the best governance practices. It lays emphasis on transparency, accountability, ethical practices and professional management in its activities.

### **25. Subsidiary Companies, Joint Venture or Associate Companies**

During the year under review, there are no companies which has become/ ceased to become a Subsidiary/ Joint Ventures/ Associate Companies.

### **26. Deposits**

During the year under review the Company has not accepted any deposits from the public within the meaning of Section 73 of the Companies Act, 2013.



**27. Orders Passed by Regulator or Courts or Tribunals**

There is no order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations.

**28. Directors Responsibility**

Your directors would like to inform you that the audited accounts containing the Financial Statements for the year ended March 31, 2017 are in full conformity with the requirements of the Companies Act, 2013 and they believe that the financial statements reflect fairly the form and substance of transactions carried out during the year. The financial statements, audited by the statutory auditors M/s Satyendra Jain & Associates, Chartered Accountants, reasonably present the Company's financial condition and results of operations, particularly considering the unique nature of operations of the company.

In pursuance of section 134(5) of the Companies Act, 2013, the Directors hereby confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis; and
- (e) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**29. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo**

- a) The particulars required under Section 134(3)(m) of the Companies Act, 2013 read with the rule 8(3)(A) of the Companies (Accounts) Rules, 2014 regarding Energy Conservation do not apply.
- b) There was no technology absorption during the Financial Year.
- c) During the year under review, your Company's foreign exchange earnings and outgo were NIL.

**30. Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has zero tolerance policy towards sexual harassment at the workplace and strives for prevention, prohibition of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. During the Financial Year 2016-17 the Company had no women employee and has not received any complaint related to sexual harassment.

**31. Appreciation and Acknowledgement**

Your Directors place on record their appreciation for the continued assistance, valuable guidance and support rendered by the Ministry of Railways (MoR), Lender Banks, Auditors and shareholders of the Company. The Directors look forward to your continued support in future.

Your Directors also wish to place on record their sincere appreciation to the commitment, involvement and dedication by Company's staff in ensuring the level of performance and growth of the Company that was achieved during the year under review.

**On behalf of the Board of Directors**

**Place: New Delhi**

**Date: 9<sup>th</sup> August, 2017**

  
Pradeep Gaur

**Acting Managing Director**  
(DIN: 07243986)



**S Subba Rao**

**Director**  
(DIN: 07124119)



## FORM NO. MGT 9

## EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.

## I REGISTRATION &amp; OTHER DETAILS:

i	CIN	U45200TG2006PLC051378
ii	Registration Date	11-10-2006
iii	Name of the Company	Krishnapatnam Railway Company Limited
iv	Category/Sub-category of the Company	Company limited by shares/Indian non- government company
v	Address of the Registered office & contact details	Amsri Faust Complex, Door No D-9-1-164/A to 166,5th Floor, Sarojini Devi Road Secunderabad, Telangana
vi	Whether listed company	No
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	No

## 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:-

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Railway Transport (Freight)	60102 (NIC 2004)	100
2		49120 (NIC 2008)	
4			

## III PARTICULARS OF HOLDING , SUBSIDIARY &amp; ASSOCIATE COMPANIES

NIL

SL No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Nil	....	....	....	....
2	Nil	....	....	....	....
3	Nil	....	....	....	....

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)									
Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	.....	5	5	0.00	.....	5	5	0.00	.....
b) Central Govt. or State Govt.	.....	3,50,00,000	3,50,00,000	12.96	.....	3,50,00,000	3,50,00,000	12.96	.....
c) Bodies Corporates	.....	23,49,99,995	23,49,99,995	87.04	.....	23,49,99,995	23,49,99,995	87.04	.....
d) Bank/FI	.....	.....	.....	.....	.....	.....	.....	.....	.....
e) Any other	.....	.....	.....	.....	.....	.....	.....	.....	.....
<b>SUB TOTAL:(A) (1)</b>		<b>27,00,00,000</b>	<b>27,00,00,000</b>	<b>100</b>		<b>27,00,00,000</b>	<b>27,00,00,000</b>	<b>100</b>	
(2) Foreign	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) NRI- Individuals									
b) Other Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any other...									
<b>SUB TOTAL (A) (2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Total Shareholding of Promoter</b>									
<b>(A)= (A)(1)+(A)(2)</b>		<b>27,00,00,000</b>	<b>27,00,00,000</b>	<b>100</b>	<b>NIL</b>	<b>27,00,00,000</b>	<b>27,00,00,000</b>	<b>100</b>	<b>NIL</b>
<b>B. PUBLIC SHAREHOLDING</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
(1) Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) Mutual Funds									
b) Banks/FI									
c) Central govt									
d) State Govt.									
e) Venture Capital Fund									
f) Insurance Companies									
g) FIIS									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>SUB TOTAL (B)(1):</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
(2) Non Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) Bodies corporates									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs									
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs									
c) Others (specify)									
<b>SUB TOTAL (B)(2):</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Grand Total (A+B+C)</b>		<b>27,00,00,000</b>	<b>27,00,00,000</b>	<b>100</b>		<b>27,00,00,000</b>	<b>27,00,00,000</b>	<b>100</b>	



## (ii) SHARE HOLDING OF PROMOTERS

SI No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	NO of shares	% of total shares of the company	% of shares pledged	
1	M/s. Rail Vikas Nigam Limited (RVNL)	8,09,99,996	30.00	.....	8,09,99,996	30.00	.....	.....
2	Shri Ashok K. Ganju(RVNL)	1		.....	1		.....	.....
3	Shri Arun Kumar (RVNL)	1		.....	1		.....	.....
4	Shri S. K. Dhiman(RVNL)	1		.....	1		.....	.....
5	Shri S. C. Agnihotri (RVNL)	1		.....	1		.....	.....
6	M/s. Krishnapatnam Port Company Limited (KPCL)	8,09,99,999	30.00	.....	8,09,99,999	30.00	.....	.....
7	Shri C. Sasidhar (KPCL)	1		.....	1		.....	.....
8	Governor of the State of Andhra Pradesh (GoAP)	3,50,00,000	12.96	.....	3,50,00,000	12.96	.....	.....
9	M/s. National Mineral Development Corporation Limited (NMDC)	4,00,00,000	14.81	.....	4,00,00,000	14.81	.....	.....
10	M/s. Bramhani Industries Limited (BIL)	3,30,00,000	12.22	.....	3,30,00,000	12.22	.....	.....
	Total	27,00,00,000	100		270000000	100		

## (iii) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE): No Change

SI. No.		Share holding at the beginning of the Year		Cumulative Share holding 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	....	....	....	....
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
	At the end of the year	....	....	....	....



(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the end 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	....	....	....	....
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
	At the end of the year (or on the date of separation, if separated during the year)	....	....	....	....

(v) Shareholding of Directors & KMP

Sl. No	For Each of the Directors & KMP	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	....	....	....	....
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
	At the end of the year	....	....	....	....

V INDEBTEDNESS						
Indebtedness of the Company including interest						
			Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year						
i) Principal Amount				2169688002		2169688002
ii) Interest due but not paid				2121257		2121257
iii) Interest accrued but not due				4994628		4994628
<b>Total (i+ii+iii)</b>				2176803887		2176803887
Change in Indebtedness during the financial year						
Additions				6335787781		6335787781
Reduction				0		0
<b>Net Change</b>				6335787781		6335787781
Indebtedness at the end of the financial year						
i) Principal Amount				8505475783		8505475783
ii) Interest due but not paid				3379009		3379009
iii) Interest accrued but not due				0		0
<b>Total (i+ii+iii)</b>				8508854792		8508854792
VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL						
A.	Remuneration to Managing Director, Whole time director and/or Manager:					NIL
Sl.No	Particulars of Remuneration	Name of the MD/WTD/Manager				Total Amount
1	Gross salary					
	(a) Salary as per provisions contained	.....	.....	.....	.....	
	(b) Value of perquisites u/s 17(2) of	.....	.....	.....	.....	
	(c) Profits in lieu of salary under	.....	.....	.....	.....	
2	Stock option	.....	.....	.....	.....	
3	Sweat Equity	.....	.....	.....	.....	
4	Commission	.....	.....	.....	.....	
	as % of profit	.....	.....	.....	.....	
	others (specify)	.....	.....	.....	.....	
5	Others, please specify	.....	.....	.....	.....	
	<b>Total (A)</b>					
	<b>Ceiling as per the Act</b>					



<b>B.</b>	<b>Remuneration to other directors:</b>					
<b>Sl.No</b>	<b>Particulars of Remuneration</b>	<b>Name of the Directors</b>			<b>Total Amount</b>	
1	Independent Directors	A Venkateswar	N V Triwedi Babu			
	(a) Fee for attending	1,08,000	1,08,000			2,16,000
	(b) Commission	NIL	NIL			NIL
	(c ) Others, please specify	NIL	NIL			NILL
	<b>Total (1)</b>	1,08,000	1,08,000			2,16,000
2	Other Non Executive Directors	NIL	NIL			
	(a) Fee for attending	NIL	NIL			
	(b) Commission	NIL	NIL			
	(c ) Others, please specify.	NIL	NIL			
	<b>Total (2)</b>	NIL	NIL			
	<b>Total (B)=(1+2)</b>	NIL	NIL			
	<b>Total Managerial Remuneration</b>					2,16,000
	<b>Overall Cieling as per the Act.</b>					
<b>C.</b>	<b>REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD</b>					
<b>Sl. No.</b>	<b>Particulars of Remuneration</b>	<b>Key Managerial Personnel</b>				
1	<b>Gross Salary</b>	<b>CEO</b>	<b>Company Secretary</b>	<b>CFO</b>		<b>Total</b>
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	933678	756903.8	536309		2226890.8
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0	1716	0		1716
	(c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961					
2	Stock Option	NIL	NIL	NIL		NIL
3	Sweat Equity	NIL	NIL	NIL		NIL
4	Commission	NIL	NIL	NIL		NIL
	as % of profit	.....	.....	.....		.....
	others, specify	.....	.....	.....		.....
5	Others, please specify	.....	.....	.....		.....
	<b>Total</b>	<b>933678</b>	<b>758619.8</b>	<b>536309</b>		<b>2228606.8</b>



VII					
PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL					
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)
<b>A. COMPANY</b>					
Penalty	.....	.....	.....	.....	.....
Punishment	.....	.....	.....	.....	.....
Compounding	.....	.....	.....	.....	.....
<b>B. DIRECTORS</b>					
Penalty	.....	.....	.....	.....	.....
Punishment	.....	.....	.....	.....	.....
Compounding	.....	.....	.....	.....	.....
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	.....	.....	.....	.....	.....
Punishment	.....	.....	.....	.....	.....
Compounding	.....	.....	.....	.....	.....

On behalf of the Board of Directors

Place: New Delhi  
Date: 9th August, 2017

  
**Pradeep Gaur**        
 Acting Managing Director      Director  
 (DIN: 07243986)      (DIN: 07124119)

# CS ANIL ANAND

(Company Secretary in Practice)

102, G K House, 1st Floor, 187-A, Sant Nagar, New Delhi – 110065

Ph: +91-9873925927 E-mail: csanilanand96@gmail.com

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To,

**The Members,**

**Krishnapatnam Railway Company Limited**

Amsri Faust Complex,

Door No. D-9-1-164/A to 166, 5th Floor,

Sarojini Devi Road, Secunderabad-500003,

Telangana

Our Secretarial Audit Report of even date is to be read along with this letter.

## **Management's Responsibility**

1. It is the responsibility of the management of the company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

## **Secretarial Auditor's responsibility**

- 2 Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the company with respect to secretarial compliances.
- 3 We believe that audit evidence and information obtained from the company's management is adequate and appropriate for us to provide a basis for our opinion.
- 4 Wherever require, we have obtained the management's representation about the compliance of laws, rules, and regulation and happening of events etc.

## **Disclaimer**

- 5 The secretarial audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affair of the company.

  
CS ANIL ANAND  
ACS 10328  
CP No. 11295

Place: New Delhi

Date: 09/08/2017



# CS ANIL ANAND

(Company Secretary in Practice)

102, G K House, 1st Floor, 187-A, Sant Nagar, New Delhi – 110065

Ph: +91-9873925927 E-mail: csanilanand96@gmail.com

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## SECRETARIAL AUDIT REPORT

**FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2017**

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

To,

**The Members,**

**Krishnapatnam Railway Company Limited**

Amsri Faust Complex,

Door No. D-9-1-164/A to 166, 5<sup>th</sup> Floor,

Sarojini Devi Road, Secunderabad-500003,

Telangana

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

Based on our verification of the 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 and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by KRISHNAPATNAM RAILWAY COMPANY LIMITED for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations and Guidelines, Standard, etc. mentioned above.


**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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.

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

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

We report further that, during the audit period, there were no other specific event/action in pursuance of the above referred laws, rules, regulations, guidelines, etc, having a major bearing on the Company's affairs.



A handwritten signature in blue ink, appearing to read 'Anil Anand', is written over a circular stamp. The stamp contains the text 'ANIL ANAND', 'C P No. 11295', 'New Delhi', and 'Company Secretary'.

**Anil Anand**  
**Company Secretary in Practice**  
**ACS: 10328**  
**C P No.:11295**

**Place: New Delhi**

**Date: 09/08/2017**





**BALANCE SHEET  
& STATEMENT OF PROFIT AND LOSS**

**KRISHNAPATNAM RAILWAY COMPANY LIMITED**  
Balance Sheet as at 31st March 2017

(INR in Lakhs)

Particulars	Note No	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
<b>I. ASSETS</b>							
<b>1 Non-current assets</b>							
(a) Property, Plant and equipment	3	374.46		413.89		457.26	
(b) Other Intangible assets	4	14,450.09		14,993.06		15,408.90	
(c) Intangible assets under development	5	1,21,650.81		72,823.9		39,204.62	
(d) Financial Assets	6						
(i) Others	6.1	1,340.07		1,142.49		943.43	
(e) Other non-current assets	7	408.03	1,38,223	2,984.28	92,357.66	3,709.85	59,724.06
<b>2 Current assets</b>							
(a) Financial Assets	8						
(i) Trade Receivables	8.1	523.33		738.67		939.14	
(ii) Cash and cash equivalents	8.2	468.39		889.83		457.48	
(iii) Others	8.3	64.80		9.25		0.22	
(b) Current Tax Assets (Net)	9	119.33		119.33		111.46	
(C) Other current assets	10	14.41	1,190.26	14.31	1,771.39	14.74	1,523.04
<b>Total Assets</b>							
		<b>1,39,413.72</b>		<b>94,129.05</b>		<b>61,247.10</b>	
<b>II. EQUITY AND LIABILITIES</b>							
<b>1 Equity</b>							
(a) Equity Share Capital	11	27,000.00		27,000.00		27,000.00	
(b) Other Equity	12	(2,127.73)	24,872.27	(2,136.13)	24,863.87	(2,340.88)	24,659.12
<b>2 Liabilities</b>							
<b>(i) Non-current liabilities</b>							
(a) Financial Liabilities	13						
(i) Borrowing	13.1	85,054.76		21,696.88		19,487.66	
(ii) Trade Payables	13.2	283.98		309.92		331.51	
(b) Deferred Tax Liability	14	292.16		312.63		199.38	
(c) Other Non-Current Liability	15	177.64		204.62		231.60	
(d) Provisions	16	1,319.67	87,128.21	623.96	23,148.01	-	20,250.15
<b>(ii) Current liabilities</b>							
(a) Financial Liabilities	17						
(i) Trade payables	17.1	311.92		390.74		518.31	
(ii) Other financial liabilities	17.2	26,866.87		45,545.49		15,743.75	
(b) Other Current liability	18	174.77		180.94		75.75	
(c) Current Tax Liability (Net)	9	59.68	27,413.24	-	46,117.17	-	16,337.81
<b>Total Equity and Liabilities</b>							
		<b>1,39,413.72</b>		<b>94,129.05</b>		<b>61,247.10</b>	
III. See accompanying notes to the financial statements							

As per our Report of even date attached  
For Satyendra Jain & Associates  
Chartered Accountants  
FRN : 012018N

For and on behalf of Board of Directors

  
Anil Jain  
Partner  
M No. 072783



Place : New Delhi

Date : 09.08.2017

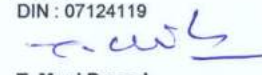


Pandeep Gaur  
Acting Managing Director  
DIN : 07243986

  
Trilok Garg  
Company Secretary  
M No. 30019



S. Subbarao  
Director  
DIN : 07124119

  
T. Muni Prasad  
Chief Financial Officer





**KRISHNAPATNAM RAILWAY COMPANY LIMITED**  
Statement of Profit & Loss for the period ended 31st March 2017

(INR in Lakhs)

Particulars		Note No.	For the year ended 31st March 2017	For the year ended 31st March 2016
I.	<b>Revenue :</b>			
	Revenue from operations	19	52,636.38	38,004.56
II.	Other income	20	158.39	146.50
III.	<b>Total Income (I + II)</b>		<b>52,794.77</b>	<b>38,151.06</b>
IV.	<b>Expenses:</b>			
	Operation & Maintenance Expense	21	50,754.64	35,886.64
	Employee benefits expenses	22	20.53	13.99
	Finance costs	23	575.12	541.57
	Depreciation and amortization	24	702.59	699.24
	Other Expenses	25	688.95	691.62
	<b>Total Expenses (IV)</b>		<b>52,741.83</b>	<b>37,833.06</b>
V.	<b>Profit/loss Before exceptional items and Tax (III - IV)</b>		52.94	318.00
VI.	Exceptional items		-	-
VII.	Profit/(Loss) before tax (V - VI)		52.94	318.00
VIII.	Tax expense:			
	(1) Current tax			
	- For the year		65.01	-
	- For earlier years (net)		-	-
	(2) Deferred tax (net)	26	(20.47)	113.25
	Total Tax Expense (VIII)		44.54	113.25
IX.	<b>Profit/(loss) for the period from continuing operation (VII - VIII)</b>		8.40	204.75
X.	Profit/(loss) from discontinued operations		-	-
XI.	Tax Expense of discontinued operations		-	-
XII.	Profit/(loss) from discontinued operations (after tax) (X-XI)		-	-
XIII.	<b>Profit/(loss) for the period (IX+XII)</b>		<b>8.40</b>	<b>204.75</b>
XIV.	<b>Other Comprehensive Income</b>			
	A. (i) Items that will not be reclassified to profit and loss		-	-
	(ii) Income Tax relating to Items that will not be reclassified to profit and loss		-	-
	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		-	-
	<b>Total Comprehensive Income for the period (IX +X) (Comprehensive profit and other comprehensive income for the period)</b>		<b>8.40</b>	<b>204.75</b>
XV.	<b>Earnings Per Equity Share:</b>			
	(For Continuing Operation)			
	(1) Basic	27	0.00	0.08
	(2) Diluted	27	0.00	0.08
XVII.	<b>Earnings Per Equity Share:</b>			
	(For Discontinuing Operation)			
	(1) Basic	27	-	-
	(2) Diluted	27	-	-
XVIII.	<b>Earnings Per Equity Share:</b>			
	(1) Basic	27	0.00	0.08
	(2) Diluted	27	0.00	0.08

As per our Report of even date attached  
For Satyendra Jain & Associates  
Chartered Accountants  
FRN : 012018N


Anil Jain  
Partner  
M No. 072783

Place : New Delhi  
Date : 09.08.2017

For and on behalf of Board of Directors

  
Pradeep Gaur  
Acting Managing Director  
DIN : 07243986

  
Trilok Garg  
Company Secretary  
M No. 30019

  
S. Subbarao  
Director  
DIN : 07124119

  
T. Muni Prasad  
Chief Financial Officer



**KRISHNAPATNAM RAILWAY COMPANY LIMITED**  
Cash Flow Statement for the period ended on 31st March 2017

(INR in Lakhs)

Particulars		For the year ended 31st March 2017	For the year ended 31st March 2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before taxation		52.94	318.00
<b>Adjustment for :</b>			
Depreciation, amortization and impairment		702.59	699.24
Interest Income		-	(3.92)
Interest Expense		462.31	496.98
Unwinding of discount-receivable from SCR		(131.41)	(115.60)
Unwinding of discount-overhead cost payable		41.06	44.59
Income from reversal of deferred Overhead costs payable		(26.98)	(26.98)
Interest on Provision for resurfacing		71.75	-
<b>Operating Profit before working capital changes</b>	<b>(1)</b>	<b>1,172.26</b>	<b>1,412.31</b>
<b>Adjustment for :</b>			
Decrease / (Increase) in Trade Receivables / Loans & Advances		215.34	200.47
Decrease / (Increase) in Other Financial current Assets		(55.55)	(9.03)
Decrease / (Increase) in Other current Assets		(0.10)	0.43
Decrease / (Increase) in Other Non Current Assets		2.92	2.92
Decrease / (Increase) in Other Non Current Financial Assets		(66.17)	(83.46)
(Decrease) / Increase in Non Current Trade Payables		(67.00)	(66.18)
(Decrease) / Increase in Current Trade Payables		(78.82)	(127.57)
(Decrease) / Increase in Other Financial Liability		(18,678.62)	29,801.74
(Decrease) / Increase in Other Current Liability		(6.17)	105.19
(Decrease) / Increase in Current Assets		-	-
(Decrease) / Increase in Other Non Current Liability		-	-
(Decrease) / Increase in non-current Provision		623.96	623.96
	<b>(2)</b>	<b>(18,110.21)</b>	<b>30,448.47</b>
<b>Cash generated from operation</b>	<b>(1+2)</b>	<b>(16,937.95)</b>	<b>31,860.78</b>
Income Tax Paid		(5.33)	(7.87)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(A)</b>	<b>(16,943.28)</b>	<b>31,852.91</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital Expenditure on Fixed Assets, Including Capital Advances		(46,373.72)	(33,136.70)
Interest Income		-	3.92
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(B)</b>	<b>(46,373.72)</b>	<b>-33,132.78</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from Long Term Borrowings		63,357.88	2,209.22
Interest Expenses		(462.31)	(496.98)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(C)</b>	<b>62,895.57</b>	<b>1,712.24</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENT</b>	<b>(A+B+C)</b>	<b>(421.43)</b>	<b>432.37</b>
<b>CASH AND CASH EQUIVALENT (OPENING)</b>			
Balances with banks-Current Account	<b>(D)</b>	889.83	457.48
Deposits with Bank with less than 3 months maturity		889.83	307.48
		-	150.00
<b>CASH AND CASH EQUIVALENT (CLOSING)</b>	<b>(E)</b>	<b>468.39</b>	<b>889.85</b>
Balances with banks-Current Account		468.39	889.85
Deposits with Bank with less than 3 months maturity		-	-
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENT</b>	<b>(E-D)</b>	<b>(421.43)</b>	<b>432.37</b>

As per our Report of even date attached

For Satyendra Jain & Associates

Chartered Accountants

FRN : 012018N

Anil Jain  
Partner  
M No. 072783



Place : New Delhi

Date : 09.08.2017

For and on behalf of Board of Directors

*Pradeep Gaur*  
Pradeep Gaur

Acting Managing Director  
DIN : 07243986

*Trilok Garg*  
Trilok Garg  
Company Secretary  
M No. 30019

*S. Subbarao*  
S. Subbarao

Director  
DIN : 07124119

*T. Muni Prasad*  
T. Muni Prasad  
Chief Financial Officer





## Accounting policies and measurement methods

### Note: - 1 Corporate Information

Krishnapatnam Railway Company Limited (KRCL) is a public limited company domiciled and was incorporated in India on October 11, 2006 as a Special Purpose Vehicle (SPV) for the purpose of constructing the Krishnapatnam-Obuvallirapalle New Railway Line (Andhra Pradesh) Project. The Company is a Joint Venture between Rail Vikas Nigam Limited (RVNL), Krishnapatnam Port Company Limited, National Mineral Development Corporation, Government of Andhra Pradesh, and Bramhani Industries Limited. The registered office of the company is located at Door no. 9-1-164/A to 166 5th Floor Amsri Faust Complex Sarojini Devi Road, Secunderabad, Andhra Pradesh.

The Company has entered into a Concession Agreement with Ministry of Railways (MoR), Government of India dated 23rd November, 2007 in terms of which the Ministry of Railways (Concession Authority) has authorized the Company (Concessionaire) 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. Further, in terms of the said agreement, the South Central Railway (SCR) will lease the existing Land to the company for the purpose of the Project, lease rental for which shall be as per the extant policy of the MoR as revised from time to time and the new land acquired by it in lieu of a nominal Annual Lease rental of ` 1 as referred to in the Lease Deed forming part of the Concession Agreement. Further new Land acquisition will be done by KRCL (through SCR) and will remain the property of KRCL till the expiry of 30 year lease period or Net present Value (NPV) payback equal to equity investment @14% whichever is earlier. In case the NPV payback is reached earlier than 30 years, the concession agreement would stand terminated and the project line would be repossessed by railway.

The Operation and Maintenance of the Phase 1 project railway is being conducted by South Central Railway (SCR) under its right, vide agreement dated 6th January, 2012 which is co-terminus with the Concession Agreement, entered into between the MoR and KRCL. Further, in terms of this agreement, SCR is to operate traffic (Passenger & Freight), collect revenue, maintain the facility and is required to pass-on the apportioned revenue and operation & Maintenance cost to Krishnapatnam Railway Company Limited (KRCL).

Phase-1 of the Project involving the laying of railway line of 24.5 Km from Krishnapatnam to Venktachalam (as per concession agreement signed on 06-01-2012) has been completed and commercial traffic is being operated on the same w.e.f from November 15th, 2008.

Phase-2 of the project is under construction and expenditure incurred on same is appearing as intangibles under development.

Phase-3 of the Project involving the doubling of the track laid down in phase 1 has been completed and commercial traffic is being operated on the same w.e.f. from 2nd March 2014.

The financial statements are authorised for issue in accordance with a resolution of the board of directors on 09th August 2017

### Note: - 2 Basis of Preparation

#### 2.1 Statement of Compliance

The financial statements as at and for the year ended March 31, 2017 have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under section 133 of the Companies Act 2013 as companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian accounting standards) Amendment Rules 2016.

For all periods up to and including the year ended March 31, 2016 the company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013 (Indian GAAP). These financial statements for the year ended March 31, 2017 are company's first IND AS financial statements. Refer to Note 44 for information on how the company adopted to IndAS

#### 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) Certain financial assets and liabilities measured at fair value.

#### 2.3 Use of estimates and judgment

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of financial statements and the reported amount of income and expenses. Examples of such estimates includes estimated useful life of property, plant and equipment. Actual results may differ from these estimates.

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

All financial information presented in Indian rupees and all values are rounded to the nearest lakhs up to 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.



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

## 2.5 Functional and presentation currency

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

## 2.6 Property, plant and equipment

(a) Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost of asset includes the following

(i) Cost directly attributable to the acquisition of the assets  
(ii) Present value of the estimated costs of dismantling & removing the items & restoring the site on which it is located if recognition criteria are met.

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

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

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

## Depreciation

(a) Depreciation on Property, plant and Equipment is provided on pro-rata basis on written down value (WDV) on all assets on this basis of life provided by 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 significant items of property plant and equipment are as follows:

Particulars	Useful Life (In Years)
Office Building	60
Furniture & Fixture	10
Office Equipment's	5
EDP Assets	3

(c) Leasehold improvements are amortized over the period of lease from the month in which such improvements are capitalised or over the useful life as computed under Companies Act 2013 whichever is lower.

(d) 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

### Freight Sharing Right (Railway Line under 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, which includes capitalized borrowing costs, less accumulated amortization and accumulated impairment losses.

The estimated 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. 30 year of operation or Net present Value (NPV) payback equal to equity investment @14% whichever is earlier.).

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 brought in to service to the expiry of 30 year of operation or Net present Value (NPV) payback equal to equity investment @14% whichever is earlier.

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

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

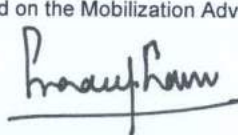

## 2.8 Intangible Assets under development

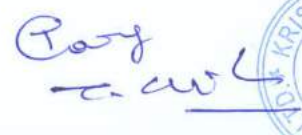
### Freight sharing right under development

Expenditure which can be directly identifiable & fair value adjustment of land related to the service concession arrangements are recognised to freight sharing right under development

The following amounts are reduced from the intangible under development:

(a) Interest earned on the Mobilization Advances given in respect of the project execution.







(b) Amount received on sale of tender.

(c) Interest received on FD created out of Borrowed fund, which was taken for exclusively project expenditure.

## 2.9 Provisions

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.

In respect of Operation & Maintenance expenses through SCR, same are accounted for on the basis of information received from South Central Railway (SCR). Whenever such information is not received, same is accounted for on pro-rata estimated basis.

## 2.10 Revenue Recognition

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

### a) Operating revenue

The operating income of the company is recognized on accrual basis upon the information as and when received from South Central Railways for the share of revenue due to the company for the operations. The period for which revenue is not intimated by SCR, same is recognized and accounted for on pro-rata estimated basis.

### b) Construction Contract Revenue under SCA

Revenue related to construction or upgrade services under a service concession arrangement is recognized based on the stage of completion of the work performed, when the outcome of construction contract can be measured reliably and where the outcome of construction contract can not be measured reliably revenue is recognised only to the extent of contract cost incurred that is probable will be recoverable.

### c) Other Revenue Recognition

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

## 2.11 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.

## 2.12 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.

## 2.13 Borrowing Cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of such assets till such time the assets are substantially ready for their intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowings costs are recognized in the statement of Profit and Loss in the period in which they are incurred.

## 2.14 Employee Benefits

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.

## 2.15 Taxes

### a) Current income tax

(i) Tax on income for the current year is determined on the basis of taxable income and tax credits computed in accordance with the provision of the Income Tax Act, 1961, based on the expected outcome of the assessment /appeals.

(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 Item are 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.



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(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).

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.

## 2.16 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.

## 2.17 Contingent Liabilities and contingent Assets

(a) 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.

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

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

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

## 2.18 Non-derivative financial assets

The company recognizes a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction or upgrade services provided. Such financial assets are measured at fair value on initial recognition and classified as loans and receivables. Subsequent to initial recognition, the financial assets are measured at amortized cost.

If the company is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is recognized initially at the fair value of the consideration received or receivable.

## 2.19 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.



Pradeep Kumar

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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. When the company receives an intangible asset and a financial asset as consideration for providing construction services in a service concession arrangement, the company estimates the fair value of intangible assets as the difference between the fair value of the construction services provided and the fair value of the financial asset received.

## 2.20 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 appropriate.

## 2.21 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:

#### (i) At Amortised Cost

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

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

(b) 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.

#### (ii) 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.

#### (iii) 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 assets included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### Financial liabilities

#### (i) Financial liabilities at Amortised Cost

Financial liabilities at amortised cost represented by trade and other payables, security deposits and retention money are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method.

#### (ii) Financial liabilities at FVTPL

The company has not designated any financial liabilities at FVTPL.

### (c) Derecognition

#### 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 derecognition 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.



Pradeep Gaur

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

## 2.22 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 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 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.

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

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the company's financial Statements are disclosed below. The group intends to adopt these standards, If applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules,2017 and has amended the following standard:

### (a) Amendment to Ind AS 7 Statement of Cash Flows

The amendments to Ind AS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate change in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

On initial application of the amendment, entities are not required to provide comparative Information for preceding periods. These amendments are effective for annual periods beginning on or after 1st April 2017. Application of this amendments will not have any recognition and measurement impact. However, it will require additional disclosure in the financial statements.

### (b) Amendment to Ind AS 102 Share-based Payment

The MCA has issued amendments to Ind AS 102 that address three main areas: The effect of vesting conditions on the measurement of a cash-settled share-based payment transaction the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. The amendments are effective for annual periods beginning on or after 1st April 2017. Application of this amendments will not have any recognition and measurement impact.



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**STATEMENT OF CHANGES IN EQUITY**  
**KRISHNAPATNAM RAILWAY COMPANY LIMITED**  
Statement of changes in equity for the period ended 31-March-2017

**A. Equity share capital**

	(INR in Lakhs)
Particulars	Amount
<b>Balance at March 31, 2016</b>	<b>27,000.00</b>
Changes in equity share capital during the year (a) issue of equity shares capital during the year	-
<b>Balance at March 31, 2017</b>	<b>27,000.00</b>

**B. Other Equity**

Particulars	Reserve & Surplus	Other items of Other comprehensive Income(specify nature)	Total
	Retained Earnings		
<b>Balance at the beginning of the reporting period</b>	(2,136.13)	-	(2,136.13)
Changes in accounting policy or prior period errors	-	-	-
Restated balance at the beginning of the reporting period	(2,136.13)	-	(2,136.13)
<b>Total Comprehensive Income for the year</b>	<b>8.40</b>	-	<b>8.40</b>
Dividends	-	-	-
Transfer to retained earning	-	-	-
Any Other change(to be specified)	-	-	-
<b>Balance at the end of the reporting period</b>	<b>(2,127.73)</b>	-	<b>(2,127.73)</b>



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**STATEMENT OF CHANGES IN EQUITY**  
**KRISHNAPATNAM RAILWAY COMPANY LIMITED**  
Statement of changes in equity for the period ended 31-March-2016

**A. Equity share capital**

Particulars	(INR in Lakhs)
	Amount
<b>Balance at April 1, 2015</b>	<b>27,000.00</b>
Changes in equity share capital during the year	
(a) issue of equity shares capital during the year	-
<b>Balance at March 31, 2016</b>	<b>27,000.00</b>

**B. Other Equity**

Particulars	Reserve & Surplus	Other items of Other comprehensive income (specify nature)	Total
	Retained Earnings		
<b>Balance at the beginning of the reporting period</b>	(2,340.88)	-	(2,340.88)
Changes in accounting policy or prior period errors	-	-	-
Restated balance at the beginning of the reporting period	(2,340.88)	-	(2,340.88)
<b>Total Comprehensive Income for the year</b>	<b>204.75</b>	-	<b>204.75</b>
Dividends	-	-	-
Transfer to retained earning	-	-	-
Any Other change (to be specified)	-	-	-
<b>Balance at the end of the reporting period</b>	<b>(2,136.13)</b>	-	<b>(2,136.13)</b>



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**Note: - 3****Property, Plant and Equipment**

(INR in Lakhs)

Particulars	Office Building	Furniture & Fixture	Office equipments	EDP Assets	Total
<b>Cost or deemed cost</b>					
At 1 April 2015	477.49	0.20	0.07	0.92	478.68
Additions	-	-	0.10	0.47	0.57
Disposals/Adjustments	-	-	-	-	-
<b>At 31 March 2016</b>	<b>477.49</b>	<b>0.20</b>	<b>0.17</b>	<b>1.39</b>	<b>479.25</b>
Additions	-	0.10	-	0.07	0.17
Disposals/Adjustments	-	-	-	-	-
<b>At 31 March 2017</b>	<b>477.49</b>	<b>0.30</b>	<b>0.17</b>	<b>1.46</b>	<b>479.42</b>
<b>Depreciation and impairment</b>					
At 1 April 2015	20.75	0.04	0.01	0.65	21.45
Depreciation charge for the year	43.39	0.04	0.03	0.45	43.91
Impairment	-	-	-	-	-
Disposals/Adjustments	-	-	-	-	-
<b>At 31 March 2016</b>	<b>64.14</b>	<b>0.08</b>	<b>0.04</b>	<b>1.10</b>	<b>65.38</b>
Depreciation charge for the year	39.27	0.04	0.06	0.19	39.56
Impairment	-	-	-	-	-
Disposals/Adjustments	-	-	-	-	-
<b>At 31 March 2017</b>	<b>103.41</b>	<b>0.12</b>	<b>0.10</b>	<b>1.29</b>	<b>104.94</b>
<b>Net book value</b>					
At 31 March 2017	374.08	0.18	0.07	0.17	374.46
At 31 March 2016	413.35	0.12	0.13	0.29	413.89
At 1 April 2015	456.74	0.16	0.06	0.27	457.26

**Note 3.1 :** The Company has purchased a property for the purpose of administration which is temporarily idle with carrying amount of ₹ 374.08 Lakhs as at 31st March 2017 (as at 31 March 2016: ₹ 413.35 Lakhs) (as at 1st April 2015: 456.74 Lakhs).

**Note 3.2 :** Property Plant & Equipment with a carrying amount of ₹ 374.46 Lakhs as at 31st March 2017 (as at 31st March 2016: ₹ 413.89 Lakhs) (as at 01st April 2015: 457.26 Lakhs) are charged with bank to secure the Company's bank loans.

**Note 3.3 Ind AS 101 Exemptions :** The company has availed the exemption available under Ind AS 101, whereas the carrying value of property, plant and equipment has been carried forward at the amount as determined under previous GAAP



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**Note: - 4****Other Intangible assets**

(INR in Lakhs)

Particulars	Revenue Sharing Right	Total
<b>Cost or deemed cost</b>		
At 1 April 2015	25,035.74	25,035.74
Additions	239.49	239.49
Disposals/Adjustments	-	-
<b>At 31 March 2016</b>	<b>25,275.23</b>	<b>25,275.23</b>
Additions	120.06	120.06
Disposals/Adjustments	-	-
<b>At 31 March 2017</b>	<b>25,395.29</b>	<b>25,395.29</b>
<b>Amortisation and impairment</b>		
At 1 April 2015	9,626.84	9,626.84
Amortisation for the year	655.33	655.33
Impairment	-	-
Disposals/Adjustments	-	-
<b>At 31 March 2016</b>	<b>10,282.17</b>	<b>10,282.17</b>
Amortisation for the year	663.03	663.03
Impairment	-	-
Disposals/Adjustments	-	-
<b>At 31 March 2017</b>	<b>10,945.20</b>	<b>10,945.20</b>
<b>Net book value</b>		
At 31 March 2017	14,450.09	14,450.09
At 31 March 2016	14,993.06	14,993.06
At 1 April 2015	15,408.90	15,408.90

**Note 4.1 :** Amortisation on other intangible assets are included in Note no.-24 of Depreciation and Amortisation.

**Note 4.2 :** All Intangible with a carrying amount of ₹ 14,450.09 Lakhs as at 31st March 2017 (as at 31st March 2016: ₹14,993.02 Lakhs) (as at 1st April 2015: ₹15,408.90 Lakhs) are charged with bank to secure the Company's bank loans.

**Note 4.3 :** Assets of phase-1 & phase-3 of the company are insured as required under the Concession Agreement dated 23rd November, 2007.

**Note 4.4 :** Ind AS 101 Exemptions : The company has availed the exemption available under Ind AS 101, whereas the carrying value of Intangible Assets has been carried forward at the amount as determined under previous GAAP



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**Note: - 5**  
**Intangible Under Development**

(INR in Lakhs)

Particulars	Revenue sharing right under development	Total
<b>Cost or deemed cost</b>		
At 1 April 2015	39,204.62	39,204.62
Additions	33,619.32	33,619.32
Disposals/Adjustments	-	-
<b>At 31 March 2016</b>	<b>72,823.94</b>	<b>72,823.94</b>
Additions	48,826.87	48,826.87
Disposals/Adjustments	-	-
<b>At 31 March 2017</b>	<b>1,21,650.81</b>	<b>1,21,650.81</b>

**Note 5.1** Title of Leasehold Land shown under the head Intangibles under development and Intangible Assets represents land acquired / to be acquired is with South Central Railway and the company hold the leasehold rights on the Land till the period of Concession Agreement i.e. 30 years or on to attainment of the Net Present Value (NPV) payback equal to equity investment @14% whichever is earlier. In case the NPV payback is reached earlier than 30 years, the concession agreement would stand terminated and the project line would be repossessed by railway.

The Leasehold Land acquired by KRCL (through SCR) will remain the property of KRCL till the period of Concession Agreement and thereafter will revert to SCR since, the value of land will be recovered from SCR.

**Note 5.2 Capitalised borrowing costs**

Intangible under development includes expenditure on account of interest Payable to Rail Vikas Nigam Limited (Project Contractor) amounting to ` 4,219.29 Lakhs (31 March 2016: ` 2,368.75/-) during the period for delay in payment for project expenditure as calculated by RVNL on balance outstanding in the books of accounts of RVNL and as accepted by Company. Further, RVNL has provided infrastructure and other indirect establishment facilities to KRCL for which no amount is charged by RVNL.

The amount of borrowing costs capitalised for loan taken from banks, during the year ended 31 March 2017 is ` 2,965.42/- Lakhs (31 March 2016 : ` 1,807.51 Lakhs). The rate used to determine the amount of borrowing costs eligible for capitalisation was the effective interest rate of the specific borrowing.

**Note 5.3 Capitalization of interest earned on Fixed Deposits**

Amount of Rs.42.19 Lakhs (Previous year Nil) towards Interest earned on Fixed Deposit out of borrowed fund which was taken for project expenditure PH -II has been reduced from Intangible Assets during the year ended 31st march 2017.

**Note 5.4**

Intangible Assets and Intangible Under Development includes expenditure on account of Directional & General Charges (D&G charges) amounting to Rs.3517.13 Lakhs/- (Previous Year `2531.60/- Lakhs) as charged by RVNL (Project Contractor) during the period which is as per the clause no. 10.2 of Construction Agreement dated 29th September 2011, is subject to change. Cumulative D&G Charges up to 31st March 2017 is Rs. 11,095 Lakhs (Previous Year Rs. 7,581/- Lakhs) is subject to change. Break up of "D & G charges" included in capital work in progress (and tangible assets related to phase 3 transferred from capital work in progress during the year) at present is as under:

Particulars	(INR in Lakhs)	(INR in Lakhs)
	Year Ended 31.3.2017	Year Ended 31.3.2016
1. Civil Works	3,505.10	2495.39
2. Signalling & Telecom	0.10	32.46
3. Electric Works	11.93	3.75
<b>Total</b>	<b>3,517.13</b>	<b>2531.60</b>



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**Note: - 6****Financial assets****6.1 Other Financial Assets**

Particulars	(INR in Lakhs)		
	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
<b>At Amortised cost</b>			
Receivable from South Central Railways under Service Concession Arrangement (Value of land) (Refer note-28)	1,340.07	1,142.49	943.43
<b>Total</b>	<b>1,340.07</b>	<b>1,142.49</b>	<b>943.43</b>

**Note: - 7****Other non-current assets**

Particulars	(INR in Lakhs)		
	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
<b>a) Capital Advances</b>			
Advances towards Project Expenditure			
- Advance for Sleepers	-	-	1,080.00
- Advance for Land	-	600.00	600.00
- Mobilisation Advance	397.28	2,370.62	2,013.27
<b>b) Other than Capital Advances</b>			
Maintenance Charges Paid in Advance for Building	10.75	13.66	16.58
<b>Total</b>	<b>408.03</b>	<b>2,984.28</b>	<b>3,709.85</b>

**Note: - 8****Financial Assets - Current****8.1 Trade Receivables**

Particulars	(INR in Lakhs)		
	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
<b>Trade Receivables</b>			
Unsecured, considered good			
- Trade receivables	523.33	738.67	939.14
<b>Total</b>	<b>523.33</b>	<b>738.67</b>	<b>939.14</b>

**Note 8.1.1** The trade receivable represents the amount receivable from the South Central Railways (SCR) being the gross revenue apportioned and are non interest bearing. Since, the revenue apportioned by the South Central Railways is on provisional basis and the final figures may vary, the above trade receivables and their classification is subject to change. Further, the amount of receivable being Rs. 523.33/- lakhs (March 31st 2016 Rs. 738.67/- Lakhs) (1st April 2015 Rs. 939.14 Lakhs) is subject to confirmation by the South Central Railways.

**Note 8.1.2** Trade receivables are non-interest bearing and are generally on terms of 15 to 75 days.

**Note 8.1.3** No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. No any trade or other receivable are due from firm or private companies respectively in which any director is a partner, a director or member.



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**Note: - 8.2****Cash and Cash Equivalent**

Particulars	(INR in Lakhs)		
	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Balances with banks:			
– On current accounts	468.39	889.83	307.48
– Deposits with original maturity of less than three months	-	-	150.00
<b>Total</b>	<b>468.39</b>	<b>889.83</b>	<b>457.48</b>

**Note 8.2.1** As at 31st March 2017 the company had available Rs. 8,245.24/- Lakhs ( As at 31st March 2016 , the company had available Rs. 71,603.12/- Lakhs ) (As at April 1, 2015: 73,812.34/- Lakhs) of undrawn committed borrowing facilities.

**Note 8.2.2** The company did not hold cash in hand in the form of SBNs and there were no transection of cash during the period from 8th November 2016 to 30th December 2016. Therefore, there are no reportable transection for notification no.GSR308(E) dated 30th March 2017.

**8.3 Other Financial Assets-Current**

Particulars	(INR in Lakhs)		
	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
<b>a) Other Receivables</b>			
Receivable from Banks towards Interest	64.80	9.25	-
Accrued Interest on Fixed Deposits			0.22
<b>Total</b>	<b>64.80</b>	<b>9.25</b>	<b>0.22</b>

**Note: - 9****Current Tax**

Particulars	(INR in Lakhs)		
	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
<b>Current Tax Assets</b>			
Advance Tax Paid / Tax deducted at source	119.33	119.33	111.46
<b>Total</b>	<b>119.33</b>	<b>119.33</b>	<b>111.46</b>
<b>Current Tax Liability</b>			
Current Year Tax	65.01	-	-
Tax Deducted at Source	5.33		
<b>Total</b>	<b>59.68</b>	<b>-</b>	<b>-</b>

**Note: - 10****Other current assets**

Particulars	(INR in Lakhs)		
	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
<b>a) Other than Capital Advances</b>			
Maintenance Charges Building Assets	2.92	2.92	2.92
Other Advances	0.03	0.01	4.71
<b>b) Others</b>			
Prepaid Expenses	11.46	11.38	7.11
<b>Total</b>	<b>14.41</b>	<b>14.31</b>	<b>14.74</b>



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**Note: - 11**  
**Equity Share capital**

(INR in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
<b>Authorized share capital</b>			
27,00,00,000 Equity Share of Rs 10 each	27,000.00	27,000.00	27,000.00
(March 31,2016: 27,00,00,000 Equity Share of Rs 10 each)			
(April 1,2015: 27,00,00,000 Equity Share of Rs 10 each)			
	<b>27,000.00</b>	<b>27,000.00</b>	<b>27,000.00</b>
<b>Issued/Subscribed and Paid up Capital</b>			
27,00,00,000 Equity Share of Rs 10 each	27,000.00	27,000.00	27,000.00
(March 31,2016: 27,00,00,000 Equity Share of Rs 10 each)			
(April 1,2015: 27,00,00,000 Equity Share of Rs 10 each)			
	<b>27,000.00</b>	<b>27,000.00</b>	<b>27,000.00</b>

**Reconciliation of the number of equity shares and share capital**

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	No. of shares (in Lakhs)	Amount in Lakhs	No. of shares (in Lakhs)	Amount in Lakhs	No. of shares (in Lakhs)	Amount in Lakhs
Issued/Subscribed and Paid up equity Capital outstanding at the beginning of the year	2,700.00	27,000.00	2,700.00	27,000.00	2,700.00	27,000.00
Add: Shares Issued during the year	-	-	-	-	-	-
Issued/Subscribed and Paid up equity Capital outstanding at the end of the year	<b>2,700.00</b>	<b>27,000.00</b>	<b>2,700.00</b>	<b>27,000.00</b>	<b>2,700.00</b>	<b>27,000.00</b>

**Terms/Rights attached to Equity Shares**

The company has only one class of equity shares having par value of Rs. 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.

**Details of shares held by each shareholder holding more than 5% shares in the company**

Name of the shareholder	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	No. of Shares (in Lakhs)	% holding in the class	No. of Shares (in Lakhs)	% holding in the class	No. of Shares (in Lakhs)	% holding in the class
1 Rail Vikas Nigam Limited (RVNL)	810.00	30.00%	810.00	30.00%	810.00	30.00%
2 Krishnapatnam Port Company Ltd.(KPCL)	810.00	30.00%	810.00	30.00%	810.00	30.00%
3 National Mineral Development Corporation (NMDC)	400.00	14.82%	400.00	14.82%	400.00	14.82%
4 State of Andhra Pradesh (GOAP)	350.00	12.96%	350.00	12.96%	350.00	12.96%
5 Bramhani Industries Limited (BIL)	330.00	12.22%	330.00	12.22%	330.00	12.22%
Total	<b>2,700.00</b>	<b>100%</b>	<b>2,700.00</b>	<b>100%</b>	<b>2,700.00</b>	<b>100%</b>

**Aggregate number of shares issued for consideration other than cash , bonus shares issued and shares bought back during the year:-**

Particulars	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
Equity Shares issued for consideration other than cash	-	-	-	-	-
Equity Shares issued as fully paid up bonus shares	-	-	-	-	-
Equity Shares bought back	-	-	-	-	-



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**Note: - 12**  
**Other Equity**

Particulars	(INR in Lakhs)		
	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Retained Earnings (Refer Note 12.1)	-2,127.73	-2,136.13	-2,340.88
<b>Total</b>	<b>-2,127.73</b>	<b>-2,136.13</b>	<b>-2,340.88</b>

**Note 12.1 Retained Earnings**

Particulars	(INR in Lakhs)	
	As at 31st March 2017	As at 31st March 2016
Opening Balance		(2,340.88)
Profit for the period	8.40	204.75
<b>Total</b>	<b>(2,127.73)</b>	<b>(2,136.13)</b>

**Distributions Made and Proposed**

Particulars	Amount (Rs. in Lakhs)	
	As at 31st March 2017	As at 31st March 2016
<b>Cash dividend on Equity shares declared and paid</b>		
Interim Dividend for the year ended on March 31st 2017 Rs. Nil per share (March 31st 2016 Nil)	-	-
Dividend Distribution Tax paid on above	-	-
Proposed Final Dividend on Equity Shares	Nil	Nil

**Note: - 13**

**Financial Liability-Non Current**

**13.1 Borrowings**

Particulars	(INR in Lakhs)		
	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
<b>Secured- At Amortised Cost</b>			
Term Loans			
From Banks	85,054.76	21,696.88	19,487.66
<b>Total</b>	<b>85,054.76</b>	<b>21,696.88</b>	<b>19,487.66</b>

**Note 13.1.1 Summary of borrowing arrangement**

i) A Term Loan of Rs. 933/- crore has been taken by the company from the Banks against the project cost of Rs. 1866/- Crore under the common Loan agreement, out of which Rs. 850.54/- Crore has been disbursed by the Bank up to 31st March 2017.

**Note 13.1.2 Terms of security for loan are as follows:**

The Secured Obligations shall, to the satisfaction of the Secured Parties, be secured to the extent permitted under the Concession Agreement by:-

a) a first mortgage and charge on all the Borrower's immovable properties, both present and future (save and except Project Site);(see note-3 and 4)

b) a first charge on all the Borrower's tangible moveable assets, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, both present and future (save and except the Rolling Stocks);(see note-3)



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c) a first charge on all bank accounts of the Borrower, including but not limited to the Trust and Retention Account and the Retention Accounts, or any account in substitution thereof established and opened pursuant to the provisions of the TRA Agreement or any of the Project Documents wherein all revenues, Drawdowns, Receivables and other funds of the Borrower shall be deposited from time to time and all Permitted Investments or other securities representing all amounts credited to the TRA Account;(see note-8.2)

d) a first charge on all Receivables (including profits of the Borrower after provisions for Tax and dividends (if any as permitted under this Agreement)) of the Borrower pertaining to the Project; (see note-8.1)

e) a first charge on all intangibles of the Borrower including but not limited to goodwill, intellectual property rights, undertakings, present and future; (see note-4)

f) a first charge on the uncalled capital of the Borrower;

g) a first charge/assignment of the security interest

(i) on all the rights, title, interest, benefits, claims and demands whatsoever of the Borrower in, to and under the Project Documents (excluding the Concession Agreement); all as amended, varied or supplemented from time to time; and

(ii) all the rights, title, interest, benefits, claims and demands whatsoever of the Borrower in, to and under any letter of credit, guarantee including contractor guarantees, liquidated damages and performance bonds provided by any party to the Project Documents (excluding the Concession Agreement);

Provided that the aforesaid, mortgages, charges, assignments and guarantees shall in all respects rank pari-passu inter-se amongst the Lenders without any preference or priority to one over the other or others.

#### Note 13.1.3 Terms of Repayment

The Facility have a door-to-door tenure of 16 years and 4 months. The Facility shall be repaid in 40 (forty) equal quarterly instalments starting from 31st October, 2018.

#### Note 13.1.4 Interest Terms

The Applicable Interest rate is SBI Base rate plus spread of 1.5%.

#### 13.2 Trade Payables

(INR in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
<b>At Amortised Cost</b>			
Overhead Cost Payable (SCR)	283.98	309.92	331.51
<b>Total</b>	<b>283.98</b>	<b>309.92</b>	<b>331.51</b>
<b>Total Financial Liabilities</b>	<b>85,338.74</b>	<b>22,006.80</b>	<b>19,819.17</b>

Trade payable represents Overhead cost payable (i.e. Salary for RPF, medical and personnel, accounts and corresponding retirement benefits etc.) which are not payable to South Central Railway as it is deferred for first five year of operation and same being payable by the company over a period of 10 years commencing from the 6th year of operation as per the O&M agreement. In terms of clause 3.1.8 of the operations and maintenance cost agreement.



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**Note: - 14**  
**Deferred Tax**

(INR in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Deferred tax liability	1,002.57	701.20	473.72
Deferred tax assets	(710.41)	(388.57)	(274.34)
Deferred tax liability (Net of deferred tax assets)	<u>292.16</u>	<u>312.63</u>	<u>199.38</u>
<b>The balance comprises to temporary differences attributable to:</b>			
<b>Deferred tax assets</b>			
Tax Losses	710.41	388.57	274.34
	<u>710.41</u>	<u>388.57</u>	<u>274.34</u>
<b>Deferred tax liability</b>			
Property, Plant and Equipment & Intangible Assets	1,002.57	701.20	473.72
	<u>1,002.57</u>	<u>701.20</u>	<u>473.72</u>
<b>Deferred Tax Assets (Liability)</b>	<u>(292.16)</u>	<u>(312.63)</u>	<u>(199.38)</u>



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**Note: - 15****Other Non current Liability**

(INR in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
a) Fair valuation adjustment-Financial Liabilities			
Overhead Cost Payable	177.64	204.62	231.60
<b>Total</b>	<b>177.64</b>	<b>204.62</b>	<b>231.60</b>

It represents unamortized portion of the difference between the fair value of financial Liabilities on initial recognition and expenditure incurred.

**Note: - 16****Provisions**

(INR in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Provisions for Re-surfacing Cost	1,319.67	623.96	-
<b>Total</b>	<b>1,319.67</b>	<b>623.96</b>	<b>-</b>

In terms of Concession agreement, there is an obligation on the Company to keep the project assets in working condition, including making replacement, as per laid down standards of MOR, of all project assets whose codal life expire during the concession period. Accordingly, Company has made estimated liability of Rs. 5,000 lakhs in respect of replacement obligations arising during the remaining concession period as per requirement of Appendix A of the Ind AS 11. Based on said estimated liability, yearly provision of Rs. 623.96 lakhs has been made [Refer note no 25]. Interest cost of Rs. 71.75 lakhs upto 31st March 2017 (Previous year ended 31st March 2016 : Nil) have been charged to Statement of Profit and Loss [Refer note no 23].

**Note: - 17****Financial Liability-Current****17.1 Trade Payables**

(INR in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Overhead Cost Payable (SCR) [Refer Note 13.2]	55.11	61.79	69.29
O&M Expenses Payable (SCR)	256.81	297.99	449.02
Trade Payable to Related party (RVNL)[Refer Note 17.2.1]	-	30.96	-
<b>Total</b>	<b>311.92</b>	<b>390.74</b>	<b>518.31</b>

**17.2 Other Financial Liability**

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Audit Fees Payable	2.05	1.82	1.65
Rail Vikas Nigam Limited [Note 17.2.1]	26,736.66	45,455.82	15,673.96
Expenses Payable	94.37	16.69	56.38
Director Nomination Fees	-	-	3.00
Secured- At Amortized Cost			
Term Loans			
From Banks - Interest Payable on Loan (Refer Note 13.1)	33.79	71.16	8.76
<b>Total</b>	<b>26,866.87</b>	<b>45,545.49</b>	<b>15,743.75</b>

**Total Current Financial Liability**

	<b>27,178.79</b>	<b>45,936.23</b>	<b>16,262.06</b>
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**Note 17.2.1 Terms of Payment to RVNL**

RVNL does not allow any credit period to company, In case of failure to make timely payment to RVNL, then the Interest is payable at the SBI base rate plus one percent from the last date of the month in which expenditure is incurred and charged up to the date of actual payment received from company.

**Note: - 18**

**Other Current Liability**

(INR in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Statutory liabilities			
TDS payable	174.75	180.94	75.75
Service Tax Payable	0.02	-	-
<b>Total</b>	<b>174.77</b>	<b>180.94</b>	<b>75.75</b>



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## Note 19 : Revenue from Operation

(INR in Lakhs)

Particulars	For the year ended March 31st, 2017	For the year ended March 31st, 2016
Sale/Rendering of services	3,689.45	4,145.75
Other operating revenue		
Construction contract revenue under SCA	48,946.93	33,858.81
<b>Total</b>	<b>52,636.38</b>	<b>38,004.56</b>

### Note (i) : Operating Income:

a) After completion of the Phase-I of the project on 15th November 2008, same is being operated by South Central Railway (SCR) and revenue is being collected by SCR which has been apportioned between the company and various Zonal Railways from 15th November 2008 in terms of Operation and Maintenance Agreement dated 6th, January 2012 signed detailing the modalities of revenue and cost sharing between the company and SCR. Phase 3 of the project is being operated from 2nd March 2014.

Revenue is based on the Calculation sheets received from SCR showing Apportioned Revenue and O&M expenses on Provisional basis. Also the Figures intimated by SCR are provisional and Subject to Confirmation. Hence any Impact arising out of Confirmation of the Figures will be accounted for in the year in which it is finalized.

b) Krishnapatnam Railway Company Limited (KRCL) is anticipating earnings on Length of about 10 Km section from Krishnapatnam Railway Station to the Buffer of Port from South Central Railway and O&M Cost. Hence, the revenue reported is subject to the same.

c) Krishnapatnam Railway Company Limited (KRCL) is also anticipating earnings on account of apportioned Terminal Cost from South Central Railway (SCR) pending due to railway board decision which is not quantified yet. Hence, the revenue reported is subject to the same.

d) Further all supporting evidences related to revenue bookings are being controlled and managed by SCR only and not made available for verification

e) Also the Income pertaining to Phase-1 and Phase -3 can not be segregated due to non availability of any information from SCR pertaining to same.

## Note 20 : Other Income

(INR in Lakhs)

Particulars	For the year ended March 31st, 2017	For the year ended March 31st, 2016
Interest Income		
Interest income on Fixed Deposits (at amortised cost)	-	3.92
Other Non Operating Income		
Unwinding of discount on receivable from South Central Railways under SCA	131.41	115.60
Income from reversal of deferred Overhead costs payable	26.98	26.98
<b>Total</b>	<b>158.39</b>	<b>146.50</b>





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

(INR in Lakhs)

Particulars	For the year ended March 31st, 2017	For the year ended March 31st, 2016
Operation & Maintenance Expenses	1,535.58	1,833.60
Overhead Cost	272.13	194.23
Construction Contract Cost under SCA	48,946.93	33,858.81
<b>Total</b>	<b>50,754.64</b>	<b>35,886.64</b>

**Note (i)** : Operation & Maintenance Expenses recognized in current year as intimated by South Central Railway are provisional and subject to Confirmation. Hence, any impact arising on the confirmation of the figures will be accounted for in the year in which it is finalized.

**Note (ii)** : South Central Railway has claimed service tax on the services related to operation and Maintenance and indirect cost.

**Note (iii)** : Also, the O&M expenses pertaining to Phase 1 and Phase 3 can not be segregated due to non availability of any information from SCR pertaining to same.

**Note (iv)** : Operation agreement pertaining to operation of phase 3 line is pending for finalization and signing.

**Note (v)** Operation & Maintenance expenses of Phase 1 and Phase 3 are being accounted for in terms of the Operations and Maintenance Agreement signed with South Central Railway for 24.50 Km Railway line from Venkatachalam to Krishnapatnam for Phase 1.

**Note (vi)** Operation & Maintenance expenses includes Lease Rent of Rs. 1 in accordance with terms of concession agreement.

**Note (vii)** All supporting evidences related to O & M expenses incurred have been controlled and managed by SCR only and not made available for verification.

## Note 22 : Employee Benefit Expenses

(INR in Lakhs)

Particulars	For the year ended March 31st, 2017	For the year ended March 31st, 2016
Salary & Wages	20.53	13.99
<b>Total</b>	<b>20.53</b>	<b>13.99</b>

## Note 23 : Finance Costs

(INR in Lakhs)

Particulars	For the year ended March 31st, 2017	For the year ended March 31st, 2016
Interest cost:		
Interest on Loan to bank at amortised cost	462.31	496.98
Other borrowing cost:		
Unwinding of discount on Overhead costs payable	41.06	44.59
Unwinding of interest cost on Provision for Re-surfacing (Refer note-16)	71.75	-
<b>Total</b>	<b>575.12</b>	<b>541.57</b>



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**Note 24 : Depreciation and amortization**

(INR in Lakhs)

Particulars	For the year ended March 31st, 2017	For the year ended March 31st, 2016
Depreciation on Property Plant and Equipment (Note 3)	39.56	43.91
Amortisation of Intangible Assets (Note 4)	663.03	655.33
<b>Total</b>	<b>702.59</b>	<b>699.24</b>

**Note 25 : Other Expenses**

(INR in Lakhs)

Particulars	For the year ended March 31st, 2017	For the year ended March 31st, 2016
(a) Legal & Professional Fees	23.51	26.49
(b) Travelling and Conveyance	11.26	10.95
(c) Payments to the Auditor as		
(i) Auditor	1.56	1.30
(ii) Taxation Matters	0.69	0.69
(iii) Reimbursement of expenses	0.08	0.13
(d) Telephone Charges	0.79	0.86
(e) Printing & Stationery	0.34	0.55
(f) Insurance Expenses	11.73	7.26
(g) Membership & Subscription Charges	3.45	13.45
(h) Repair & Maintenance	2.92	2.92
(i) Miscellaneous Expenses	2.96	3.06
(h) Medical expenses	0.70	-
(l) Business Promotion	5.00	-
(j) Provisions for Re-surfacing Cost	623.96	623.96
<b>Total</b>	<b>688.95</b>	<b>691.62</b>



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**Note: - 26**  
**Income Tax Expense**

**Note 26.1 Income tax recognised in profit and loss**

Particulars	(INR in Lakhs)	
	As at 31st March 2017	As at 31st March 2016
<b>Current income tax:</b>		
Current income tax charge	65.01	-
Adjustments in respect of current income tax of previous year	-	-
<b>Deferred tax:</b>		
In respect of the current year	-20.47	113.25
<b>Total</b>	<u>44.54</u>	<u>113.25</u>

**Note 26.2 Reconciliation between tax expense and the accounting profit :**

Particulars	(INR in Lakhs)	
	As at 31st March 2017	As at 31st March 2016
Accounting profit before tax from continuing operations	52.94	318.00
<b>Accounting profit before income tax</b>	<u>52.94</u>	<u>318.00</u>
At India's statutory income tax rate of 20.3889% (31 March 2016: 20.3889%)	10.79	64.84
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income</b>		
Impact of IndAS transition Adjustment	54.21	(64.84)
Deferred Tax recognised (Reversed)	-20.47	113.25
<b>At the effective income tax rate of 84.13% (31 March 2016: 35.61%)</b>	<u>44.54</u>	<u>113.25</u>
Income tax expense reported in the statement of profit and loss (relating to continuing operations)	44.54	113.25
	<u>44.54</u>	<u>113.25</u>

**Note 26.3 : Movement in Deferred Tax Liability/(Assets)**

Particulars	Property, Plant and intangible Equipment	Tax Losses
	<b>Opening balance as at 1<sup>st</sup> April 2015</b>	473.72
Charged/(credited) during the year 2015-16		
To Profit and Loss	227.48	-114.23
To Other Comprehensive Income	-	-
<b>Closing balance as at 31<sup>st</sup> March 2016</b>	<u>701.20</u>	<u>-388.57</u>
Charged/(credited) during the year 2016-17		
To Profit and Loss	301.37	-321.84
To Other Comprehensive Income	-	-
<b>Closing balance as at 31<sup>st</sup> March 2017</b>	<u>1,002.57</u>	<u>-710.41</u>



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Note: - 27

**Earnings per share (EPS)**

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
	(₹ per share)	(₹ per share)
<b>Basic EPS</b>		
From continuing operation	0.00	0.08
From discontinuing operation	-	-
<b>Diluted EPS</b>		
From continuing operation	0.00	0.08
From discontinuing operation	-	-

**27.1 Basic Earning per Share**

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

Particulars	(INR in Lakhs)	
	Year ended 31st March, 2017	Year ended 31st March, 2016
Profit attributable to equity holders of the company:		
Continuing operations	8.40	204.75
Discontinuing operations	-	-
Earnings used in calculation of Basic Earning Per Share	8.40	204.75
Weighted average number of shares for the purpose of basic earnings per share	2,700	2,700

**27.2 Diluted Earning per Share**

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

Particulars	(INR in Lakhs)	
	Year ended 31st March, 2017	Year ended 31st March, 2016
Profit attributable to equity holders of the company:		
Continuing operations	8.40	204.75
Discontinuing operations	-	-
Earnings used in calculation of diluted Earning Per Share from continuing operations	8.40	204.75

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

Particulars	(INR in Lakhs)	
	Year ended 31st March, 2017	Year ended 31st March, 2016
Weighted average number of Equity shares used in calculation of basic earnings per share	2,700	2,700
Effect of dilution:		
Share Options	-	-
Weighted average number of Equity shares used in calculation of diluted earnings per share	2,700	2,700



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## KRISHNAPATNAM RAILWAY COMPANY LIMITED

### Note: 28 Service Concession arrangements

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

- The Grantor controls or regulates which services the operator should provide with the infrastructure, to whom it must provide them, and at what price; and
- 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 KRCL(Company) has entered into a Concession Agreement with Ministry of Railways (MoR), Government of India dated 23rd November, 2007 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 period is determined with reference to attainment of NPV payback benchmark at the rate of return of 14%. The concession period shall be 30 years of operation or till the NPV payback equal to equity investment is reached, whichever is earlier. In case the NPV payback is reached earlier than 30 years, the concession agreement would stand terminated and the project line would be re-possessed by railway.

At the end of concession period, the project assets shall be hand over by KRCL to MOR and KRCL shall be entitled to receive and MOR shall pay to KRCL an amount equal to the value of new assets and additional facilities created by the KRCL net of depreciation and amortisation. The original existing assets leased to KRCL by MOR shall revert back to MOR. The fresh land acquired by MOR and leased to KRCL shall also revert back to MOR on payment of an amount equal to the cost of acquisition.

In terms of the above agreement upon expiry of 30 years of operation the concession period shall be extended by an equal period of time which corresponds to the period for which material disruption of operation and maintenance occurred during the concession period. However such extension will be limited to provision that if NPV payback equal to equity investment is reached earlier then the period so extended , the concession period would stand terminated.

In case of material breach in terms of the agreement the MOR and KRCL 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 South Central Railway (SCR) under its right, vide agreement dated 6th January, 2012 which is co-terminus with the Concession Agreement, entered into between the MoR and KRCL. Further, in terms of this agreement, SCR is to operate traffic (Passenger & Freight), collect revenue, maintain the facility and is required to pass-on the apportioned revenue and operation & Maintenance cost to Krishnapatnam Railway Company Limited (KRCL).

The above project is covered in three phase :

Phase-1 of the Project involving the laying of railway line of 24.5 Km from Krishnapatnam to Venktachalam (as per concession agreement signed on 06-01-2012) has been completed and commercial traffic is being operated on the same w.e.f from November 15th, 2008.

Phase-2 of the project is under construction and expenditure incurred on same is appearing as intangibles under development.

Phase-3 of the Project involving the doubling of the track laid down in phase 1 has been completed and commercial traffic is being operated on the same w.e.f. from 2nd March 2014.

For the year ended 31st March 2017, the company has recognized revenue of ` 52,636.38 Lakhs (for the year ended 31st March 2016: ` 38,004.56 Lakhs), consisting of ` 48,946.93 Lakhs (for the year ended : 31st March 2016: 33,858.81 Lakhs) on construction of intangible assets under service concession arrangement and ` 3,689.45 Lakhs (for the year ended 31st March 2016: ` 4,145.75 Lakhs) towards sharing of apportioned earning from operation of railway line under service concession arrangement. Company has recognized profit of ` 52.94 Lakhs for the year ended 31st March 2017 (for the year ended 31st March 2016: 318.00 Lakhs) , consisting of a nil profit on construction of intangible assets under service concession arrangement and a profit of ` 52.94 Lakhs for the year ended 31st March 2017 (for the year ended 31st March 2016: ` 318.00 Lakhs) towards sharing of apportioned earning from operation of railway line under service concession arrangement. The revenue recognized in relation to construction of intangible assets under service concession arrangement in F.Y.2016-17 represents the fair value of services provided towards construction of intangible assets under service concession arrangement. The company has recognized receivable under service concession arrangement measured at the fair value at 31st March 2017 of ` 1,340.07 Lakhs (at 31st March 2016 : ` 1,142.49 Lakhs) (at 1st April 2015 : ` 943.43 Lakhs), representing the present value of fresh land acquired by MOR and leased to KRCL which is recoverable at the end of concession period from MOR of which `247.01 Lakhs (at 31st March 2016: `115.60 Lakhs) represents accrued interest as at 31st March 2017. The company has recognized an intangible asset of ` 45.52 Lakhs (31st March 2016: ` 239.49 Lakhs), of which ` 0.44 Lakhs (31st March 2016 : ` 3.01 Lakhs) has been amortized in F.Y.2016-17. The intangible asset represents the freight sharing rights to receive freight traffic earnings under service concession agreement.

### Notes :29 Capital management

The company objective 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. The company maintain an optimal capital structure of Debt equity to reduce the cost of capital. The company debts includes long term debt , interest bearing loans and borrowings from banks.





(INR in Lakhs)

Particulars	31 March 2017	31 March 2016	01 April 2015
Borrowing (Note No. 13.1)	85,054.76	21,696.88	19,487.66
<b>Net debt</b>	<b>85,054.76</b>	<b>21,696.88</b>	<b>19,487.66</b>
Equity (Note No. 11)	27,000.00	27,000.00	27,000.00
Other equity (Note No. 12)	(2,127.73)	(2,136.13)	(2,340.88)
<b>Total equity</b>	<b>24,872.27</b>	<b>24,863.87</b>	<b>24,659.12</b>
<b>Net Debt to equity ratio</b>	<b>7.7 : 2.3</b>	<b>4.7 : 5.3</b>	<b>4.4 : 5.6</b>

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

Note: Total long term debt sanctioned by bank is Rs. 933 /- Crores , out of which Rs. 850.55/- Crores has been disbursed by the lender up to 31st March 2017.

### Note 30 :Fair Value measurements

#### (i) Financial Instruments by Category

(INR in Lakhs)

Particulars	31 March 2017			31 March 2016			01 April 2015		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
<b>Financial Assets</b>									
(i) Trade Receivables	-	-	523.33	-	-	738.67	-	-	939.14
(ii) Cash and Cash Equivalents	-	-	468.39	-	-	889.83	-	-	457.48
(iii) Receivable from railways under SCA	-	-	1,340.07	-	-	1,142.49	-	-	943.43
(iv) Other Receivable	-	-	64.80	-	-	9.25	-	-	0.22
<b>Total Financial Assets</b>	-	-	<b>2,396.59</b>	-	-	<b>2,780.24</b>	-	-	<b>2,340.27</b>
<b>Financial Liabilities</b>									
(i) Borrowings	-	-	85,054.76	-	-	21,696.88	-	-	19,487.66
(ii) Trade Payables									
Over Head Cost Payables	-	-	339.09	-	-	371.71	-	-	400.80
Other Trade Payables	-	-	256.81	-	-	328.95	-	-	449.02
(iii) Capital Creditors	-	-	26,736.66	-	-	45,455.82	-	-	15,673.96
(iv) Other payables	-	-	130.21	-	-	89.67	-	-	69.79
<b>Total Financial Liabilities</b>	-	-	<b>1,12,517.53</b>	-	-	<b>67,943.03</b>	-	-	<b>36,081.23</b>

#### (ii) Fair value of financial assets and liabilities that are measured at amortised cost:-

(INR in Lakhs)

Particulars	31 March 2017		31 March 2016		01 April 2015	
	Carrying Value	Fair value	Carrying Value	Fair value	Carrying Value	Fair value
<b>Financial Assets</b>						
Receivable from railways under SCA	1,340.07	1,540.60	1,142.49	1,317.34	943.43	943.43
<b>Total Financial Assets</b>	<b>1,340.07</b>	<b>1,540.60</b>	<b>1,142.49</b>	<b>1,317.34</b>	<b>943.43</b>	<b>943.43</b>
<b>Financial Liabilities</b>						
Over Head Cost Payables	339.09	346.57	371.71	380.33	400.80	400.80
<b>Total Financial Liabilities</b>	<b>339.09</b>	<b>346.57</b>	<b>371.71</b>	<b>380.33</b>	<b>400.80</b>	<b>400.80</b>

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

ii) Long term variable rate borrowings are evaluated by company on parameters such as interest rates, specific country risk factors and other risk factors. Based on this evaluation the fair value of such payables are not materially different from their carrying amount.

iii) The fair value of overhead cost payables and receivables from railways under service concession arrangement were calculated based on cash flows discounted using current lending rate. They are classified as level 3 fair values in fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.



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**Fair Value hierarchy as on 31-3-2017**

Particulars	(INR in Lakhs)			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Financial assets at Amortised Cost				
Receivable from railways under SCA	-	-	1,540.60	1,540.60
	-	-	1,540.60	1,540.60

**Fair Value hierarchy as on 31-3-2017**

Particulars	(INR in Lakhs)			
	Level 1	Level 2	Level 3	Total
<b>Financial Liabilities</b>				
Financial Liabilities at Amortised Cost				
Over Head Cost Payable	-	-	346.57	346.57
	-	-	346.57	346.57

**Fair Value hierarchy as on 31-3-2016**

Particulars	(INR in Lakhs)			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Financial assets at Amortised Cost				
Receivable from railways under SCA	-	-	1,317.34	1,317.34
	-	-	1,317.34	1,317.34

**Fair Value hierarchy as on 31-3-2016**

Particulars	(INR in Lakhs)			
	Level 1	Level 2	Level 3	Total
<b>Financial Liabilities</b>				
Financial Liabilities at Amortised Cost				
Over Head Cost Payable	-	-	380.33	380.33
	-	-	380.33	380.33

**Fair Value hierarchy as on 01-04-2015**

Particulars	(INR in Lakhs)			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Financial assets at Amortised Cost				
Receivable from railways under SCA	-	-	943.43	943.43
	-	-	943.43	943.43

**Fair Value hierarchy as on 01-04-2015**

Particulars	(Amount in Lakhs)			
	Level 1	Level 2	Level 3	Total
<b>Financial Liabilities</b>				
Financial Liabilities at Amortised Cost				
Over Head Cost Payable	-	-	400.80	400.80
	-	-	400.80	400.80

**(iii) Financial risk management**

The Company's principal financial liabilities comprise Bank Borrowings, 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 loans and borrowing, deposits and other non derivative financial instruments



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**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 company long term debt obligations with floating interest rate. 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.

**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.

**d) Liquidity risk**

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

**Note : 31 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) Useful lives of Intangibles**

As described in note 2 (g), company has estimated the useful live of intangible assets (Intangible under service concession arrangement) is 30 years for amortisation of intangible assets, As per service concession arrangement if NPV payback equal to equity investment @14% is reached earlier than 30 years, the concession agreement would stand terminated and the project line would be repossessed by railway.

The financial impact of the above assessment may impact the amortisation expenses in subsequent financial years.

**b) Fair valuation measurement and valuation process**

The fair values of financial assets and financial liabilities is measured using 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 judgement is required in establishing fair values. Judgements 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 30 for further disclosures.

**c) Taxes**

Deferred tax assets are recognized for unused tax losses and unabsorbed depreciation to the extent that it is probable that taxable profit will be available against which losses 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.

The company has carried forward unabsorbed depreciation of Rs. 1,929.39 Lakhs (31st March 2016: 1257.50 lakhs) (1st April 2015: 887.83 lakhs)

**Note :32 Prior Period Errors**

(INR in Lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
<b>Impact on equity (increase/(decrease) in equity)</b>			
Sundry Creditors	-	-	(10.54)
Income Tax Payable	-	-	-
<b>Net Impact on Equity</b>	<b>-</b>	<b>-</b>	<b>(10.54)</b>

Particulars	During the year ended 31st March 2017	During the year ended 31st March 2016
<b>Impact on statement in profit and loss (increase/(decrease) in profit)</b>		
Operation & Maintenance	-	10.08
Legal and professional charges	-	0.46
Income Tax Expenses	-	-
		10.54
<b>Attributable to Equity Holders</b>		<b>10.54</b>

**Impact on statement in profit and loss (increase/(decrease) in profit)**

Operation & Maintenance  
Legal and professional charges  
Income Tax Expenses

Attributable to Equity Holders





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

Particulars	During the year ended 31st March 2017	During the year ended 31st March
<b>Earnings per share for continuing operation</b>		
Basic, profit from continuing operations attributable to equity holders	-	0.0039
Diluted, profit from continuing operations attributable to equity holders	-	0.0039

**Note : 33 Construction Contracts**

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

Particulars	(INR in Lakhs)	
	During the year ended 31st March 2017	During the year ended 31st March
Contract revenue recognised		
Aggregate amount of costs incurred and recognized in profit/Loss	48,946.93	33,858.81
	48,946.93	33,858.81

**Note : 34 Contractual Commitments**

The amount of contractual commitments in relation to project assets recognised as intangible assets.

INR in crores

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Capital commitment for project related assets is estimated at Rs. 384.66 Crores (1866 Cr being total estimated project cost less 1,481.34 Cr being amount of expense incurred till 31-03-2017)			
(Rs. 1866 crores being the total estimated project cost less Rs 991.26 crores being amount of expenses incurred till 31-03-2016) (Rs.1866 crores being the total estimated project cost less Rs 651.84 crore being amount of expenses incurred till 01-04-2015)	384.66	874.74	1,214.16
<b>Total</b>	<b>384.66</b>	<b>874.74</b>	<b>1,214.16</b>

**Note : 35 Operating Lease arrangements**

South Central railway (lessor) has leased all the existing assets as per concession agreement and any land to be newly acquired for the project to company (Lessee) for the duration of Concession Agreement i.e., 30 years or on to attainment of the Net Present Value (NPV) payback equal to equity investment @14% whichever is earlier.

Company shall pay to the lessor, an annual lease rentals @ ₹ 1/- per annum in respect of the new land acquired by South Central Railway and for original land leased to the company as per the extant policy MOR as revised from time to time. This lease rental shall be payable in advance in one single instalment payable in first week of January.

During the F.Y. 2016-17, ₹ 1/- have been recognised as lease expense.



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**Note 36 : Related Party Disclosures**

**36.1 Related Parties**

**A- Related Parties held equity of company**

Name	Relationship	As at 31 March, 2017		As at 31 March, 2016	
		Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Rail Vikas Nigam Limited	Parties to joint venture agreement	8,10,00,000.00	30.00%	8,10,00,000.00	30.00%
Krishnapatnam Port Company Limited	Parties to joint venture agreement	8,10,00,000.00	30.00%	8,10,00,000.00	30.00%
Govt. of Andhra Pradesh	Parties to joint venture agreement	3,50,00,000.00	12.96%	3,50,00,000.00	12.96%
National Mineral Development Corporation Limited	Parties to joint venture agreement	4,00,00,000.00	14.82%	4,00,00,000.00	14.82%
Bramhani Industries Limited	Parties to joint venture agreement	3,30,00,000.00	12.22%	3,30,00,000.00	12.22%

**36.2 Key Managerial personnel of the entity**

Name	Position
Ajay Jain	Director
Trivedi Babu Venkata Nidubrolu	Director
Ramakishan Tanugula	Director
Anil Kumar Yendluri	Director
Venkateswar Akella	Director
Monica Agnihotri	Director
Subbarao Sabbineni	Director
Pradeep Gaur	Director
Vinod Kumar Aggarwal	Director
Ganga Ram Agarwal	Director
Man Singh	Director
Rajendra Prasad Rambharose	Director
Nibarua	Director
Trilok Garg	CS
Shanti Nath Banerjee	CEO
Muni Prasad Tripurasetty	CFO

**36.3 Disclosure of transaction with related parties:**

**(i) Joint Venture:**

(Amount in Lakhs)

Particulars	Transactions (₹)		Outstanding Amount Payable/ (Receivable) (₹)	
	Year ended 31 March 2017	Year ended 31 March 2016	As at 31 March 2017	As at 31 March 2016
<b>RVNL</b>			Unsecured	
Expenditure towards project (Net of interest on mobilisation advance & sale of tender)	41,810.20	29,796.97	26,743.71	45,486.78
Interest Charged by RVNL	4,219.29	2,368.75	-	-
Travelling and Other expenses	5.12	0.50	-	-
Advance for project expenditure paid/Adjusted	(2,573.35)	(722.65)	(397.28)	(2,970.62)
<b>KPCL</b>				
Expenditure towards construction of crew running room	81.28	-	81.28	-



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Sub-contract work have been given to RVNL which has been made at the price prevalent in market.

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

**(ii) Compensation of key management personnel:**

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

Particulars	Year ended 31	Year ended 31
	March 2017	March 2016
Short-term benefits	20.53	13.99
	<b>20.53</b>	<b>13.99</b>

**Note 38 :**

On the basis of legal opinion taken by the company, management is of the view that the provisions of VAT pertaining to Works Contract Tax (WCT) including TDS on WCT provisions are not applicable in respect of the construction work being carried out in the state of Andhra Pradesh by Rail Vikas Nigam Limited on behalf of the company as the KRCL is not transferring the Assets created by way of this contract to any other person and as such KRCL who is the contractee need not be a registered dealer.

**Note 39 :**

The confirmations from South Central Railway for Apportioned Revenue, O&M expenses, balance and statement of account with the company are yet to be received.

**Note 40 :**

There are no reported Micro, Small and Medium enterprises as defined in the "The Micro, Small & Medium Enterprises Development Act 2006" to whom the company owes any dues.

**Note 41: Contingent liability**

a) During the financial year 2014-15 a show cause notice was received from office of Director General of Central Excise Intelligence, Chennai Unit in respect of alleged offence of evasion of Service Tax amounting to Rs. 13.42 Crore plus interest and penalty thereon. The Company has not accepted the liability as Commissioner of Service Tax has given relief to KRCL vide order dated 25.01.2016 for the earlier period upto 31st March 2014. However, the department has filed appeal with CESTAT against the order of Commissioner. In addition to notice for liability upto 31st March 2014, department has also raised demand of Rs. 7.58 crore for financial year 2014-15 on the same matter as explained above. Company has not accepted the liability and has submitted its reply to department. Since the Company had received favourable ruling from Commissioner Service Tax, it is confident that no additional liability will devolve on it.

b) During the previous year, company has received certain bills under protest from contractor pertaining to phase 1 on which a future liability may arise. Financial impact of the same is not ascertainable at present.

c) Contingent liability in respect of claims not acknowledged as debt by the company is Rs.3.72 Crores (Previous year Rs. 3.74 Crore) in respect of Income Tax Assessment Case for A Y 2011-12 pending in ITAT by the Income Tax Department.

**Note 42 : Impairment of Assets**

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

**Note 43: Approval of financial statement**

The financial statements were approved for issue by the Board of Directors on 09/08/2017



# KRISHNAPATNAM RAILWAY COMPANY LIMITED

## Note 44: First-time adoption of Ind AS

The company has prepared the opening balance sheet as per Ind-AS as on April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind-AS, not recognising the items of assets and liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exceptions and certain optional exemptions availed by the company as detailed below.

### Note 44.1 : Exemptions applied

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

Company has applied the following exemptions:-

#### 44.1.1 : Estimates

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).

The estimates used by the company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind-AS and as of 31 March 2016.

#### 44.1.2 : Deemed Costs

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

#### 44.1.3 : Service Concession Arrangement:

Appendix A to Ind AS 11 applies to the Company in respect of the construction of Project railway, the Company has elected to carry previous GAAP carrying amount as at date of transition to Ind AS.





44.2 Reconciliation of (Equity) Balance Sheet as at 1st April 2015 (at the date of Transition)\*

(INR in Lakhs)

Particulars	Foot Notes	Previous GAAP	Adjustments	IND AS
<b>I. ASSETS</b>				
<b>1 Non-current assets</b>				
(a) Property, Plant and equipment	1	16,010.07	(15,552.81)	457.26
(b) Capital work-in-progress	2	40,004.14	(40,004.14)	-
(c) Other Intangible assets	1	-	15,408.90	15,408.90
(d) Intangible assets under development	2	-	39,204.62	39,204.62
(e) Financial Asset				
Other Financial Asset	1,2	-	943.43	943.43
(f) Other non-current assets		3,709.85	-	3,709.85
		59,724.06	(0.00)	59,724.06
<b>2 Current assets</b>				
(a) Financial Assets				
(i) Trade Receivables		939.14	-	939.14
(ii) Cash and cash equivalents		457.48	-	457.48
(ii) Others		0.22	-	0.22
(b) Current tax assets (net)		111.46	-	111.46
(c) Other current assets		14.74	-	14.74
		1,523.04	-	1,523.04
<b>Total Assets</b>		<b>61,247.09</b>	<b>(0.00)</b>	<b>61,247.10</b>
		-		
<b>II. EQUITY AND LIABILITIES</b>				
<b>1 Equity</b>				
(a) Equity Share Capital		27,000.00	-	27,000.00
(b) Other Equity	1,2,4,5	(2,130.96)	(209.92)	(2,340.88)
		24,869.04	(209.92)	24,659.12
<b>2 Liabilities</b>				
<b>(i) Non-current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowing		19,487.66	-	19,487.66
(i) Trade Payables	3	558.72	(227.21)	331.51
(b) Deferred Tax Liability	5	-	199.38	199.38
(c) Other Non-Current Liability	3	-	231.60	231.60
		20,046.38	203.77	20,250.15
<b>(ii) Current liabilities</b>				
(a) Financial Liabilities				
(ii) Trade payables		522.70	(4.39)	518.31
(ii) Other financial liabilities	4	15,733.20	10.55	15,743.75
(b) Other current liabilities		75.75	-	75.75
(c) Current Tax liability (Net)				
		16,331.65	6.16	16,337.81
<b>Total Equity and Liabilities</b>		<b>61,247.09</b>	<b>(0.00)</b>	<b>61,247.10</b>

\* The Previous GAAP figures have been reclassified to confirm to IndAS presentation requirements for the purpose of this note



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**KRISHNAPATNAM RAILWAY COMPANY LIMITED**  
**Note 44.3 Reconciliation of Balance Sheet as at 31st March 2016\***

(INR in Lakhs)

Particulars	Foot Notes	Previous GAAP	Adjustments	IND AS
<b>I. ASSETS</b>				
<b>1 Non-current assets</b>				
(a) Property, Plant and equipment	1	13,695.39	(13,281.50)	413.89
(b) Capital work-in-progress	2	73,706.92	(73,706.92)	-
(c) Other Intangible assets	1	-	14,993.06	14,993.06
(d) Intangible assets under development	2	-	72,823.94	72,823.94
(e) Financial Assets				
(i) Others	1,2	-	1,142.49	1,142.49
(i) Other non-current assets		2,984.28	(0.00)	2,984.28
		90,386.59	1,971.07	92,357.66
<b>2 Current assets</b>				
(a) Financial Assets				
(i) Trade Receivables		738.67	0.00	738.67
(ii) Cash and cash equivalents		889.83	(0.00)	889.83
(iii) Bank Balances other than (ii) above		-	-	-
(iv) Others		9.25	(0.00)	9.25
(b) Current Tax Assets (Net)		119.33	-	119.33
(c) Other current assets		14.31	0.00	14.31
		1,771.39	0.00	1,771.39
<b>Total Assets</b>		<b>92,157.98</b>	<b>1,971.07</b>	<b>94,129.05</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>1 Equity</b>				
(a) Equity Share Capital		27,000.00	-	27,000.00
(b) Other Equity	1,2,4,5,7	(3,153.03)	1,016.89	(2,136.13)
		23,846.97	1,016.89	24,863.87
<b>2 Liabilities</b>				
<b>(i) Non-current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowing		21,696.88	(0.00)	21,696.88
(ii) Trade Payables	3	485.04	(175.12)	309.92
(b) Deferred Tax Liabilities Net	5	-	312.63	312.63
(c) Other Non-Current Liability	3	-	204.62	204.62
(d) Provisions	7	-	623.96	623.96
		22,181.92	966.09	23,148.01
<b>4 Current liabilities</b>				
(a) Financial Liabilities				
(i) Trade payables		402.63	(11.89)	390.74
(ii) Other financial liabilities		45,545.49	0.00	45,545.49
(b) Current Tax liabilities		180.94	0.00	180.94
		46,129.06	(11.89)	46,117.17
<b>TOTAL Equity and Liabilities</b>		<b>92,157.98</b>	<b>1,971.07</b>	<b>94,129.05</b>

\* The Previous GAAP figures have been reclassified to confirm to IndAS presentation requirements for the purpose of this note



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**KRISHNAPATNAM RAILWAY COMPANY LIMITED**

**Note 44.4 Reconciliation of Profit or Loss for the year ended 31st March 2016\***

(INR in Lakhs)

Particulars	Foot Notes	Previous GAAP	Adjustments	IND AS
<b>I. Revenue :</b>				
Revenue from operations	6	4,145.75	33,858.81	38,004.56
II. Other income	1,2,3	3.92	142.58	146.50
<b>III. Total Income (I + II)</b>		<b>4,149.68</b>	<b>34,001.38</b>	<b>38,151.06</b>
<b>IV. Expenses:</b>				
Operating and administrative expenses :	1,4	2,037.91	33,848.73	35,886.64
Employee benefits expenses		13.99	(0.00)	13.99
Finance costs	2	496.98	44.59	541.57
Depreciation, amortization and impairment	3	2,554.73	(1,855.49)	699.24
Other Expenses	4	68.11	623.50	691.62
<b>Total Expenses (IV).</b>		<b>5,171.73</b>	<b>32,661.32</b>	<b>37,833.06</b>
<b>V. Profit/loss Before exceptional items and Tax (III - IV)</b>		<b>(1,022.06)</b>	<b>1,340.06</b>	<b>318.00</b>
VI. Exceptional items		-	-	-
VII. Profit/(Loss) before tax (V - VI)		<b>(1,022.06)</b>	<b>1,340.06</b>	<b>318.00</b>
VIII. Tax expense:				
(1) Current tax				
- For the year		-	-	-
- For earlier years (net)		-	-	-
(2) Deferred tax (net)	5	-	113.25	113.25
Total Tax Expense (VIII)		-	113.25	113.25
<b>IX Profit/(loss) for the period from continuing operation (VII - VIII)</b>		<b>(1,022.06)</b>	<b>1,226.81</b>	<b>204.75</b>
X Profit/(loss) from discontinued operations		-	-	-
XI Tax Expense of discontinued operations		-	-	-
XII Profit/(loss) from discontinued operations (after tax) (X-XI)		-	-	-
<b>XIII Profit/(loss) for the period (IX+XII)</b>		<b>(1,022.06)</b>	<b>1,226.81</b>	<b>204.75</b>
<b>XIV Other Comprehensive Income</b>				
A. (i) Items that will not be reclassified to profit and loss		-	-	-
(ii) Income Tax relating to Items that will not be reclassified to profit and loss		-	-	-
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		-	-	-
<b>XV. Total Comprehensive Income for the period (XIII +XIV) (Comprehensive profit and other comprehensive income for the period)</b>		<b>(1,022.06)</b>	<b>1,226.81</b>	<b>204.75</b>
XVI. Earnings Per Equity Share: (For Continuing Operation)				
(1) Basic		(0.38)	(0.30)	0.08
(2) Diluted		(0.38)	(0.30)	0.08
XVII. Earnings Per Equity Share: (For discontinuing Operation)				
(1) Basic		-	-	-
(2) Diluted		-	-	-
XVIII. Earnings Per Equity Share: (For discontinued and continuing Operation)				
(1) Basic		(0.38)	(0.30)	0.08
(2) Diluted		(0.38)	(0.30)	0.08

\* The Previous GAAP figures have been reclassified to confirm to IndAS presentation requirements for the purpose of this note.



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## KRISHNAPATNAM RAILWAY COMPANY LIMITED

### 44.5 Reconciliation of Total Equity as at 31st March 2016 and 1st April 2015

Particulars	Notes	31 March 2016	01 April 2015
Total Equity (shareholder's fund) as per previous GAAP		23,846.97	24,869.04
<b>Adjustments</b>			
Prior Period Adjustments	4	-	(10.54)
Adjustment of depreciation on Intangible Assets	1	1,855.49	-
Unwinding of discount on receivable from South Central Railways under SCA	1,2	115.60	-
Unwinding of discount on Overhead costs payable	3	(44.59)	
Income from reversal of deferred Overhead costs payable	3	26.98	
Recognition of deferred tax liabilities	5	(312.63)	(199.38)
Provision for Re-Surfacing Cost	7	(623.96)	
<b>Total Equity as per Ind-AS</b>		<b>24,863.86</b>	<b>24,659.12</b>

### 44.6 Reconciliation of Total Comprehensive Income for the year ended 31st March 2016

Particulars	Notes	31 March 2016
<b>Profit after tax as per previous GAAP</b>		<b>(1,022.06)</b>
Construction contract revenue under SCA	6	33,858.81
Income from reversal of deferred Overhead costs payable	3	26.98
Unwinding of discount on receivable from South Central Railways under SCA	1,2	115.60
Prior Period adjustment	4	10.54
Unwinding of discount on Overhead costs payable	3	(44.59)
Adjustment of depreciation on Intangible Assets	1	1,855.49
Recognition of deferred tax liabilities	5	(113.25)
Construction Contract Cost under SCA	4,6	(33,858.81)
Provision for Re-Surfacing Cost	7	(623.96)
<b>Profit after tax as per Ind-AS</b>		<b>204.75</b>

### 44.7 Statement of Cash Flows

The transition from Previous GAAP to IndAS has not had a material impact on the statement of cash flows.



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## Notes to Reconciliation:-

**Note 1 :-** Krishnapatnam Railway Company Limited (KRCL) has entered into service concession arrangement with Ministry of Railway for development, maintenance and operation of railway line which is covered under appendix A of Ind AS 11-Service concession arrangements. As per such appendix A of Ind AS -11 development of project assets of KRCL, operation and maintenance of railway line under service concession arrangement is defined as intangible assets whereas as per the previous GAAP (Accounting Standards) such project assets are recognised as tangible assets. Accordingly closing balance of project assets of ` 13,281.50 Lakhs (01 April 2015 : ` 15,552.81 lakhs) recognised as tangible assets is recognised as intangible assets as "**Freight Sharing Right**" and financial assets. In addition to reclassification from tangible to intangible the depreciation on project assets is recomputed over the life of concession period of project assets. It is resulting the decrease in depreciation by ` 1,855.49 lakhs charged during F.Y 2015-16 as per previous GAAP and is added to the Intangible Assets (Freight Sharing Right). Therefore intangible assets as "**Freight Sharing Right**" is recognised of ` 14,993.06 Lakhs (01 April 2015 : ` 15,408.90 lakhs) and fair value of land of ` 143.92 Lakhs (01 April 2015 : ` 143.92 lakhs) as financial assets. During F.Y. 2015-16 "Unwinding of discount on receivable from South Central Railways under SCA" of Rs. 16.55 lakh as other income is recognised, this has resulted in increase in Receivable from South Central Railway under service concession arrangement by corresponding amount.

**Note 2:-** As per appendix A of Ind AS-11 Service Concession arrangements , closing balance of project assets under development of ` 73,706.92 Lakhs (01 April 2015 : ` 40,004.14 lakhs) recognised as Capital Work in Progress (CWIP) as per previous GAAP is recognised as Intangible assets under development as "**Freight Sharing Right**" under development and financial assets. It has resulted in decrease in value of CWIP by ` 73,706.92 Lakhs (01 April 2015 : ` 40,004.14 lakhs) and the corresponding increase in intangible assets under development (Freight sharing right under development) for ` 72,823.94 Lakhs (01 April 2015 : ` 39,204.89 lakhs) and increase on value of "Receivable from South Central Railway Under Service Concession Arrangement" by ` 882.98 Lakhs (01 April 2015 : Rs. 799.51 Lakhs). During F.Y. 2015-16 "Unwinding of discount on receivable from South Central Railways under SCA" of Rs. 99.04 lakh as other income is recognised, this has resulted in increase in Receivable from South Central Railway under service concession arrangement by corresponding amount.

**Note 3 :-** As per IND AS 109 Overhead Cost Payable to SCR of Rs. 632.40 Lakh (Rs. 558.72 Non Current and Rs. 73.67 Lakhs as current liability) as at 01 April 2015 (South central Railway) is covered under the definition of financial liabilities, therefore it is recognized at fair value of Rs. 400.80 Lakhs (Rs. 331.51 Lakh Non Current and Rs. 69.29 Lakh ) as at 01 April 2015 and the difference in carrying value and fair value of Rs. 231.60 as at 01 April 2015 is deferred and presented as "Fair Value Adjustment-Financial Liability" in financial statement and will be provided in statement of profit and loss account as "Income from Reversal of Differed Overhead Costs Payable" on straight line basis over the period of repayment of overhead costs payable. There is no Impact on equity as on 01st April 2015. During the F.Y. 2015-16, Rs. 44.59 Lakhs has been recognised as finance cost as "Unwinding of discount on overhead costs payable" and out of total deferred liability of Rs. 231.60 Lakhs, an amount of Rs. 26.98 Lakhs has been recognised as "Income from Reversal of Differed Overhead Costs Payable". This has resulted in decrease in equity as on 31st March 2016 and profit & loss for the year ending 31st March 2016 by Rs. 17.61 Lakhs.

**Note 4 :-** As per IND AS 8- Accounting Policies, Changes in Accounting Estimates and Errors , prior period errors need to be corrected retrospectively and if error occurred before the earliest period presented ,the opening balances of assets, liabilities and equity of earliest period presented shall be restated. Therefore prior period expenses of ` 10.54 lakhs recognised during F.Y. 2015-16 as per previous GAAP is corrected as on 01 April 2015. This has resulted in increase in financial liability and decrease in retained earnings by ` 10.54 Lakhs as on 01 April 2015. Further, this has resulted in decrease in profit and loss for F Y 2015-16 by Rs. 10.54 Lakhs, there is no corresponding impact on equity as on 31st March 2016.

**Note 5 :-** IND AS-12 require the recognition of deferred tax using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Various transitional adjustments lead to temporary differences as given in note-1 above. This has resulted in increase in net deferred tax liability of ` 312.62 Lakhs (01 April 2015: ` 199.38 Lakhs) and decrease in retained earnings by the corresponding amount. Deferred tax liability of ` 113.25 Lakhs have been recognised during the F.Y. 2015-16. This has resulted in decrease in equity for F Y 2015-16 by corresponding amount.

**Note 6 :-** As per Appendix A to Ind As 11, construction contract cost under Service Concession arrangement incurred during the financial year, 2015-16 of Rs. 33,858.81/- lakhs on the project assets has been recognised as contract cost under the service concession arrangement. Contract revenue to same extent has been recognized.



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**Note 7 :-** In terms of Concession agreement, there is an obligation on the Company to keep the project assets in working condition, including making replacement, as per laid down standards of MOR, of all project assets whose codal lives expire during the concession period. Accordingly, Company has made estimated liability of Rs. 5000 lakhs in respect of replacement obligations arising during the remaining concession period as per requirement of Appendix A of the Ind AS 11. Based on said estimated liability, yearly provision of Rs. 632.96 lakhs has been made in FY 2015-16. This has resulted in decrease in net profit and equity for the said year by same amount. There is corresponding increase in the long term provision to that extant.



*Cheng*



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# STATUTORY AUDIT REPORT



# Satyendra Jain & Associates

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

D-1, Second Floor,  
DEFENCE COLONY,  
NEW DELHI-110024, INDIA  
Tel.: 011-24652207  
011-24652208  
Fax : Extension - 112  
e-mail : mail@sjain.in  
Web : www.sja.in

To

The Members of KRISHNAPATNAM RAILWAY COMPANY LIMITED

## *Report on the Financial Statements*

We have audited the accompanying Ind AS financial statements of KRISHNAPATNAM RAILWAY COMPANY LIMITED, ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## *Management's Responsibility for the Financial Statements*

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting the 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 control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## *Auditor's Responsibility*

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

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected





depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

#### ***Basis for Qualified Opinion***

i) *Reference is drawn to Note No. 19(1) regarding Accounting of Revenue and Note No. 21(1) regarding accounting for of Operation & Maintenance (O&M) expenses by the company on the basis of provisional advices/calculation sheets provided by South Central Railway (SCR) and not making available the detailed substantiating collateral records and procedures for verification of the same.*

*Further, in view of non-receipt of the confirmation from South Central Railways regarding provisional apportionment of revenue, O&M expenses, service tax claims, overhead expenses and the outstanding balance could vary.*

ii) *Reference is drawn regarding Non-Provision of Departmental charges amounting to Rs.65.10 crores (approximately), payable to Rail Vikas Nigam Limited @ 5% of the total cost of works as per detailed estimate/ revised estimate/ completion estimate in the books of accounts of the Company. In view of non-provision, the impact of same on the financial statements could not be ascertained.*

iii) *Reference is drawn to Note No. 8.1.1, 13.2 and 17.1 regarding outstanding Trade Receivables and Trade Payables, these balances and other balances except of RVNL and Banks are subject to confirmation.*

#### **Qualified Opinion**

Subject to the matters discussed above under the 'Basis of Qualified Opinion' paragraph, in our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the





Company as at March 31, 2017, its financial performance including other Comprehensive Income, its cash flows and the changes in equity for the year ended on that date.

**Emphasis of Matter**

- i) Without qualifying our opinion, attention is drawn towards Note No. 5.2 as such the amount of interest Rs 42,19,29,494/- (Previous year Rs. 23,68,75,169/-) being payable to RVNL on its outstanding balance is as calculated by them and accepted as debited by RVNL. As per terms of construction agreement RVNL should charge Interest @ PLR however RVNL was charging interest @ SBI Base Rate Plus 1%. The concept of PLR has ended earlier than signing of the "Construction Agreement". Thus rate of interest as per agreement is bad ab initio.
- ii) Without qualifying our opinion, attention is drawn towards Note No. 19(1) for non-recognition of revenue on account of apportioned terminal cost due to pending decision of Railway Board and earnings on length of about 10 Km section from Krishnapatnam Railway station to the Buffer of port. Efforts are required to finalize the same at the earliest.
- iii) a) The contractor (RVNL) is charging Directional & General Charges (D&G Charges) from the company on the various categories of work executed by it. However, no interest has been charged by the RVNL on D&G charges for the current and previous years' works executed and the same has also not been provided for by the company in its books of accounts.  
  
b) Without qualifying our opinion, attention is drawn towards Note No. 5.4 Clause 10.2 of the Construction Agreement provides "D&G charges shall be payable to RVNL @ 9.13% for civil work, 10.18% for electrical works and 10.69% for S&T work. However, the above percentage shall be calculated finally based on the actual completion cost." Thus D&G charges being capitalized and amortization/depreciation being charged thereon is subject to change based on the outcome of final actual completion cost.
- iv) Without qualifying our opinion, attention is drawn towards Note No. 21(ii) as such South Central Railway has claimed service Tax on the services related to operation and maintenance and indirect cost.
- v) Without qualifying our opinion, we draw attention to Note No. 21(iv) and as such Operation Agreement is yet to be entered into with SCR pertaining to operation of Phase – III which is functional since 2<sup>nd</sup> March' 2014. Thus accounting for of revenue and operation cost of Phase – III between KRCL and SCR is being made on the basis of Operation and Maintenance Agreement for Phase – I. If the terms of agreement change, the related revenue and operation cost will vary.





*As per Operation & Maintenance agreement of Phase – I line, the agreement is to be reviewed every six months but the same was reviewed last in October' 2012.*

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2017 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure I a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by the directions issued by Comptroller and Auditor General of India, in terms of Section 143 (5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we hereby enclose the compliance in Annexure II.
3. As required by section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.
  - e) On the basis of written representations received from the directors, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure III"; and

With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i) The pending litigations have been enumerated in "Notes on Accounts" under "Contingent Liabilities, impact of the same on financial position has been given there.
- ii) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
- iii) There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund.



iv) The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November, 2016 of the Ministry of Finance, during the period from 8 November, 2016 to 30 December, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

For **Satyendra Jain & Associates**

Chartered Accountants

FRN: 012018N

  
(Anil Jain)

Partner

M. No.072783



Date: 09.08.2017

Place : New Delhi



The Annexure I referred to in the Independent Auditor's Report of even date to the members of KRISHNAPATNAM RAILWAY COMPANY LIMITED, on the financial statements for the year ended 31<sup>st</sup> March, 2017.

(i) In Respect of Fixed Assets-

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) According to the information and explanations given to us, the Company has a regular program of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of two years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and as explained to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company, for leasehold land title deeds are held in the name of South Central Railway and leasehold rights are in the name of company as per Lease deed appended in concession agreement.
- (ii) The Company does not have any inventories; accordingly, the provisions of clause 3 (ii) of the Order are not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 accordingly sub clauses (a), (b) & (c) of paragraph 3 (iii) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given any Loans and Guarantees and not made any Investments in securities where the provisions of section 185 and 186 of the Act apply.
- (v) The Company has not accepted any deposits, where the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 and the rules framed thereunder apply. It has been explained that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 for the operations of the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Service tax, Sales tax, Wealth tax, Customs duty and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities though





there has been delay in deposit of TDS on few occasions. As explained to us, the Company did not have any dues on account of Provident Fund, Employees' State Insurance, Sales-tax, Wealth tax, Service tax, duty of Customs, duty of Excise, value added tax and cess. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues were in arrears, as at March 31, 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the following Service tax, sales tax and Income-tax dues have not been deposited with the appropriate authorities on account of dispute:

Name of Statute	Nature of Dues	From where dispute is pending	Period to which the amount pertains	Amount involved (Rs.)
The Income Tax Act' 1961	Income Tax	Rectification U/S 154	A.Y. 2014-15	3.70 Cr.
Finance Act' 1994 (CBEC)	Service Tax	Principal commissioner of Service Tax	F.Y. 2011-12 to F.Y. 2013-14	13.42 Cr.
Finance Act' 1994 (CBEC)	Service Tax	CESTAT	F.Y. 2014-15	7.58 Cr.

- (viii) In our opinion and according to the information and explanations given to us company has generally complied with conditions of loan agreements. However, repayment of principal has not yet become due.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). However the company has raised term loans during the year and the same has been applied for long term purposes.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any





preferential allotment or private placement of shares or issued fully or partly convertible debentures during the year.

- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Satyendra Jain & Associates**

**Chartered Accountants**

FRN: 012018N

(Anil Jain)

Partner

M. No.072783



Date: 09.08.2017

Place : New Delhi

## Annexure II of the Independent Auditors' Report

Annexure to the Independent Auditor's Report referred in our report of even date on the financial statements of **KRISHNAPATNAM RAILWAY COMPANY LIMITED** for the Year ended 31<sup>st</sup> March, 2017.

S. No.	CAG's Direction	Our Report thereon
1.	Whether The company has clear title/lease deeds for freehold and leasehold land respectively. If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	Company has title deed for land procured from NBCC and lease deed of land for railway lines from South Central Railway.
2.	Please report whether there are any cases of waiver/write off of debts/loans/interest etc., if any, the reasons there for and the amount involved.	As per record and information and explanations provided to us, there are no cases of waiver/write off of debts/loans/interest etc.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gifts/grants from Govt. or other authorities.	As per record and information and explanations provided to us, no inventory is lying with third parties and no asset has been received as gifts from Government or any other authorities by KRCL.

For **Satyendra Jain & Associates**

Chartered Accountants

FRN: 012018N

(Anil Jain)

Partner

M. No.072783



Date: 09.08.2017

Place : New Delhi



### **Annexure III of the Independent Auditors' Report**

Annexure to the Independent Auditor's Report referred in our report of even date on the financial statements of **KRISHNAPATNAM RAILWAY COMPANY LIMITED** for the Year ended 31<sup>st</sup> March, 2017.

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

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

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over





financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls over Financial Reporting**

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

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

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






However internal control requires improvements in following areas:

- i) No control over revenue apportionment by South Central Railway (SCR) as revenue sheets are sent by SCR to KRCL only on provisional basis and, no collateral records maintained by the company and as such there is no basis to verify the same.
- ii) No control over Operational & Maintenance expenses, overhead charges, service tax and other such expenses charged by SCR and there are no basis to verify the same.
- iii) As informed to us, management is not having any methodology to identify, ensure and provide for the bills pertaining to current and previous years in respect of the railway line construction project not received from the contractor so far.

**For Satyendra Jain & Associates**

**Chartered Accountants**

FRN: 012018N

  
(Anil Jain)

Partner

M. No.072783



Date: 09.08.2017

Place : New Delhi



## PROXY FORM



**Form No. MGT-11  
Proxy form**

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

**CIN** :U45200TG2006PLC051378  
**Name of the company** : **Krishnapatnam Railway Company Limited**  
**Registered office** : **Amsri Faust Complex,  
Door No 9-1-164/A to 166,  
5<sup>th</sup> Floor, Sarojini Devi Road  
Secunderabad- 500003 Telangana**

**Name of the member (s)** :  
**Registered address** :  
**E-mail Id** :  
**Folio No/ Client Id** :  
**DP ID** :

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name : .....  
Address:  
E-mail Id:

Signature:....., or failing him as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the .....Annual general meeting/ Extraordinary general meeting of the company, to be held on the ..... day of..... At..... a.m. / p.m. at.....(place) and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1.....	5.....
2.....	6.....
3.....	7.....
4.....	8.....

**Signed this ..... day of..... 2017**

**Signature of shareholder**

**Signature of Proxy holder(s)**

**Affix  
Revenue  
Stamp**



# CS&AG REPORT



**ROUTE MAP TO KRCL OFFICE**

**KRCL REGISTERED OFFICE**  
**AMSRI FAUST COMPLEX,**  
 5th FLOOR, No. 9-1-164/A to 9-1-166,  
 SAROJINI DEVI ROAD,  
 SECUNDERABAD.  
 (ABOVE RELIANCE DIGITAL SHOP)  
 OPP: DECCAN CHRONICLE OFFICE



→ S.P ROAD (BEGUMPET ROAD) →

R.P ROAD

S.D.R ROAD

MAHABUB COLLEGE

CLOCK TOWER

TOWARDS SEC'BAB RAILWAY STATION

GARDEN RESTAURANT  
 DECCAN CHRONICLE OFFICE

S.D.R ROAD

ST. ANNS GIRLS HIGH SCHOOL

HOTEL BASERA  
 AMSRI FAUST (RELIANCE DIGITAL SHOP)  
 RVNL OFFICE

SANGEETHA X ROADS

RAIL NILAYAM

OFFICERS' SAMCHALAN REST HOUSE BHAVAN

SECUNDERABAD RAILWAY STATION

