NOTICE

OF

13^{TH} ANNUAL GENERAL MEETING

KRISHNAPATNAM RAILWAY COMPANY LIMITED

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

NOTICE
Of the 13th Annual General Meeting

Notice is hereby given that the 13th Annual General Meeting of members of Krishnapatnam Railway Company Limited will be held on Friday, 27th September, 2019 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, 2019 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 Shri Y. Anil Kumar, (DIN No. 01656402), who retires by rotation and being eligible, offers himself for re-appointment.

3. **Appointment of Director**

To appoint a Director in place of Shri M. P. Singh, (DIN No. 08165734), who retires by rotation and being eligible, offers himself for re-appointment.

4. **Appointment of Director**

To appoint a Director in place of Mrs. Shilpi Agarwal, (DIN No. 08004390), who retires by rotation and being eligible, offers herself for re-appointment.

5. **Remuneration of Statutory Auditors for the year 2019-20**

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 2019-20."

By Order of Board of Directors

Date: September 04, 2019
Place: Hyderabad

Trilok Garg
Company Secretary

NOTES:

1. 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.
2. THE INSTRUMENT APPOINTING PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. CORPORATE MEMBERS ARE REQUESTED TO SEND A DULY CERTIFIED COPY OF THE BOARD RESOLUTION AUTHORIZING THEIR REPRESENTATIVES TO ATTEND AND VOTE AT THE MEETING.
4. RELEVANT DOCUMENTS REFERRED TO IN THE ACCOMPANYING NOTICE ARE OPEN FOR INSPECTION BY THE MEMBERS AT THE REGISTERED OFFICE OF THE COMPANY ON ALL WORKING DAYS EXCEPT SATURDAYS BETWEEN 11.00 AM AND 1.00 PM UPTO THE DATE OF THE MEETING.

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.

DIRECTOR'S REPORT

BOARD'S REPORT

To
The Members,

Your Directors take pleasure in presenting the 13th Annual Report on the working of your Company along with Audited Annual Accounts, for the Financial Year ended March 31, 2019.

1. Financial Performance: Summary of Financial Results

In Rs. Lakhs

Particulars	2018-19	2017-18
Revenue from Operations	74,209.41	67,019.19
Other Income	198.23	180.62
Profit/Loss before Depriciation, Finance Costs, Exceptional Items and Tax Expense	**74,407.64**	**67,199.81**
Less: Depriciation / Amortisation / Impairment	700.82	704.46
Profit / Loss Before Finance Cost, Exceptional items and Tax Expense	**73,706.82**	**66,495.35**
Less: Finance Cost	733.17	632.36
Profit / Loss Before Exceptional items and Tax Expense	**72,973.65**	**65,862.99**
Less : Employees Benefit Expenses, O&M Expenses and Other Expenses	63,693.50	62,712.58
Profit / Loss Before Tax Expense	**9,280.15**	**3,150.41**
Less: Tax Expense (Current & Deffered)	1,988.19	570.48
Profit / Loss for the Year (1)	**7,291.96**	**2,579.93**
Total Comprehensive Income (2)	-	-
Total (1+2)	**7,291.96**	**2,579.93**
Balance of Profit /Loss for the earlier Years	-	-
Less : Transfer to Debenture Redemption Reserve	-	-
Less : Transfer to Reserves	-	-
Less : Dividend paid on Equity Shares	-	-
Less : Dividend paid on Preference Shares	-	-
Less : Dividend Distribution Tax	-	-
Balance Carried Forward (PAT)	**7,291.96**	**2,579.93**
Earnings Per Share	2.02	(.96)
- Basic	2.02	(.96)
- Diluted	2.02	(.96)

*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 2018-19, 20.24 MT traffic was transported on the operational line of 21 KM, whereas, during FY 2017-18, 12.93 MT traffic moved through the line. There was an increase of about 64% in the movement of traffic volume on the Line during the period under report, compared to FY 2017-18. This was primarily happened due to considerable surge in industrial production and power generation witnessed in the last fiscal of the Country. Net earnings of the Company from operations after defraying of O & M Costs but before depreciation also increased by 123.40 % (i.e. Rs. 113.33 Cr. for FY 2018-19 as against Rs. 50.73 Cr. for FY 2017-18) due to increased level of Traffic and also due to receipt of Terminal Cost at Rs.26 per tonne from SCR, during the year.

The traffic during FY 2019-20 is expected to grow by about 5%, due to increase in Imports and Coastal Shipping of coal traffic for powerhouses, steel plants, etc., and export of Dolomite, Stone, Gypsum, etc.

3. Commencement of Operations of Phase-II Single Line from Obulavaripalle to Venkatachalam Road Junction (93 km):

The Construction of the Phase-II Line between Obulavaripalle-Venkatachalam (93 Km) has been completed and after completion of all formalities and receipt all of clearances from SCR and other Authorities, the Commercial Operations on 93 KM section has started with effect from 3rd July, 2019 as per the Notification issued by SCR.

With the commissioning of this 93 Km section, the complete line between Krishnapatnam and Obulavaripalle (113 Km) is now fully operational.

As per the decision of the Board of Directors, the Company has taken over the fixed P-Way Maintenance, including OHE, S & T and TRD of the 93 Km section between Obulavaripalle (OBVP) and Venkatachalam Road Junction (VRJN) in order to save on Fixed Maintenance Cost. The Fixed Maintenance Cost of 93 Km Line by KRCL will save annually about Rs.12 Crore to the Company, in comparison to the Cost of Maintenance if done by Railways. Contracts for maintenance have been awarded initially for a period of 6 Months.

The Company is also in discussion with SCR for execution of a fresh O & M Agreement for the complete 113 Km BG Electrified Railway Line.

4. Reserves

During the year the Company has transferred an amount Rs. 72.92 Cr. to General reserve and total surplus available in the General reserve stands at about Rs. 77.31 Cr., as on 31st March, 2019.

5. Share Capital and Debt Structure

During the year under review, the Authorised Share capital of the Company increased from Rs. 270 Cr. to Rs. 650 Cr. The Company issued 35.50 Crore fresh Equity shares of Rs. 10 each at par, during the year. Out of which 23 Crore Equity shares were allotted to RVNL and 12.50 Crore shares to Sagarmala Development Company Limited which a wholly owned PSU of Ministry of Shipping. Total paid up share capital of the Company as on 31st March, 2019 is Rs. 625 Cr. After allotment of fresh 35.50 Crore shares, the shareholding pattern of KRCL has changed and is produced below:

Shareholder Name	Shareholding as on 31-03-2018		Shares Allotted during FY 2018-19		Shareholding as on 31-03-2019	% of Shareholding
	No. of shares of Rs. 10 each (Crore)	Amt. (Rs. Crore)	No. of Shares of Rs.10 each (Crore)	Amt. (Rs Crore)	(Rs. Cr)	
RVNL	8.10	81.00	23.00	230.00	311.00	49.76%
KPCL	8.10	81.00	-	-	81.00	12.96%
GoAP	3.50	35.00	-	-	35.00	05.60%
SDCL/New Investor	-	-	12.50	125.00	125.00	20.00%
NMDC	4.00	40.00	-	-	40.00	06.40%
BIL	3.30	33.00	-	-	33.00	05.28%
Total	**27.00**	**270.00**	**35.50**	**355.00**	**625.00**	**100%**

The Company has already obtained a Loan of Rs. 930 Crore (sanctioned limit Rs. 933 Crore) before the start of financial year 2018-19 to finance the construction of the project. Since, the cost of the project has increased from the earlier estimate of Rs. 1396 Cr., to Rs. 2060.42 Crore as per FIM prepared by M/s. SBI Caps in 2018. The Company availed a Loan Rs. 145 Crore (sanctioned limit Rs. 150 Crore) during financial year 2018-19 to make part payment of RVNL dues. As on 31st March 2019 total outstanding Term Loan (secured) was Rs. 1074.97 Crore. The term loan is payable in 52 quarterly instalments starting from September, 2019.

6. Dividend

During the year the Company recorded a profit Rs. 72.92 Cr. (approx.) after tax in its accounts. However, the Company is facing critical fund-flow availability position, even to pay the dues of RVNL on account of project construction expenditures and to service the monthly interest on Banks Loan. Hence the Directors do not recommend any dividend for the Financial Year ended on 31stMarch, 2019.

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, except that the 93 Km section of the Line between Obulavaripalle and Venkatachalam has been opened for Commercial Operations with effect from 3rd July, 2019 by SCR. It will increase the Revenue from Operations, for the Company.

9. Details of Board of Directors

9.1 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 reflects diversity in terms of disciplines, professions, social groups, and gender and stakeholder interest.

The strength of the Board as on March 31, 2019 was Eleven (11) Directors. They are as follows:

Sl. No.	Name	DIN Number	Designation
1	Mr. Anurag (MoR)	08166301	Chairperson
2	Dr. Koya Praveen (GoAP)	07858949	Nominee director
3	Dr. T R K Rao (NMDC)	01312449	Nominee Director
4	Mr. D.K. Gupta (SDCL)	08203085	Nominee Director
5	Mr. Anil Kumar Yendluri (KPCL)	01656402	Nominee Director
6	Mr. Devendra Kumar Rai (SDCL)	08335219	Nominee Director
7	Mr. S Subba Rao (KPCL)	07124119	Nominee Director
8	Mr. S. P. Shastri (RVNL)	06474602	Nominee Director
9	Mr. M. P. Singh (RVNL)	08165734	Nominee director
10	Mr. Vinay Singh (RVNL)	03324677	Nominee Director
11	Mrs. Shilpi Agarwal (RVNL)	08004390	Nominee Director

During the financial year ended March 31, 2019, the Board of Directors met Seven (7) times on 16th May, 2018, 26th June, 2018, 20th July, 2018, 10th August, 2018, 01st November, 2018, 29th December, 2018 and 18th February, 2019.

9.2 Details of attendance of each Director in the Board meetings held during the period April 01, 2018 to March 31, 2019:

Sl. No	Name of the Director	Designation	Meetings Held during the tenure	Meetings Attended
1	Mr. Anurag	Chairperson	3	2
2	Dr. Koya Praveen	Nominee Director	7	5
3	Dr. T R K Rao	Nominee Director	7	2
4	Mr. D.K. Gupta	Nominee Director	1	1
5	Mr. Anil Kumar Yendluri	Nominee Director	7	5
6	Mr. Devendra Kumar Rai	Nominee Director	1	1
7	Mr. S Subba Rao	Nominee Director	7	6
8	Mr. S. P. Shastri	Nominee Director	1	0
9	Mr. M. P. Singh	Nominee director	6	6
10	Mr. Vinay Singh	Nominee Director	1	0
11	Mrs. Shilpi Agarwal	Nominee Director	7	5
12	Mr. Pradeep Gaur	Nominee Director	1	1
13	Mr. V. K. Agarwal	Chairperson	4	0

***Cessation/ Appointment/Re-appointment of Directors during April 01, 2018 to March 31, 2019. Details are given under section 9.3 below.**

9.3 Changes in the Board during the period April 01, 2018 to March 31, 2019

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

S. No	Name of the Director	Designation	Appointment Resignation/ Re-appointment and Change in Designation of Director
1.	Mr. V. K. Agarwal	Chairperson	Cessation on September 14, 2018
2.	Mr. Anurag	Chairperson	Appointment on September 14, 2018
3.	Mr. Pradeep Gaur	Nominee Director	Cessation on June 25, 2018
4.	Mr. M. P. Singh	Nominee Director	Appointment on June 25, 2018
5.	Mr. Vinay Singh	Nominee Director	Appointment on January 28, 2019
6.	Mr. S. P. Shastri	Nominee Director	Appointment on January 28, 2019
7.	Mr. D. K. Gupta	Nominee Director	Appointment on January 28, 2019
8.	Mr. D. K. Rai	Nominee Director	Appointment on January 28, 2019

10. 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.

11. 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

12. 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.

13. 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.

14. 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.

15. 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 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.

16. Statutory Auditors Report

M/s Jindal & Co., Chartered Accountants was appointed as Statutory Auditors of the Company for FY 2018-19 by the office of the CAG. The report of the Statutory Auditors of the Company has been received and circulated to the shareholders along with notice of Annual General Meeting.

17. Secretarial Audit Report

The Company appointed Mr. Anil Anand (Company Secretary in Practice), as Secretarial Auditor of the Company for FY 2018-19 pursuant to provisions of Section 204 of the Companies Act, 2013.

The Report of Secretarial Auditor for the Financial Year 2018-19 was received and is annexed to this report as **Annexure-II.**

18. 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.

19. 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 23rd 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 O&M 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 watch 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.

20. Corporate Social Responsibility

The Company is committed to conduct its business in a socially responsible, ethical and environmental friendly manner and to continuously work towards improving quality of life of the communities. The Company has constituted a CSR Committee, which is responsible for fulfilling the CSR Objectives of the Company. As on 31st March 2019, the committee comprised of Three Directors i.e. Shri M. P. Singh, Shri S Subba Rao, and Dr. Koya Praveen as its members. A meeting of the Committee was held on 1st November, 2018.

Corporate Social Responsibility Policy

The Company has in place CSR Policy with lays down the philosophy and approach towards CSR commitment. The annual report on CSR containing particulars specified in Companies (CSR Policy) Rules 2014 including an update on the CSR initiatives taken by the Company during the year in given in Annexure IV and forms integral part of this Report.

21. Compliance with Secretarial Standards

The Board has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

22. 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.

23. 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 of KRCL.

24. Deposits

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

25. 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.

26. Directors Responsibility

Your directors would like to inform that the Audited accounts containing the Financial Statements for the year ended March 31, 2019 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 Jindal & Co., 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.

27. 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.

28. 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 2018-19 the Company had no women employee and has not received any complaint related to sexual harassment.

29. 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 high level of performance and growth of the Company that was achieved during the year under review.

On behalf of the Board of Directors

Shilpi 4/9/19

Place: Hyderabad	**Y. Anil Kumar**	**Shilpi Agarwal**
Date: September 04, 2019	**Acting Managing Director**	**Director**
	(DIN: 01656402)	**(DIN: 08004390)**

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2019

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

I	**REGISTRATION & OTHER DETAILS:**	
i.	CIN	U45200TG2006PLC051378
ii	Registration Date	10/11/2006
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 & 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	
A. Promoters									
(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	5.60	-7.36
c) Bodies Corporates	......	23,49,99,995	23,49,99,995	87.04	35,50,00,000	23,49,99,995	58,99,99,995	94.40	7.36
d) Bank/FI	......	......		......	......	......		......	......
e) Any other	......	......		......	......	......		......	......
SUB TOTAL:(A) (1)		270,000,000	270,000,000	100	35,50,00,000	270,000,000	625,000,000	100	
(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...									
SUB TOTAL (A) (2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)		27,00,00,000	27,00,00,000	100	35,50,00,000	27,00,00,000	625,000,000	100	NIL
B. PUBLIC SHAREHOLDING	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(1) Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) Mutual Funds									
b) Banks/FI									
C) Cenntral govt									
d) State Govt.									
e) Venture Capital Fund									
f) Insurance Companies									
g) FIIS									
h) Foreign Venture Capital Funds									
i) Others (specify)									
SUB TOTAL (B)(1):	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(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)									
SUB TOTAL (B)(2):	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)= (B)(1)+(B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)		27,00,00,000	27,00,00,000	100	35,50,00,000	27,00,00,000	625,000,000	100	

(ii) **SHARE HOLDING OF PROMOTERS**

Sl No.	Shareholders Name	Shareholding at the begginning 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	.....	31,09,99,996	49.76	.....	.....
2	Shri Ashok K. Chaudhary (RVNL)	1		.....	1		.....	.....
3	Shri Arun Kumar (RVNL)	1		.....	1		.....	.....
	Shri S. K. Dhiman (RVNL)	1		....	0		....	
4	Shri A. K. Panda (RVNL)	0		.....	1		.....	.....
	Shri S. C. Agnihotri (RVNL)	1			0			
5	Shri Pradeep Gaur (RVNL)	0		.....	1		.....	.....
6	M/s. Krishnapatnam Port Company Limited (KPCL)	8,09,99,999	30.00	.....	8,09,99,999	12.96	.....	.....
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	5.6	.....	.....
9	M/s. National Mineral Development Corporation Limited (NMDC)	4,00,00,000	14.81	.....	4,00,00,000	6.4	.....	.....
10	M/s. Bramhani Industries Limited (BIL)	3,30,00,000	12.22	.....	3,30,00,000	5.28	.....	.....
11	M/s Sagarmala Development Company Limited	NIL	NIL		12,50,00,000	20		
	Total	270,000,000	100		625000000	100		

(iii) **CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE): As per table above**

Sl. 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 Direcors, Promoters & Holders of GDRs & ADRs)**

Sl. No		Shareholding at the end of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	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** NIL

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors & KMP	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 outstanding/accrued but not due for payment						
			Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year						
i) Principal Amount			9299688001		0	9299688001
ii) Interest due but not paid			0		0	0
iii) Interest accrued but not due			0		0	0
Total (i+ii+iii)			9299688001		0	9299688001
Change in Indebtedness during the financial year					0	
Additions			1450000000		0	1450000000
Reduction			0			0
Net Change			1450000000			1450000000
Indebtedness at the end of the financial year						
i) Principal Amount			10749688001		0	10749688001
ii) Interest due but not paid			0			0
iii) Interest accrued but not due			1257329			1257329
						.....
Total (i+ii+iii)			10750945330		0	10750945330
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 in section 17(1) of the Income Tax. 1961.		-	-	-	-
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961		-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		-	-	-	-
2	Stock option		-	-	-	-
3	Sweat Equity		-	-	-	-
4	Commission		-	-	-	-
	as % of profit		-	-	-	-
	others (specify)		-	-	-	-
5	Others, please specify		-	-	-	-
	Total (A)		-	-	-	-
	Ceiling as per the Act					

B.	**Remuneration to other directors:**			NIL		
Sl.No	**Particulars of Remuneration**		**Name of the Directors**			**Total Amount**
1	Independent Directors					
	(a) Fee for attending board committee meetings			NIL	NIL	NIL
	(b) Commission			NIL	NIL	NIL
	(c) Others, please specify			NIL	NIL	NILL
	Total (1)			NIL	NIL	NIL
2	Other Non Executive Directors			NIL	NIL	
	(a) Fee for attending board committee meetings			NIL	NIL	
	(b) Commission			NIL	NIL	
	(c) Others, please specify.			NIL	NIL	
	Total (2)			NIL	NIL	
	Total (B)=(1+2)			NIL	NIL	
	Total Managerial Remuneration					
	Overall Cieling as per the Act.					
C.	**REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**					
Sl. No.	**Particulars of Remuneration**		**Key Managerial Personnel**			
1	**Gross Salary**		**CEO**	**Company Secretary**	**CFO**	**Total**
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.		1,900,095.00	1,175,364.00	1,141,582.00	4,217,041.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		-	23,318.00	-	23,318.00
	(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		.....	.....	.....	.....
	Total		**1,900,095**	**1,198,682**	**1,141,582**	**4,240,359**

VII	PENALTIES/PUNISHMENT/COMPPOUNDING OF OFFENCES: NIL				
Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeall made if any (give details)
A. COMPANY					
Penalty	.....	.....	.....	.....	.....
Punishment	.....	.....	.....	.....	.....
Compounding	.....	.....	.....	.....	.....
B. DIRECTORS					
Penalty	.....	.....	.....	.....	.....
Punishment	.....	.....	.....	.....	.....
Compounding	.....	.....	.....	.....	.....
C. OTHER OFFICERS IN DEFAULT					
Penalty	.....	.....	.....	.....	.....
Punishment	.....	.....	.....	.....	.....
Compounding	.....	.....	.....	.....	.....
			On behalf of the Board of Directors		
				Shilpi 04/9/19	
Place: Hyderabad			**Y. Anil Kumar**	**Shilpi Agarwal**	
Date: September 04, 2019			**Acting Managing Director**	**Director**	
			(DIN:01656402)	**(DIN: 08004390)**	

CS ANIL ANAND

(Company Secretary in Practice)
351, Prakash Mohalla, East of Kailash, New Delhi – 110065
Ph: +91-9873925927 E-mail: csanilanand96@gmail.com

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: 28/05/2019

CS ANIL ANAND

(Company Secretary in Practice)
351, Prakash Mohalla, East of Kailash, New Delhi – 110065
Ph: +91-9873925927 E-mail: csanilanand96@gmail.com

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2019
[Pursuant to section 204(1) of the Companies Act, 2013and 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, 5thFloor,
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 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by KRISHNAPATNAM RAILWAY COMPANY LIMITED for the financial year ended on 31st March, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made 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.

ANIL ANAND
C.P. No. 1...
New Delhi
Company Secretary

We further report that:

The Board of the Company is duly constituted as per Companies Act, 2013. 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.

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

Place: New Delhi
Date: 28/05/2019

BALANCE SHEET AND
STATEMENT OF PROFIT & LOSS

KRISHNAPATNAM RAILWAY COMPANY LIMITED

Balance Sheet as at 31st March 2019

(₹ in Lakhs)

	Particulars	Note No	As at 31st March 2019		As at 31st March 2018	
I.	**ASSETS**					
1	**Non-current assets**					
	(a) Property, Plant and equipment	3	306.67		339.04	
	(b) Other Intangible assets	4	13,116.34		13,784.79	
	(c) Intangible assets under development	5	2,42,373.15		1,81,581.30	
	(d) Deferred Tax Asset	14			-	
	(e) Financial Assets	6				
	(i) Others	6.1	1,664.96		1,493.71	
	(f) Other non-current assets	7	8.66	2,57,469.78	242.79	1,97,441.63
2	**Current assets**					
	(a) Financial Assets	8				
	(i) Trade Receivables	8.1	1,900.53		2,018.50	
	(ii) Cash and cash equivalents	8.2	5,781.44		633.69	
	(iii) Bank Balances other than (ii) above	8.3	5,000.00		-	
	(iv) Loans	8.4	1.50		-	
	(v) Others	8.5	33.45		16.41	
	(b) Current Tax Assets (Net)	9	119.33		119.33	
	(C) Other current assets	10	14.13	12,850.38	14.10	2,802.03
	Total Assets		**2,70,320.16**		**2,00,243.66**	
II.	**EQUITY AND LIABILITIES**					
1	**Equity**					
	(a) Equity Share Capital	11	62,500.00		27,000.00	
	(b) Other Equity	12	7,731.20	70,231.20	452.19	27,452.19
2	**Liabilities**					
(i)	**Non-current liabilities**					
	(a) Financial Liabilities	13				
	(i) Borrowing	13.1	1,04,271.97		92,996.88	
	(ii) Trade Payables	13.2	260.78		271.94	
	(b) Deferred Tax Liability	14	49.02		123.99	
	(c) Other Non-Current Liability	15	123.68		150.66	
	(d) Provisions	16	2,994.11	1,07,699.56	2,130.85	95,674.31
(ii)	**Current liabilities**					
	(a) Financial Liabilities	17				
	(i) Trade payables	17.1	319.91		215.95	
	(ii) Other financial liabilities	17.2	91,696.08		76,428.06	
	(b) Other Current liability	18	297.22		325.18	
	(c) Current Tax Liability (Net)	9	76.19	92,389.40	147.97	77,117.16
	Total Equity and Liabilities		**2,70,320.16**		**2,00,243.66**	
III.	See accompanying notes to the financial statements (Note-1-46)					

As per our Report of even date attached
For Jindal & Company

Chartered Accountants

FRN : 000844N

JINDAL AND COMPANY FRN : 00844N Chartered Accountants, Delhi

Akhil Jindal
Partner

M No. 090515

Place : 28/05/2019
Date :

New Delhi

For and on behalf of Board of Directors

Subbarao Sabineni
Director
DIN : 07124119

M.P. Singh
Director
DIN : 08165734

Trilok Garg
Company Secretary
M No. 30019

T. Muni Prasad
Chief Financial Officer

KRISHNAPATNAM RAILWAY COMPANY LIMITED
Statement of Profit & Loss for the Year ended 31st March 2019

(₹ In Lakhs)

	Particulars	Note No.	For the year ended 31st March 2019	For the year ended 31st March 2018
I.	**Revenue :**			
	Revenue from operations	19	74,209.41	67,019.19
II.	Other income	20	198.23	180.62
III.	**Total Income (I + II)**		**74,407.64**	**67,199.81**
IV.	**Expenses:**			
	Operation & Maintenance Expense	21	62,875.89	61,946.68
	Employee benefits expenses	22	47.95	31.53
	Finance costs	23	733.17	632.36
	Depreciation and amortization	24	700.82	704.46
	Other Expenses	25	769.66	734.37
	Total Expenses (IV)		**65,127.49**	**64,049.41**
V.	**Profit/loss Before exceptional items and Tax (III - IV)**		9,280.15	3,150.40
VI.	Exceptional items			-
VII.	Profit/(Loss) before tax (V - VI)		9,280.15	3,150.40
VIII.	Tax expense:			
	(1) Current tax			
	- For the year		2,063.99	731.47
	- For earlier years (net)		(0.83)	7.19
	(2) Deferred tax (net)	26	(74.97)	(168.18)
	Total Tax Expense (VIII)		1,988.19	570.48
IX	**Profit/(loss) for the period from continuing operation (VII - VIII)**		7,291.96	2,579.92
X	Profit/(loss) from discontinued operations		-	-
XI	Tax Expense of discontinued operations		-	-
XII	Profit/(loss) from discontinued operations (after tax) (X-XI)		-	-
XIII	**Profit/(loss) for the period (IX+XII)**		**7,291.96**	**2,579.92**
XIV	**<u>Other Comprehensive Income</u>**			
	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		-	-
XV	**Total Comprehensive Income for the period (IX +X) (Comprehensive profit and other comprehensive income for the period)**		**7,291.96**	**2,579.92**
XVI	Earnings Per Equity Share:			
	(For Continuing Operation)			
	(1) Basic	27	2.02	0.96
	(2) Diluted	27	2.02	0.96
XVII	Earnings Per Equity Share:			
	(For Discontinuing Operation)			
	(1) Basic	27	-	-
	(2) Diluted	27	-	-
XVIII	Earnings Per Equity Share:			
	(1) Basic	27	2.02	0.96
	(2) Diluted	27	2.02	0.96

As per our Report of even date attached
For Jindal & Company
Chartered Accountants

FRN : 000844N

JINDAL AND COMPANY FRN : 00844N Chartered Accountants

Akhil Jindal
Partner
M No. 090515
Place : New Delhi
Date : 28/05/2019

For and on behalf of Board of Directors

Subbarao Sabineni
Acting Managing Director
DIN : 07124119

M.P. Singh
Director
DIN : 08165734

Trilok Garg
Company Secretary
M No. 30019

T. Muni Prasad
Chief Financial Officer

KRISHNAPTNAM RAILWAY COMPANY LIMITED
Statement of Cash Flow for the Yaer ended 31st March 2019

(₹ in Lakhs)

Particulars		For the year ended 31st March 2019	For the year ended 31st March 2018
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before taxation		9,280.15	3,150.40
Adjustment for :			
Depreciation, amortization and impairment		700.82	704.46
Interest Income			-
Interest Expense		450.09	452.27
Unwinding of discount-receivable from SCR		(171.25)	(153.64)
Unwinding of discount-overhead cost payable		32.67	37.11
Payment for employee benefit expenses		(12.95)	
Income from reversal of deferred Overhead costs payable		(26.98)	(26.98)
Interest on Provision for resurfacing		222.14	135.72
Operating Profit before operating capital changes	(1)	10,474.69	4,299.35
Adjustment for :-			
Decrease / (Increase) in Trade Receivables / Loans & Advances		117.96	(1,495.17)
Decrease / (Increase) in Other Financial current Assets		(18.54)	48.39
Decrease / (Increase) in Other current Assets		(0.03)	0.31
Decrease / (Increase) in Other Non Current Assets		2.92	2.92
Decrease / (Increase) in Other Non Current Financial Assets		-	-
(Decrease) / Increase in Non Current Trade Payables		(43.83)	(49.15)
(Decrease) / Increase in Current Trade Payables		103.96	(95.97)
(Decrease) / Increase in Other Financial Liability		12,043.11	49,561.19
(Decrease) / Increase in Other Current Liability		(27.96)	150.41
Decrease /(Increase) in Current Assets		-	-
(Decrease) / Increase in Other Non Current Liability		-	-
(Decrease) / Increase in non-current Provision		641.12	675.45
	(2)	12,818.71	48,798.38
Cash generated from operation	(1+2)	23,293.41	53,097.73
Income Tax Paid		(2,134.93)	(650.37)
NET CASH FROM OPERATING ACTIVITIES	(A)	21,158.48	52,447.36
CASH FLOW FROM INVESTING ACTIVITIES			
Capital Expenditure on Fixed Assets, Including Capital Advances		(60,560.64)	(59,771.89)
Increase in deposits having original maturity of more than three months		(5,000.00)	-
Interest Income		-	-
NET CASH FROM INVESTING ACTIVITIES	(B)	(65,560.64)	(59,771.89)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Long Term Borrowings		14,500.00	7,942.12
Proceeds from Issue of Shares		35,500.00	
Interest Expenses		(450.09)	(452.27)
NET CASH FROM FINANCING ACTIVITIES	(C)	49,549.91	7,489.85
NET INCREASE IN CASH & CASH EQUIVALENT	(A+B+C)	5,147.75	165.30
CASH AND CASH EQUIVALENT (OPENING)	(D)	633.69	468.39
Balances with banks-Current Account		633.69	468.39
Deposits with Bank with less than 3 months maturity		-	-
CASH AND CASH EQUIVALENT (CLOSING)	(E)	5,781.44	633.69
Balances with banks-Current Account		781.44	633.69
Deposits with Bank with less than 3 months maturity		5,000.00	-
NET INCREASE IN CASH & CASH EQUIVALENT	(E-D)	5,147.75	165.30

As per our Report of even date attached
For Jindal & Company

Chartered Accountants
FRN : 000844N

JINDAL AND COMPANY
FRN : 00844N
Chartered Accountants, Delhi

Akhil Jindal
Partner
M No. 090515
Place : New Delhi
Date : 28/05/2019

For and on behalf of Board of Directors

Subbarao Sabineni
Acting Managing Director
DIN : 07124119

M.P. Singh
Director
DIN : 08165734

Trilok Garg
Company Secretary
M No. 30019

T. Muni Prasad
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

KRISHNAPATNAM RAILWAY COMPANY LIMITED

Statement of changes in equity for the Year ended 31st March 2018

A. Equity share capital

(₹ in Lakhs)

Particulars	Number of Share in Lakhs	Amount
Balance at April 1, 2017	2,700.00	27,000.00
Changes in equity share capital during the year		
Issue of equity shares capital during the year	-	-
Balance at March 31, 2018	2,700.00	27,000.00

B. Other Equity (₹ in Lakhs)

Particulars	Reserve & Surplus	Total
	Retained Earnings	
Balance at April 1, 2017	(2,127.73)	(2,127.73)
Changes in accounting policy or prior period errors	-	-
Restated Balance as at April 1, 2017	(2,127.73)	(2,127.73)
Profit for the year	2,579.92	2,579.92
Other Comprehensive Income for the year (net of income tax)	-	-
Total Comprehensive Income for the year	2,579.92	2,579.92
Dividends paid	-	-
Balance at March 31, 2018	452.19	452.19

JINDAL AND COMPANY
FRN : 00844N
Chartered Accountants, Delhi

STATEMENT OF CHANGES IN EQUITY

KRISHNAPATNAM RAILWAY COMPANY LIMITED

Statement of changes in equity for the Year ended 31st March 2019

A. Equity share capital

(₹ in Lakhs)

Particulars	**Number of Share in Lakhs**	**Amount**
Balance at April 1, 2018	2,700.00	27,000.00
Changes in equity share capital during the year		
Issue of equity shares capital during the year	3,550.00	35,500
Balance at March 31, 2019	**6,250.00**	**62,500.00**

B. Other Equity

(₹ in Lakhs)

Particulars	**Reserve & Surplus**	**Total**
	Retained Earnings	
Balance at April 1, 2018	**452.19**	**452.19**
Changes in accounting policy or prior period errors (Refer Note 44)	(12.95)	(12.95)
Restated Balance as at April 1, 2018	**439.24**	**439.24**
Profit for the year	7,291.96	7,291.96
Other Comprehensive Income for the year (net of income tax)	-	-
		-
Total Comprehensive Income for the year	**7,291.96**	**7,291.96**
Dividends paid		
Balance at March 31, 2019	**7,731.20**	**7,731.20**

JINDAL AND COMPANY
FRN : 00844N
Chartered Accountants, Delhi

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 ....

Note: - 2 Basis of Preparation

2.1 Statement of Compliance

The financial statements as at and for the year ended March 31, 2019 have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under section 133 of the Companies Act 2013, as companies (Indian Accounting Standards) Rules, 2015 ,Companies (Indian accounting standards) Amendment Rules 2017 and Companies (Indian accounting standards) Amendment Rules 2018.

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 (refer note no. 6.1 and 13.2)

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.

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.

JINDAL AND COMPANY FRN 00844N

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 an equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in statement of profit or loss.

Depreciation

(a) Depreciation on Property, plant and Equipment is provided on pro-rata basis on 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	
Furniture & Fixture	30
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 prorate 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 our 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.

JINDAL AND COMPANY FRN : 00844N Chartered Accountants, Delhi

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

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

b) Revenue from Railway Operation
The operating income of the company is recognized on point in time as per the provisional figures advised by South Central Railways for the share of revenue due to the company from the operations of goods traffic.
Operating revenue and operation & maintenance cost of earlier years in respect of operation of goods trains are accounted for in the year of advice of provisional figures by the South Central Railways.

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

d) 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.

(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.

SINDAL AND COMPANY
FRN: 00844N
Chartered Accountants, Delhi

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.

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 appropriates.

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.

JANDU AND COMPANY
FRN 00844N
Chartered Accountants, Delhi

(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 s 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.

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 IND AS 116 Leases

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

JINDAL AND COMPANY FRN: 00844N Chartered Accountants, Delhi

Note: - 3

Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Office Building	Furniture & Fixture	Office equipments	EDP Assets	Total
At 1 April 2017	**456.74**	**0.26**	**0.16**	**0.81**	**457.97**
Additions	-		0.20	0.40	0.60
Disposals/Adjustments	-	-	0.07	(0.07)	-
At 31 March 2018	**456.74**	**0.26**	**0.43**	**1.14**	**458.57**
Additions	-	-	-	-	-
Disposals/Adjustments	-	-	-	-	-
At 31 March 2019	**456.74**	**0.26**	**0.43**	**1.14**	**458.57**
Depreciation and impairment					
At 1 April 2017	**82.66**	**0.08**	**0.09**	**0.64**	**83.47**
Depreciation charge for the year	35.54	0.05	0.12	0.33	36.04
Impairment					
Disposals/Adjustments	-	-	-	-	-
At 31 March 2018	**118.20**	**0.13**	**0.21**	**0.97**	**119.51**
Depreciation charge for the year	32.16	0.03	0.07	0.11	32.37
Impairment	-	-	-	-	-
Disposals/Adjustments	-	-	-	-	-
At 31 March 2019	**150.36**	**0.16**	**0.28**	**1.08**	**151.88**
Net book value					
At 31 March 2019	**306.38**	**0.10**	**0.15**	**0.06**	**306.67**
At 31 March 2018	**338.54**	**0.13**	**0.22**	**0.17**	**339.04**

Note 3.1 : The Company has purchased a property for the purpose of administration which is temporarily idle with carrying amount of Rs. 306.38 Lakhs as at 31 March 2019 (as at 31 March 2018: Rs. 338.54 Lakhs).

Note 3.2 : Property Plant & Equipment with a carrying amount of Rs. 306.69 Lakhs as at 31st March 2019 (as at 31st March 2018: Rs. 339.04 Lakhs) are charged with secure Company's loans.

Note: 3.3 : In line with the IND AS 101, The Company has restated the gross block of Property , Plant and Equipment by reducing accumulated depreciation by Rs. 21.45 Lakhs

JINDAL AND COMPANY
FRN : 00844N
Chartered Accountants, Delhi

Note: - 4
Other Intangible assets

(₹ in Lakhs)

Particulars	Revenue Sharing Right	Total
Cost or deemed cost		
At 1 April 2017	**15,768.45**	**15,768.45**
Additions	3.12	3.12
Disposals/Adjustments	-	-
At 31 March 2018	**15,771.57**	**15,771.57**
Additions	-	-
Disposals/Adjustments		
At 31 March 2019	**15,771.57**	**15,771.57**
Amortisation and impairment		
At 1 April 2017	**1,318.36**	**1,318.36**
Amortisation for the year	668.42	668.42
Impairment		-
Disposals/Adjustments		-
At 31 March 2018	**1,986.78**	**1,986.78**
Amortisation for the year	668.45	668.45
Impairment	-	-
Disposals/Adjustments	-	-
At 31 March 2019	**2,655.23**	**2,655.23**
Net book value		
At 31 March 2019	**13,116.34**	**13,116.34**
At 31 March 2018	**13,784.79**	**13,784.79**

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 Rs.13116.34 Lakhs as at 31st March 2019 (as at 31st March 2018 :Rs.13784.79 Lakhs) are charged to secure the Company's 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 : In line with the IND AS 101, The Company has restated the Gross Block of Intangible Assets by reducing accumulated depreciation by Rs. 10342.17

JINDAL AND COMPANY
FRN : 00844N
Chartered Accountants, Delhi

Note: - 5
Intangible Under Development

(₹ in Lakhs)

Particulars	Revenue sharing right under development	Total
<u>Cost or deemed cost</u>		
At 1 April 2017	**1,21,650.81**	**1,21,650.81**
Additions	59,930.49	59,930.49
Disposals/Adjustments	-	-
At 31 March 2018	**1,81,581.30**	**1,81,581.30**
Additions	60,791.85	60,791.85
Disposals/Adjustments	-	-
At 31 March 2019	**2,42,373.15**	**2,42,373.15**

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), during the year ending 31st March 2019 is Rs.9261.35 Lakhs (31 March 2018: Rs.2414.55/-) 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 31st March 2019 is ₹9336.46/- Lakhs (31 March 2018 : Rs.9256.90 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 172.03 Lakhs (31 march 2018 Rs.137.90 Lakhs) 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 2019.

Note 5.4
Intangible Assets and Intangible Under Development includes expenditure on account of Directional & General Charges (D&G charges) amounting to ₹3114.64 Lakhs/- (Previous Year ₹ 3780.43 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 2019 is ₹16059.27 Lakhs (Previous Year ₹12,944.63/- Lakhs) is subject to change. Break up of "D & G charges" included in Intangible under development and intangible assets related to phase 3 during the period is as under:

(₹ in Lakhs)

Particulars	(₹ in Lakhs)	(₹ in Lakhs)
	Year Ended 31.3.2019	Year Ended 31.3.2018
1. Civil Works	2722.36	3335.86
2. Signaling & Telecom	191.97	126.60
3. Electric Works	200.31	317.97
Total	3,114.64	3780.43

JINDAL AND COMPANY
FRN : 00844N
Chartered Accountants, Delhi

Note: - 6
Financial assets
6.1 Other Financial Assets

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
At Amortised cost		
Receivable from South Central Railways under Service Concession Arrangement (Value of land)	1,664.96	1,493.71
(Refer note-28)		
Total	**1,664.96**	**1,493.71**

Note: - 7
Other non-current assets

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
a) Capital Advances		
Advances towards Project Expenditure		
- Mobilisation and other Advance	3.75	234.96
b) Other than Capital Advances		
Maintenance Charges Paid in Advance for Building	4.91	7.83
Total	**8.66**	**242.79**

Note: - 8
Financial Assets - Current
8.1 Trade Receivables

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Trade Receivables		
Unsecured, considered good		
- Trade receivables	1,900.53	2,018.50
Total	**1,900.53**	**2,018.50**

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. 1,900.53/- lakhs (March 31st 2018 Rs. 2,018.50/- 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.

Note: - 8.2
Cash and Cash Equivalent

(₹ in Lakhs)

JINDAL AND COMPANY FRN: 00814N Chartered Accountants, Delhi

Particulars	As at 31st March 2019	As at 31st March 2018
Balances with banks:		
– On current accounts	781.44	633.69
– Deposits with original maturity of less than three months	5,000.00	-
Total	**5,781.44**	**633.69**

Note 8.2.1 As at 31st March 2019 the company has availability of Rs. 803.12/- Lakhs (As at 31st March 2018, Rs. 303.12/- Lakhs) of undrawn committed borrowing facilities.

Note: - 8.3

Bank Balances other than Cash and Cash equivalent

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Balances with banks:		
– Term Deposit in Schedule Bank (Maturity more than 3 Months but less than 12 months)	5,000.00	
Total	**5,000.00**	**-**

Note: - 8.4

Loans

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Security Deposit-NSDL	1.50	-
Total	**1.50**	**-**

JINDAL AND COMPANY
FRN : 00844N
Chartered Accountants, Delhi

8.5 Other Financial Assets-Current

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
a) Other Receivables		
Receivable from Banks towards Interest	20.79	10.23
Interest Accrued on Fixed Deposits	12.66	-
Receivable from RVNL	-	6.18
Total	**33.45**	**16.41**

Note: - 9
Current Tax

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Current Tax Assets		
Advance Tax Paid / Tax deducted at source	119.33	119.33
Total	**119.33**	**119.33**
Current Tax Liability		
Current Year Tax	2,063.99	731.47
Tax Deducted at Source & Advance tax Paid	-1,987.80	-583.50
Total	**76.19**	**147.97**

Note: - 10
Other current assets

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
a) Other than Capital Advances		
Maintenance Charges Building Assets	2.92	2.92
Other Advances	0.10	0.05
b) Others		
Prepaid Expenses	11.11	11.13
Total	**14.13**	**14.10**

JINDAL AND COMPANY
FRN : 00844N
Chartered Accountants, Delhi

Note: - 11
Equity Share capital

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Authorized share capital		
65,00,00,000 Equity Share of Rs 10 each	65,000.00	27,000.00
(March 31,2018: 27,00,00,000 Equity Share of Rs 10 each)		
	65,000.00	**27,000.00**
Issued/Subscribed and Paid up Capital		
62,50,00,000 Equity Share of Rs 10 each	62,500.00	27,000.00
(March 31,2018: 27,00,00,000 Equity Share of Rs 10 each)		
	62,500.00	**27,000.00**

Reconciliation of the number of equity shares and share capital (₹ in Lakhs)

Particulars	As at 31st March 2019		As at 31st March 2018	
	No. of shares (in Lakhs)	Amount in Lakhs	No. of shares (in Lakhs)	Amount in Lakhs
Issued/Subscribed and Paid up equity Capital outstanding at the beginning of the year	2,700.00	27,000.00	2,700.00	27,000.00
Add: Shares Issued during the year	3,550.00	35,500.00	-	-
Issued/Subscribed and Paid up equity Capital outstanding at the end of the year	**6,250.00**	**62,500.00**	**2,700.00**	**27,000.00**

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

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

(₹ in Lakhs)

	Name of the shareholder	As at 31st March 2019		As at 31st March 2018	
		No. of Shares (in Lakhs)	% holding in the class	No. of Shares (in Lakhs)	% holding in the class
1	Rail Vikas Nigam Limited (RVNL)	3,110.00	49.76%	810.00	30.00%
2	Krishnapatnam Port Company Ltd.(KPCL)	810.00	12.96%	810.00	30.00%
3	National Mineral Development Corporation (NMDC)	400.00	6.40%	400.00	14.82%
4	State of Andhra Pradesh (GOAP)	350.00	5.60%	350.00	12.96%
5	Bramhani Industries Limited (BIL)	330.00	5.28%	330.00	12.22%
6	Sagarmala Development Company Limited	1250.00	20.00%		
	Total	6,250.00	100%	2,700.00	100%

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

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2018	As at 31st March 2016	As at 31st March 2015
Equity Shares issued for consideration other than cash	-	-	-	-
Equity Shares issued as fully paid up bonus shares	-	-	-	-
Equity Shares bought back	-	-	-	-
	-	-	-	-

ERN : 008441

Note: - 12

Other Equity

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Retained Earnings (Refer Note 12.1)	7,731.20	452.19
Total	**7,731.20**	**452.19**

Note 12.1 Retained Earnings

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Opening Balance	452.19	(2,127.73)
Add: Profit for the year	7,291.96	2,579.92
Less: Prior Period Adjustment	(12.95)	
Total	**7,731.20**	**452.19**

There is an prior period expenses (i.e. Salary Arrears) of₹12.95 lakhs which is recognised in the current Financial Year has been settled with the opening Balance of Retained earning as per Ind- AS guidelines

Note: - 13

Financial Liability-Non Current

13.1 Borrowings (₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Secured- At Amortised Cost		
Term Loans		
From Banks	92,996.88	92,996.88
From Aditya Birla Finance Limited	14,500.00	-
Total	1,07,496.88	92,996.88
Less: Current Maturities of long term debt (Refer Note 17.2)	(3,224.91)	-
Total	**1,04,271.97**	**92,996.88**

Note 13.1.1 Summary of borrowing arrangement

i) A Term Loan of ₹93300/- lakh has been taken by the company from the Banks and ₹15000/- Lakhs from Aditya Birla Finance Limited against the revised project cost under the common Loan agreement, out of which ₹92996.88/- Lakhs has been disbursed by the Bank and ₹14500/- Lakh has been disbursed by Aditya Birla Finance Limited up to 31st March 2019.

ALAND COMPANY FRN 00844N Chartered Accountants

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)

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
Banks and Aditya Birla Finance Limited
Term loan is repayable in 52 Quarterly installments commencing on 30th September 2019 and last installment falls due on June 30, 2032, amount payable during next 12 months is 3% of total term loan

Note 13.1.4 Interest Terms
The Applicable Interest rate is SBI Base rate plus spread of 1.5% for both Banks and Aditya Birla Finance Limited.

NDAL AND COMPANY
FRN : 00844N
Chartered Accountants Delhi

13.2 Trade Payables (₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
At Amortised Cost		
Overhead Cost Payable (SCR)	260.78	271.94
Total	**260.78**	**271.94**
Total Financial Liabilities	**1,04,532.75**	**93,268.82**

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 agreement.

Note: - 14
Deferred Tax

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Deferred tax liability	1,095.28	861.43
Deferred tax assets	(1,046.26)	(737.44)
Deferred tax liability (Net of deferred tax assets)	**49.02**	**123.99**
<u>The balance comprises to temporary differences attributable to</u>:		
Deferred tax assets		
Unused Tax Losses & Unabsorbed Depreciation	-	-
Provision for re-surfacing Cost	1,046.26	737.44
	1,046.26	737.44
Deferred tax liability		
Property, Plant and Equipment & Intangible Assets	1,095.28	861.43
	1,095.28	861.43
Deferred Tax Assets (Liability)	**(49.02)**	**(123.99)**

JINDAL AND COMPANY FRN : 00844N Chartered Accountants Delhi

Note: - 15
Other Non current Liability

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
a) Fair valuation adjustment-Financial Liabilities		
Overhead Cost Payable	123.68	150.66
Total	**123.68**	**150.66**

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

Note: - 16
Provisions

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Provisions for Re-surfacing Cost	2,994.11	2,130.85
Total	**2,994.11**	**2,130.85**

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 ₹5,000 lakhs by the end of financial year 2021 in respect of replacement obligations arising during the remaining concession period as per requirement of Appendix D of the Ind AS 115. Based on said estimated liability, provision for year ended 31st March 2019 of ₹641.12 lakhs (previous year ended 31st March 2018 ₹ 675.45 Lakhs) has been made [Refer note no 25]. Interest cost of ₹222.14 lakhs for the year ended 31st March 2019 (Previous year ended 31st March 2018 Rs.135.72) have been charged to Statement of Profit and Loss [Refer note no 23].

FRN : 00844N

Chartered Accountants, Delhi

Note: - 17

Financial Liability-Current

17.1 Trade Payables

(₹ in Lakhs)

Particulars	**As at 31st March 2019**	**As at 31st March 2018**
Overhead Cost Payable (SCR) [Refer Note 13.2]	43.84	49.15
O&M Expenses Payable (SCR)	276.07	166.80
Total	**319.91**	**215.95**

17.2 Other Financial Liability

Particulars	**As at 31st March 2019**	**As at 31st March 2018**
Audit Fees Payable	3.57	2.76
Current Maturities of long term debt (Refer Note 13.1)	3,224.91	-
Rail Vikas Nigam Limited [Note 17.2.1]	88,381.56	76,361.34
Expenses Payable	80.71	51.94
Security Deposit	1.79	1.20
Term Loans		
From Banks - Interest Payable on Loan (Refer Note 13.1)	3.54	10.82
Total	**91,696.08**	**76,428.06**
Total Current Financial Liability	**92,015.99**	**76,644.01**

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

(₹ in Lakhs)

Particulars	**As at 31st March 2019**	**As at 31st March 2018**
Statutory liabilities		
TDS payable	295.67	325.08
GST Payable	1.38	-
Labour Cess	-	0.10
Provident Fund payable	0.17	-
Total	**297.22**	**325.18**

INDAL AND COMPANY
FRN: 00844N
Chartered Accountants

Note 19 : Revenue from Operation

(₹ In Lakhs)

Particulars	For the year ended March 31st, 2019	For the year ended March 31st, 2018
Revenue from Contract with Customer:		
a.) Sale/Rendering of services	13,417.56	7,085.58
b.)Construction contract revenue under SCA (Refer Note 28)	60,791.85	59,933.61
Total	**74,209.41**	**67,019.19**

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 14.45 Km section from Krishnapatnam Railway Station to the Buffer of Port from South Central Railway and O&M Cost. Decision of Ministry of Railway is pending. Hence, the revenue reported is subject to the same.

c) KRCL has been earning revenue on account of Approtioned Terminal Cost from South Central Railway (SCR) from 11th August 2017 onwards. The company has been claining for the similar approtionment of Terminal Cost during the period of operation from beginning i.e. for the period 15th November 2008 to 10th August 2017. But it has been able to get the Apportioned Revenue from Railways for the said period so far, pending 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 is not made available for segregation.

Note 20 : Other Income

(₹ In Lakhs)

Particulars	For the year ended March 31st, 2019	For the year ended March 31st, 2018
Other Non Operating Income		
Unwinding of discount on receivable from South Central Railways (	171.25	153.64
Income from reversal of deferred Overhead costs payable	26.98	26.98
Total	**198.23**	**180.62**

JINDAL AND COMPANY FRN : 00844N

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

(₹ in Lakhs)

Particulars	For the year ended March 31st, 2019	For the year ended March 31st, 2018
Operation & Maintenance Expenses	1,799.36	1,672.83
Overhead Cost	284.68	340.24
Construction Contract Cost under SCA	60,791.85	59,933.61
Total	**62,875.89**	**61,946.68**

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) : Also, the O&M expenses pertaining to Phase 1 and Phase 3 is not made available for segregation

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

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

Note (vi) 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

(₹ in Lakhs)

Particulars	For the year ended March 31st, 2019	For the year ended March 31st, 2018
Salary & Wages	47.16	31.53
Contribution to Provident and Other funds	0.79	-
Total	**47.95**	**31.53**

Note 23 : Finance Costs

(₹ in Lakhs)

Particulars	For the year ended March 31st, 2019	For the year ended March 31st, 2018
Interest cost:		
Interest on Loan to bank	450.09	452.27
Other borrowing cost:		
Unwinding of discount on Overhead costs payable	32.67	37.11
Unwinding of interest cost on Provision for Re-surfacing	222.14	135.72
Interest on Taxes	28.27	7.26
Total	**733.17**	**632.36**

JINDAL AND COMPANY FRN : 00844N Chartered Accountants

Note 24 : Depreciation and amortization

(₹ in Lakhs)

Particulars	For the year ended March 31st, 2019	For the year ended March 31st, 2018
Depreciation on Property Plant and Equipment (Note 3)	32.37	36.04
Amortisation of Intangible Assets (Note 4)	668.45	668.42
Total	**700.82**	**704.46**

Note 25 : Other Expenses

(₹ in Lakhs)

Particulars	For the year ended March 31st, 2019	For the year ended March 31st, 2018
(a) Legal & Professional Fees	41.38	21.20
(b) Travelling and Conveyance	11.13	11.92
(c) Payments to the Auditor as		
(i) Auditor	3.42	3.96
(ii) Taxation	0.73	0.71
(iii) Reimbursement of expenses	0.32	0.24
(d) Telephone Charges	0.93	0.84
(e) Printing & Stationery	0.50	0.38
(f) Insurance Expenses	11.48	11.82
(g) Membership & Subscription Charges	3.54	3.54
(h) Repair & Maintenance	2.92	2.92
(i) Miscellaneous Expenses	0.69	1.15
(h) Medical expenses	0.21	0.24
(l) Business Promotion	-	-
(j) Provisions for Re-surfacing Cost	641.12	675.45
(k) ROC filing	51.29	-
Total	**769.66**	**734.37**

JINDAL AND COMPANY
FRN : 00844N
Chartered Accountants

Note: - 26
Income Tax Expense

Note 26.1 Income tax recognised in profit and loss

(₹ In Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Current income tax:		
Current income tax charge	2,063.99	731.47
Adjustments in respect of current income tax of previous year	-0.83	7.19
Deferred tax:		
In respect of the current year	(74.97)	(168.18)
Total	**1,988.19**	**570.48**

Note 26.2 Reconciliation between tax expense and the accounting profit :

(₹ In Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Accounting profit before tax from continuing operations	9,280.15	3,150.40
Accounting profit before income tax	**9,280.15**	**3,150.40**
At India's statutory income tax rate of 21.54% (31 March 2018: 21.34%)	1,999.76	672.35
Tax effect of amounts which are not deductible		
Impact of IndAS transition Adjustment	58.13	57.57
Deferred Tax recognised (Reversed)	(74.97)	(168.18)
Adjustments in respect of current income tax of previous year	(0.83)	7.19
Expenses disallowed as per income tax act, 1961	6.09	1.55
Total Tax expense	**1,988.19**	**570.48**
Income tax expense reported in the statement of profit and loss (relating to continuing operations)	1,988.19	570.48
	1,988.19	**570.48**
Effective income tax rate	**21.42%**	**18.11%**

Note : Company is eligible for 80IA deduction in accordance with provisions of Income Tax Act 1961, therefore tax liability is computed using MAT provisions

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

(₹ In Lakhs)

Particulars	Property, Plant and Intangible Equipment	Tax Losses	Provision for Resurfacing cost	Total
Opening balance as at 1st April 2017	1,002.57	(710.41)	-	292.16
Charged/(credited) during the year 2017-18			-	-
To Profit and Loss	(141.14)	710.41	(737.44)	(168.18)
To Other Comprehensive Income	-	-	-	-
Closing balance as at 31st March 2018	**861.43**	-	**(737.44)**	**123.99**
Charged/(credited) during the period				
To Profit and Loss	233.85	-	(308.82)	(74.97)
To Other Comprehensive Income	-	-	-	-
Closing balance as at 31st March 2019	**1,095.28**	-	**(1,046.26)**	**49.02**

FRN : 00844N

Chartered Accountants, Delhi

Note: - 27
Earnings per share (EPS)

(₹ in Lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
	(₹ per share)	(₹ per share)
Basic EPS		
From continuing operation	2.02	0.96
From discontinuing operation	-	-
Diluted EPS		
From continuing operation	2.02	0.96
From discontinuing operation	-	-

27.1 Basic Earning per Share
average number of equity

(₹ in Lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Profit attributable to equity holders of the company:		
Continuing operations	7,291.96	2,579.92
Discontinuing operations	-	-
Earnings used in calculation of Basic Earning Per Share	**7,291.96**	**2,579.92**
Weighted average number of shares for the purpose of basic earnings per share	3,605	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:-

(₹ in Lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Profit attributable to equity holders of the company:		
Continuing operations	7,291.96	2,579.92
Discontinuing operations	-	-
Earnings used in calculation of diluted Earning Per Share from continuing operations	**7,291.96**	**2,579.92**

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

(₹ in Lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Weighted average number of Equity shares used in calculation of basic earnings per share	3,605	2,700
Effect of dilution:		
Share Options	-	
Weighted average number of Equity shares used in calculation of diluted earnings per share	3,605	2,700

051

KRISHNAPATNAM RAILWAY COMPANY LIMITED

Note: 28 Service Concession arrangements

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

a) 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

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

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

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

The 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 2019, the company has recognized revenue of ₹74,209.41 Lakhs (for the year ended 31st March 2018: ₹67,019.19 Lakhs), consisting of ₹ 60791.85 Lakhs (for the year ended : 31st March 2018: ₹ 59,933.61 Lakhs) on construction of intangible assets under service concession arrangement and Rs.13417.56 Lakhs (for the year ended 31st March 2018: Rs.7085.58 Lakhs) towards sharing of apportioned earning from operation of railway line under service concession arrangement. Company has recognized profit of ₹ 9280.15 Lakhs for the year ended 31st March 2019 (for the year ended 31st March 2018: ₹ 3,150.40 Lakhs) , consisting of a nil profit on construction of intangible assets under service concession arrangement and a profit of ₹9280.15 Lakhs for the year ended 31st March 2019 (for the year ended 31st March 2018: ₹3150.40 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 the year ended 31st March 2019 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 2019 of ₹1,664.96 Lakhs (at 31st March 2018 : ₹1493.71 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 ₹ 571.89 Lakhs (at 31st March 2018: ₹ 400.65 Lakhs) represents accrued interest as at 31st March 2019. The company has recognized an intangible asset of ₹Nil Lakhs (31st March 2018: ₹ 3.12 Lakhs), of which ₹Nil Lakhs (31st March 2018 :₹0.12 Lakhs) has been amortized during the year ended 31st March 2019. The intangible asset represents the freight sharing rights to receive freight traffic earnings under service concession agreement.

FRN : 00844N

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.

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Borrowing (Note No. 13.1)	1,04,271.97	92,996.88
Net debt	1,04,271.97	92,996.88
Equity (Note No. 11)	62,500.00	27,000.00
Other equity (Note No. 12)	7,731.20	452.19
Total equity	70,231.20	27,452.19
Net Debt to equity ratio	6 : 4	7.7 : 2.3

Changes were made in the objectives, policies or processes for managing capital during the period ended 31.03.2019

Note: Total long term debt sanctioned by bank is ₹933 /- Crores and ₹150/- Crores from Aditya Birla Finance Limited , out of which ₹929.96/- Crores has been disbursed by Banks and₹145/- Crore is disbursed byAditya Birla Finance Limited up to 31st March 2019.

Note 30 :Fair Value measurements

(i) Financial Instruments by Category

(₹ in Lakhs)

Particulars	31 March 2019			31 March 2018		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets						
(i) Trade Receivables	-	-	1,900.53	-	-	2,018.50
(ii) Cash and Cash Equivalents	-	-	5,781.44	-	-	633.69
(iii) Bank Balances other than (ii) above	-	-	5,000.00			-
(iv) Loans	-	-	1.50			
(iii) Receivable from railways under SCA	-	-	1,664.96	-	-	1,493.71
(iv) Other Receivable	-	-	33.45	-	-	16.41
Total Financial Assets	-	-	14,381.88	-	-	4,162.31
Financial Liabilities						
(i) Borrowings	-	-	1,04,271.97	-	-	92,996.88
(ii) Trade Payables						
Over Head Cost Payables	-	-	304.62	-	-	321.09
Other Trade Payables	-	-	276.07	-	-	166.80
(iii) Capital Creditors	-	-	88,381.56	-	-	76,361.34
(iv) Other payables	-	-	3,314.52	-	-	66.72
Total Financial Liabilities	-	-	1,96,548.74	-	-	1,69,912.83

JINDAL AND COMPANY
FRN : 00844N
Chartered Accountants, Delhi

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

(₹ in Lakhs)

Particulars	31 March 2019		31 March 2018	
	Carrying Value	Fair value	Carrying Value	Fair value
Financial Assets				
Receivable from railways under SCA	1,664.96	1,957.85	1,493.71	1,812.81
Total Financial Assets	**1,664.96**	**1,957.85**	**1,493.71**	**1,812.81**
Financial Liabilities				
Over Head Cost Payables	304.62	310.27	321.09	310.86
Total Financial Liabilities	**304.62**	**310.27**	**321.09**	**310.86**

i) The fare value 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 carrying 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 receivables from railways under service concession arrangement and overhead cost payables 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.

Fair Value hierarchy as on 31-03-2019 (₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at Amortised Cost				
Receivable from railways under SCA	-	-	1,957.85	1,957.85
	-	-	1,957.85	1,957.85

Fair Value hierarchy as on 31-03-2019

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Financial Liabilities at Amortised Cost				
Over Head Cost Payable	-	-	310.27	310.27
	-	-	310.27	310.27

Fair Value hierarchy as on 31-03-2018 (₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at Amortised Cost				
Receivable from railways under SCA	-	-	1,812.81	1,812.81
	-	-	1,812.81	1,812.81

FRN : 00844N
Chartered Accountants, Delhi

Fair Value hierarchy as on 31-03-2018

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Financial Liabilities at Amortised Cost				
Over Head Cost Payable	-	-	310.86	310.86
	-	-	310.86	310.86

(iii) Financial risk management

The Company's principal financial liabilities comprise Bank Borrowings and other 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.

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

The table below analyse the company's major financial liablities i.e. Borrowings into relevant maturity groupings based on their contractual maturities

(₹ in Lakhs)

Contractual Maturities of Finacial Liablities	Within 1 Year	Between 1 to 2 Years	Between 3-5 years	Later than 5 years	Total
31st March 2019					
Borrowings	3,224.91	11,555.91	24,724.28	67,991.78	**1,07,496.88**
31st March 2018					
Borrowings	-	7,207.26	18,599.38	67,190.25	**92,996.88**

JINDAL AND COMPANY
FRN : 00844N
Chartered Accountants

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 judgment 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 judgment 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.

Note :32 Application of IndAS on material items

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

Particulars	As at 30 September 2017	As at 31 March 2017
Impact on equity (increase/(decrease) in equity)		
Sundry Creditors	-	-
Income Tax Payable	-	-
Net Impact on Equity	-	-

Particulars	During the Half year ended 30th September 2017	During the year ended 31st March 2017
Impact on statement in profit and loss (increase/(decrease) in profit)		
Operation & Maintenance	-	-
Legal and professional charges	-	-
Income Tax Expenses	-	-
	-	-
Attributable to Equity Holders	-	-

JINDAL AND COMPANY
FRN : 00844N
Chartered Accountants Delhi

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

Particulars	During the half year ended 3o th September 2017	During the year ended 31st March 2017
Earnings per share for continuing operation		
Basic, profit from continuing operations attributable to equity holders	0.0000	0.0000
Diluted, profit from continuing operations attributable to equity holders	0.0000	0.0000

Note : 33 Construction Contracts
In terms of the disclosure required in Ind-AS 115 as notified in the companies (Accounting standard) rules 2015 as ammended, the amount considered in the financial statements up to the balance sheet date are as follows:-

(₹ in Lakhs)

Particulars	During the year ended 31st March 2019	During the year ended 31st March 2018
Contract revenue recognised	60,791.85	59,933.61
Aggregate amount of costs incurred	60,791.85	59,933.61

Note : 34 Contractual Commitments
The amount of contractual commitments in relation to project assets recognised as intangible assets.

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31 March 2018
Capital commitment for project related assets is under review for March 2019 For March 2018 ₹18.36 Crores (2060.42 Cr being total revised estimated project cost less Rs.2042.42 Cr being amount of expense incurred till 31-03-2018)	-	1,836.59
Total	**-**	**1,836.59**

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 installment payable in first week of January.

During the year ended March 2019 ,₹1/- have been recognised as lease expense.

JINDAL AND COMPANY
FRN : 00844N
Chartered Accountants, Delhi

Note 36 : Related Party Disclosures

36.1 Related Parties

A- Related Parties held equity of company

Name	Relationship	As at 31st March 2019		As at 31 March, 2018	
		Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Rail Vikas Nigam Limited	Parties to joint venture agreement	31,10,00,000.00	49.76%	8,10,00,000.00	30.00%
Krishnapatnam Port Company Limited	Parties to joint venture agreement	8,10,00,000.00	12.96%	8,10,00,000.00	30.00%
Govt. of Andhra Pradesh	Parties to joint venture agreement	3,50,00,000.00	5.60%	3,50,00,000.00	12.96%
National Mineral Development Corporation Limited	Parties to joint venture agreement	4,00,00,000.00	6.40%	4,00,00,000.00	14.82%
Bramhani Industries Limited	Parties to joint venture agreement	3,30,00,000.00	5.28%	3,30,00,000.00	12.22%
Sagarmala Development Company Limited	Parties to joint venture agreement	12,50,00,000.00	20.00%	-	0.00%

36.2 Key Managerial personnel of the entity

Name	Position
Anurag	Director
Anil Kumar Yendluri	Acting Managing Director
Ramakishan Tanugula	Director
Subbarao Sabbineni	Director
Pradeep Gaur, upto June'18	Director
Vinod Kumar Aggarwal, upto September'18	Director
Koya praveen	Director
Shilpi Aggarwal	Director
Vinay Singh	Director
D.K. Gupta	Director
Devendra Kumar Rai	Director
S.P. Shastri	Director
M.P. Singh	Director
Trilok Garg	CS
Shanti Nath Banerjea	CEO
Muni Prasad Tripurasetty	CFO

36.3 Disclosure of transaction with related parties:

(i) Joint Venture: (₹ in Lakhs)

Particulars	Transactions (₹ in Lakhs)		Outstanding Amount Payable/ (Receivable) (₹ in Lakhs)	
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	As at 31 March 2018
RVNL			Unsecured	Unsecured
Expenditure towards project (Net of interest on mobilisation advance & sale of tender).	42,359.88	48,492.98	88,381.56	76,596.30
Interest Charged by RVNL	9,261.35	2,414.55	-	-
Travelling and Other expenses	-	-	-	-
Payment for project expenditure and share capital issued	37,500.00	234.96	(3.75)	(234.96)
Advance for project expenditure	238.71	(397.28)		
KPCL				
Expenditure towards construction of crew running room	-	-	-	81.28

JINDAL AND COMPANY * FRN : 00844N * Chartered Accountants, Delhi

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:

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Short-term benefits	33.35	23.64
Contribution to Provident fund	0.79	-
	34.14	23.64

Note 37 :
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 38 :
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 39: Contingent liability
a) Department has raised demand in respect of alleged offence of evasion of Service Tax amounting to ₹ 7.58 crore and ₹ 2.86 crore for financial year 2014-15 and 2015-16 respectively. Also department has raised demand of ₹ 2.95 crore for the F.Y. 2016-17 and 2017-18 (upto June'17), However Company has not accepted the liability and has submitted its reply to department. Since the Company had earlier received favourable ruling from CESTAT, it is confident that no additional liability will devolve on it.

b) During the previous years, 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 departmental charges not claimed by RVNL @ 5% of project cost is estimated at ₹ 105.85 Crore.

Note 40 : Impairment of Assets
On the basis of review, the management is of the opinion that the economic performance of non financial assets of the Company is not lower than expected and therefore there is no impairment of any assets as on the Balance Sheet date.

Note 41 : RVNL has charged Interest on Outstanding Balance including D& G Charges, further review of bills issued by Major Contractor RVNL is not carried out independentally by KRCL.

Note 42: Company has adopted INDAS 115 (revenue from contract with customers) in accordance with requirement of applicable Financial Reporting Framework., On the adoption of this, there is no material impact on Financial Statement of KRCL.

Note 43: Approval of financial statement

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

Note 44 : CSR Expenditure

(₹ in Lakhs)

Particulars	For Year ended 31.03.2019	For Year ended 31.03.2018
Gross amount required to be spent by company during the year	15.80	-
Actual amount spent by company during the year	-	-

Note 45 : Goods and Service Tax

Ministry of Railway is apportioning Revenue net of Goods and Services tax to company and GST on the same is deposited by Ministry of Railways, GST on Operation Expenses Allocated by South Central Railways is not made, since in to view of management. There is no supply of service involved.

Note 46: Previous year figures has been rearranged, reclassified and regrouped to make them confirmatory with current year reported figures

JINDAL AND COMPANY
FRN : 00844N
Chartered Accountants Delhi

STATUTORY AUDIT REPORT

Jindal & Co.
Chartered Accountants
3803, David Street, Daryaganj, New Delhi-2, Tel. : 23270584, 23277249, 23260861
Fax : 23254387, E-mail : bsjindal@gmail.com Tel. : (Resi.) 28759057, 28752159

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KRISHNAPATNAM RAILWAY COMPANY LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

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

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

Basis for Qualified Opinion

1. The company's revenue are carried in the Statement of Profit & Loss a/c under Note-19 Revenue from Operation of Rs.13417.56 lakhs. Monthly revenue bills/ apportionment sheet of revenue are received from the South Central Railway (SCR). All these bills are marked **'Provisional'**. The outcomes of the provisional bills are not known at subsequent dates. Further, supporting documents of the monthly revenue bills are not available. As stated, in note-19(i)(d), all supporting evidences related to revenue bookings are being controlled and managed by the SCR only and not made available for verification. The monthly revenue statements are not checked and certified by the company. Thus, the operating revenue statement could not be verified. In view of these, leakage in the operating revenue cannot be ruled out. Financial impact, if any, cannot be ascertained.

2. The company has not provided for Departmental charges of Rs.105.85 crore. Reference is drawn regarding Note no-39 (c)- Contingent liability in respect of Departmental charges on construction of project. A departmental charge @5% would be payable by the company to RVNL on the total cost of work as per detailed estimate/revised estimate/ completion estimate in the books of accounts of the company. The total charges have been estimated by the company at Rs.105.85 crore. In our opinion, a provision for liability should have been made on the best estimated basis for the departmental charges on year to year on accrual basis. Instead, a contingent liability

JINDAL AND COMPANY FRN: 00814N Chartered Accountants, Delhi

has been disclosed. Thus, the cost of the project should have gone up by Rs.105.85 crore and so the provision for liability for the same amount.

3. The company has not provided for liability to pay GST under the reverse charge mechanism in respect of operation & maintenance costs incurred by the company as billed by SCR. Thus, there is an understatement of O&M Expenses and overstatement of profit by Rs.3.63 crore.

4. The company has not provided for CSR liability in accordance with the provision of Section 135 of the Companies Act, 2013. The company is required to spend Rs.15.80 lakhs, but the said amount has not been spent so far for CSR activities. Thus, there is an understatement of liability by Rs.15.80 lakhs.

5. The company has provided an amount of Rs.32.16 lakhs towards depreciation of office building which is not correct, as per para no.55 of the IND AS 16 on property plant equipment. Depreciation of assets begin when it is available for use when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management, as the above office building were ready to be used by the company. Hence the office building cannot be capitalized under PPE and accordingly depreciation cannot be charged. This has resulted in overstatement of depreciation to the extent of Rs.32.16 lakhs and understatement of profit to that extent.

6. The company has shown an amount of Rs.306.38 lakhs towards office building which is not correct, as per para no.55 of the IND AS 16 on property plant equipment (PPE). Depreciation of assets begin when it is available for use when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management, as the above office building were ready to be used by the company. Hence the office building cannot be capitalized under PPE. Non- compliance of IND AS has resulted in overstatement of PPE to the extent of Rs.306.38 lakhs and understatement of 'CWIP' to that extent.

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

JINDAL AND COMPANY
FRN: 008844N
Chartered Accountants, Delhi

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matter	Auditor's Response
1.	Restructuring of existing loans or cases of waiver/ write off debts/loans/ interest	The Company had taken Term Loans from consortium of 7 banks led by Bank of India (BOI) in 2013. The first installment of the Term Loan was due in June, 2018. However, the company did not stick to the repayment plan and approached banks to re-schedule the term loan by fixing the revised repayment plan starting from September,2019, due to delay in compietion of the phase-II project and consequent change in the Commercial Operation Date (COD). Though the re-schedulement has taken place, the phase II project has still not been completed and the commercial operation has yet to take place. Considering the critical financial situation of the company, its inability to generate inadequate revenue and stringent measures being imposed by the RBI and other authorities on restructuring of loans, it is likely that any default on the part of the company to service debt, will place it as NPA in the near future.
2.	Evaluation of compliance under the Company Law and Notification of Ministry of Corporate Affairs	The company has not taken steps for non-conversion of existing shares before issue of new shares in dematerialized form, in violation of the Notification of Ministry of Corporate Affairs dated 10th September, 2018.
3.	Accuracy of recognition, measurement, presentation and disclosures of expenses	In the absence of availability of records/documents in support of the monthly O&M bills sent by SCR, such bills are not checked/ certified by the company. Financial impact, if any, cannot be ascertained.
4.	Accuracy of recognition, measurement, presentation and disclosures of expenses	RVNL bills for construction of phase-II project are sent from time to time to the company for payment. Such bills are only xerox copies and not the original ones. Further these bills are not checked and certified by the company and thus, payments are made to RVNL in this regard without any checking and certification.
5.	Identifying and assess the risk of material misstatement	Intangible Assets under development relates to the construction of the phase-II project in the books of the company. The expenditure incurred by the company on construction for

JINDAL AND COMPANY FRN 008444N Chartered Accountants, Delhi

		FY 2018-19 was Rs.607.91 crore for FY 2018-19 and the cumulative expenditure upto 31.03.2019 was Rs.2423.73 crore. This project was started in 2008 with an estimated cost of Rs.732 crore. Thereafter, the project cost was revised from time to time to Rs.1203 crore in 2011 and Rs.1866 crore in 2016. It was then estimated that the cost was likely to go up to Rs.2060 crore. It was expected to be completed in November, 2018, but the same is still non-operational and unutilized due to delay in completion and commercial operation of the project. The cumulative expenditure of this project has gone up to Rs.2423.73 crore as on 31.03.2019. In addition, there is already an expenditure of Rs.40 crore in April, 2019 and there are further bills in the pipeline. Board approval for the steep increase and justifications has not been shown to us.
6.	Accuracy of recognition, measurement, presentation and disclosure of sundry debtors and creditor balances	Confirmations of balances for Sundry Creditors, Debtors and Imprest as on 31.03.2019 have not been provided.
7.	Accuracy of recognition, measurement, presentation and disclosures of revenue	Reference is drawn to Note no-19(1)(b) & (c) under Revenue from Operations. The company's claim relating to (a) earnings on length of about 14.45 Km section from Krishnapatnam Railway Station to the buffer of port from South Central Railway and (b) apportionment of Terminal costs. These issues are now pending for Arbitration.
8.	Evaluation of uncertain tax positions. The company has material uncertain tax positions including matter under dispute which involves significant judgment to determine the possible outcome of these disputes.	Reference is drawn to Note no-19, regarding revenue from operations of Rs.134.18 crore, the Company is not charging GST on such revenue.
9.	Accuracy of recognition, measurement, presentation and disclosures of expenses	Attention is drawn towards Note-5.2. RVNL is charging interest on delay in payment for project expenditure inclusive of D&G charges whereas as per management, construction agreement does not contain any provision for charging the interest on D&G charges.
10.	Accuracy of recognition, measurement, presentation and disclosures of expenses	Attention is drawn towards Note No-5.4, Clause 10.2 of the Construction Agreement, which 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 amortized/depreciation being charged thereon is subject to change based on the outcome of final actual completion cost.
11.	Accuracy of recognition, measurement, presentation and disclosures of revenue	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 2nd 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 and the amount unascertained. As per Operation & Maintenance agreement of phase-I, the agreement is to be reviewed every six months but the same was reviewed last in October, 2012.
12.	Accuracy of recognition, measurement, presentation and disclosures of capital commitment	In absence of any approval from the Board of the Company, no figure has been shown under Capital Commitment as on 31.03.2019.
13.	Accuracy of recognition, measurement, presentation and disclosure	Rounding off errors have been observed in certain cases which are given below: Asset side of balance sheet of company : Non-current asset -Property plant and equipment schedule -3 as on 31.03.2019 and 31.03.2018 shows a total of Rs 306.67 lakhs & Rs 339.04 lakhs respectively, whereas total of its constituents of PPE amount to Rs 306.69 lakhs & Rs.339.06 lakhs respectively making a difference of Rs 2000/-. Equity and liabilities side of balance sheet of Company: Non-current liabilities as on 31.03.2018 shows a total of Rs.95674.31 lakhs whereas total of its constituents of non- current liabilities amount to Rs 95674.32 lakhs only making a difference of Rs 1000/-. In the statement of profit and loss of company: Expenses as on 31.03.2018 shows a total of Rs 64049.41 lakhs whereas total of its constituents of amount to Rs 64049.40 lakhs making a difference of Rs 1000/-. In the statement of Cash flow for the year ended 31.03.2019: Cash generation from operation shows Rs 23293.41 lakhs whereas total of its constituent's amount to Rs 23293.40 lakhs making a difference of Rs 1000/-.

JINDAL AND COMPANY
FRN : 00844N
Chartered Accountants, Delhi

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Financial Statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

JINDAL AND COMPANY FRN 000844N Chartered Accountants Delhi

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

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

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

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management

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

v) Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

JINDAL AND COMPANY
FRN 000844N
Chartered Accountants, Delhi

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we reportthat:

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 thosebooks.

c. The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books ofaccount.

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

e. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of theAct.

f. With respect to the adequacy of the internal financial controls with reference to financial statementsof the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**. Our report expresses an qualifiedopinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, asamended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

i)The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements

JINDAL AND COMPANY FRN: 00844N Chartered Accountants Delhi

ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts

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

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

3. 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 C**"

For and on behalf of

Jindal & Company
Chartered Accountants

JINDAL AND COMPANY FRN : 000844N Chartered Accountants, Delhi

CA Akhil Jindal
PARTNER
M. No. 090515
Firm Reg. No. 000844N

Place: New Delhi
Dated: 28/05/2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **KRISHNAPATNAM RAILWAY COMPANY LIMITED** of even date)

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

We have audited the internal financial controls over financial reporting of **KRISHNAPATNAM RAILWAY COMPANY LIMITED** ("the Company") as of March 31, 2019 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 Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

JINDAL AND COMPANY
FRN: 001044N
Chartered Accountants, Delhi

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.

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 an internal control system over financial reporting, but this system has not been operating effectively. Hence, we feel that internal financial control in the company requires immediate improvements in the areas as mentioned below:

i. The operations of the company's business are solely controlled by the South Central Railway (SCR). All supporting evidences related to revenue booking are being controlled and managed by SCR only and not made available for verification.

ii. There is no control over the revenue apportionment of South Central Railway (SCR) as the revenue sheets are sent by SCR to the company only on provisional basis and collateral records neither supplied by the SCR nor maintained by the company. As a result, there is no basis to verify the same.

iii. There is no control over the operation and maintenance (O&M) expense, overhead charges, indirect cost etc. billed by the South Central Railway and deducted from the revenue dues to the company.

iv. Absence of Internal Financial Control has been felt in the booking of expenditure for the construction of phase-II of the project of the company. It is observed that the bills for construction of the project by the contractor (RVNL) were sent from time to time to the company for payment, but such bills were only xerox copies and not the original ones. These bills are not checked by the company and thus, payments are made to RVNL without any checking and certification.

JINDAL AND COMPANY * FRN : 00844N * Chartered Accountants, Delhi

v. As informed to us, there is no methodology on the part of the management to ensure the up to date progress of expenditure on construction projects, including bills which are already in the pipeline and also which are awaiting dispatch by the contractors for the construction.

For and on behalf of
Jindal & Company
Chartered Accountants
Firm Reg. No. 000844N

JINDAL AND COMPANY
FRN: 000844N
Chartered Accountants, Delhi

CA Akhil Jindal
PARTNER
M. No. 090515

Place: New Delhi
Dated: 28/05/2019

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Krishnapatnam Railway Company Limited** of even date)

i. In respect of the Company's fixed assets:

a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except Intangible Assets under Development

b) The company has no regular program for verification of fixed assets. Physical verification of assets had taken place for intangible assets i.e. Phase-I and Phase-III, but there had been no verification for property, plant and equipment and Intangible Assets under development. In our opinion, company should have a program for verification of fixed assets so that the material discrepancies are noticed on such verification can be accounted for.

c) According to the information and explanation given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties (Building) 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, reporting under clause 3 (ii) of the Order is 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 except its own term loan and not made any investments in securities where the provisions of Sections 185 and 186 of the Act apply.

v. The Company has not accepted deposits under the provisions of Section 73, 74, 75 and 76 or any other provisions of the act and the rules framed thereunder.

vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.

vii. According to the information and explanations given to us, in respect of statutory dues:

a. According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Excise Duty, Custom Duty and other material statutory dues have been regularly deposited during the year ended 31st March, 2019 by the Company

JAIN AND COMPANY FRN 00844N Chartered Accountants, Delhi with the appropriate authorities though there has been delay in deposit of TDS on few occasions.

b. As explained to us, the Company did not have any dues on account of Provident Fund, Employees State Insurance, Sales tax, Wealth tax, duty of Customs, duty of Excise, value added tax and cess. According to the information and explanation 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, 2019 for a period of more than six months from the date they became payable.

c. 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 the Statute	**Nature of dues**	**Amount (in Rs.)**	**Period to which it relates**	**Forum where the dispute is pending**
Finance Act 1994 (CBEC)	Service Tax	7.58 crore	F.Y. 2014-15	CESTAT
Finance Act 1994 (CBEC)	Service Tax	2.86 crore	F.Y. 2015-16	CESTAT
Finance Act 1994 (CBEC)	Service Tax	2.95 crore	F.Y. 2016-17 & F.Y. 2017-18 (upto June 2017)	CESTAT

viii. In our opinion and according to the information and explanations given to us company has generally complied with conditions of loan agreement. However, repayment of principal has not yet become due.

ix. The company did not raise any money be way of initial public offer or further public offer. However, the company has raised term loans during the year and the same has been applied for long term purposes.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by any of its officers or employees, noticed or reported during the year, nor have we been informed of such case by the management during the year ended 31st March, 2019.

xi. According to the information and explanations given to us and based on our examinations 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.

JINDAL AND COMPANY FRN: 00844N Chartered Accountants, Delhi

xiii. All transactions with related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

xiv. The company has made preferential right issue and allotment on private placement of shares s during the year ended 31st March, 2019.

xv. The company has not entered into any non-cash transactions with the directors or persons connected with him. Accordingly, para 3 (xv) of the Order is not applicable.

xvi. The company is not required to be registered under section 45IA of the Reserve Bank of India Act 1934.

For and on behalf of
Jindal & Company
Chartered Accountants

JINDAL AND COMPANY * Chartered Accountants, Delhi *
FRN : 00844N

CA Akhil Jindal
PARTNER
M. No. 090515
Firm Reg. No. 000844N

Place: New Delhi
Dated: 28/05/2019

Annexure-C 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

S. no.	CAG' s Direction	Our Report thereon
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The company maintained the accounts in IT system. The maintenance of the accounts services is provided by outsource firm M/s UCC & Associates LLP. In absence of full time accounts personnel of the company, the risk associated with the outsource work remains such as data/security protection and loss of government knowledge and processes.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to company's inability to repay the loan? If yes, the financial impact may be stated.	During the year existing term loan from the banks have been re-scheduled taking commercial operation date as June, 2018. The re-payment installment had been deferred till September, 2019. It may be pointed out that the COD of the project phase-II is still pending. In view of non operation of phase-II, and absence of revenue from phase-II, company can be in serious financial trouble when repayment of loan starts.
3.	Whether funds received/ receivable for specific schemes from Central/ State agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	The company has not received any fund from Central/State Agency but loans are due to banks and financial institution for Rs.107496.88 lakhs and amount of Rs.88381.56 lakhs is due to Rail Vikas Nigam Ltd on account of construction of phase-II project, which is yet to be completed and commercially operated.

For and on behalf of

Jindal & Company
Chartered Accountants

JINDAL AND COMPANY
FRN : 00844N
Chartered Accountants, Delhi

CA Akhil Jindal
PARTNER
M. No. 090515
Firm Reg. No. 000844N

Place: New Delhi
Dated: 28\05\2019

MANAGEMENT REPLY

8|C

KRISHNAPATNAM RAILWAY COMPANY LIMITED

Regd. office: Amsri Faust Complex, Door No 9-1-164/A-166, 5th Floor, Sarojini Devi Road, Secunderabad- 500003, Telangana, CIN NO. U45200TG2006PLC051378

Sl. No	Auditor's Comments for Financial Year 2018 -19	Management Reply
	Basis for Qualified Opinion:	
1	The company's revenue are carried in the Statement of Profit & Loss a/c under Note-19 Revenue from Operation of Rs.13417.56 lakhs. Monthly revenue bills/ apportionment sheet of revenue are received from the South Central Railway (SCR). All these bills are marked **'Provisional'**. The outcomes of the provisional bills are not known at subsequent dates. Further, supporting documents of the monthly revenue bills are not available. As stated, in note-19(i)(d), all supporting evidences related to revenue bookings are being controlled and managed by the SCR only and not made available for verification. The monthly revenue statements are not checked and certified by the company. Thus, the operating revenue statement could not be verified. In view of these, leakage in the operating revenue cannot be ruled out. Financial impact, if any, cannot be ascertained.	It is the practice of Railway Administration to furnish such statements, viz., Revenue or O & M or any other amount paid to be marked as 'Provisional'. KRCL do not have any control over the practices followed by Railway Administration. Revenue Statements are always checked by KRCL officers at Secunderabad. Copies of all revenue statements certified by Technical Officer and CFO has been provided to Audit team.
2	The company has not provided for Departmental charges of Rs.105.85 crore. Reference is drawn regarding Note no-39 (c)- Contingent liability in respect of Departmental charges on construction of project. A departmental charge @5% would be payable by the company to RVNL on the total cost of work as per detailed estimate/revised estimate/ completion estimate in the books of accounts of the company. The total charges have been estimated by the company at Rs.105.85 crore. In our opinion, a provision for liability should have been made on the best estimated basis for the departmental charges on year to year on accrual basis. Instead, a contingent liability has been disclosed. Thus, the cost of the project should have gone up by Rs.105.85 crore and so the provision for liability for the same amount.	In terms of Construction Agreement with Rail Vikas Nigam Limited, Departmental charges are payable to RVNL on the basis of final cost of work. Since RVNL has not raised any invoice in this regard, therefore this amount has been treated as contingent liability in books of accounts. It is noted that provisions for Departmental Charges can be made in Books of Accounts. However, Company has represented to RVNL for waiving off the Departmental Charges. Hence, it would be logical to retain the amount of Departmental Charges in Contingent Liability.
3	The company has not provided for liability to pay GST under the reverse charge mechanism in respect of operation & maintenance costs incurred by the company as billed by SCR. Thus, there is an understatement of O&M Expenses and overstatement of profit by Rs.3.63 crore.	Amount of O & M Costs deducted from Apportioned Revenue is in the nature of allocation of cost between SCR and KRCL, as such there is no service provided by SCR to KRCL. SCR is performing operations and for carrying out operations, Maintenance is mandatory, so these two are complementary.

		Hence, Operations and Maintenance cannot be seen as two separate activities. Due to operations, whatever revenue is generated, GST is paid to Government by SCR. Since there is no service, therefore no GST is payable.
4	The company has not provided for CSR liability in accordance with the provision of Section 135 of the Companies Act, 2013. The company is required to spend Rs.15.80 lakhs, but the said amount has not been spent so far for CSR activities. Thus, there is an understatement of liability by Rs.15.80 lakhs.	FY 2018-19 is the 1st year of applicability of CSR on KRCL. The Company has started necessary process to comply with the CSR provisions. The CSR policy of the Company is in place. The Company has ascertained that an amount Rs. 15.80 Lakh will be spent towards CSR expenditures in respect of FY 2018-19. The project where the amount would be spent by KRCL, has also been identified having approval of BOD. After the approval of the Final recommendations of CSR committee the CSR activities has been started in respect of F.Y. 2018-19.
5.	The company has provided an amount of Rs.32.16 lakhs towards depreciation of office building which is not correct, as per para no.55 of the IND AS 16 on property plant equipment. Depreciation of assets begin when it is available for use when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management, as the above office building were ready to be used by the company. Hence the office building cannot be capitalized under PPE and accordingly depreciation cannot be charged. This has resulted in overstatement of depreciation to the extent of Rs.32.16 lakhs and understatement of profit to that extent.	**Para 55 of IND As 16 provides that** "Depreciation of an asset begin when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management." Building has been purchased for administrative use and is ready for use as intended by management. However, considering the critical Financianl condition of KRCL, furnishing of the premises will be carried out in future on ease of the funds. Para 55 also allows depreciation from the date when asset is ready for use as intended by management, therefore Company has charged depreciation on these assets.
6	The company has shown an amount of Rs.306.38 lakhs towards office building which is not correct, as per para no.55 of the IND AS 16 on property plant equipment (PPE). Depreciation of assets begin when it is available for use when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management, as the above office building were ready to be used by the company. Hence the office building cannot be capitalized under PPE. Non-compliance of IND AS has resulted in overstatement of PPE to the extent of Rs.306.38	Building has been purchased for setting up administrative office of the Company and it is ready for use as intended by management. However, Considering the critical Financial condition of KRCL, furnishing of the premises will be carried out in future on ease of the funds. It is presently idle since Company does not have full time Managing Director and operations of the Company are managed with the support of Acting Managing Director appointed by promoter Companies i.e. "Rail Vikas Nigam Limited

	lakhs and understatement of 'CWIP' to that extent.	(RVNL)" or Krishnapatnam port Company Limited, from the premises of RVNL itself. This fact has also been summarized by way of Note 3.1 of the Financial Statements.

Sl. No	Auditor's Comments for Financial Year 2018 -19	Management Reply
	Key Audit Matters	
1	The Company had taken Term Loans from consortium of 7 banks led by Bank of India (BOI) in 2013. The first installment of the Term Loan was due in June, 2018. However, the company did not stick to the repayment plan and approached banks to re-schedule the term loan by fixing the revised repayment plan starting from September,2019, due to delay in completion of the phase-II project and consequent change in the Commercial Operation Date (COD). Though the re-schedulement has taken place, the phase II project has still not been completed and the commercial operation has yet to take place. Considering the critical financial situation of the company, its inability to generate inadequate revenue and stringent measures being imposed by the RBI and other authorities on restructuring of loans, it is likely that any default on the part of the company to service debt, will place it as NPA in the near future.	The Construction of the project has been completed and Commercial Operations of the project are to be started by Railways after completion of all the Operational Certification and other procedures, in June 2019. Company is duly servicing interest on Banks Loan for past six years without any default, However, Repayment of Principal Loan amount will start w.e.f. September 2019. The Company is trying hard to get the Commercial Operations start in June'19, so that additional revenue may start flowing from August '19, i.e. before Commencement of Principal Repayment of Loan. In order to deal with any contingency the company has kept reserve funds for servicing of Bank Loan.
2	The company has not taken steps for non-conversion of existing shares before issue of new shares in dematerialized form, in violation of the Notification of Ministry of Corporate Affairs dated 10th September, 2018.	There is no violation of MCA notification dated 10/09/2019 by KRCL, this has been duly explained the Auditors. However, the Auditor may have a different view/interpretation of Law. The Company is taking necessary steps for conversion of physical shares into Demat Shares.
3	In the absence of availability of records/documents in support of the monthly O&M bills sent by SCR, such bills are not checked/ certified by the company. Financial impact, if any, cannot be ascertained.	Detailed Monthly O&M Bills checked and verified by CFO/KRCL and Sr. Technical Officer submitted Audit Team during Audit.
4	RVNL bills for construction of phase-II project are sent from time to time to the company for payment. Such bills are only xerox copies and not the original ones. Further these bills are not checked and certified by the company and thus, payments are made to RVNL in this regard without any checking and certification.	It is the practice of RVNL to provide the photocopy of monthly Construction Bills to KRCL and RVNL is retaining the original bills for their record. It is a practice of RVNL that before forwarding the Construction Bills to any SPV, including KRCL to get the same checked by the Account Department of the concerned PIUs. In case of KRCL, the concerned PIU is

		at Chennai.
5	Intangible Assets under development relates to the construction of the phase-II project in the books of the company. The expenditure incurred by the company on construction for FY 2018-19 was Rs.607.91 crore for FY 2018-19 and the cumulative expenditure upto 31.03.2019 was Rs.2423.73 crore. This project was started in 2008 with an estimated cost of Rs.732 crore. Thereafter, the project cost was revised from time to time to Rs.1203 crore in 2011 and Rs.1866 crore in 2016. It was then estimated that the cost was likely to go up to Rs.2060 crore. It was expected to be completed in November, 2018, but the same is still non-operational and unutilized due to delay in completion and commercial operation of the project. The cumulative expenditure of this project has gone up to Rs.2423.73 crore as on 31.03.2019. In addition, there is already an expenditure of Rs.40 crore in April, 2019 and there are further bills in the pipeline. Board approval for the steep increase and justifications has not been shown to us.	In 2017, the detailed estimate submitted by RVNL was Rs. 1850 Cr. (Hard Cost), which was approved by the BoD. It is a fact that the cost of the Project has increased to certain extent primarily due to change in geology mid-way of the longest tunnel (7 Km. in length) while excavation was continuing. Due to which the progress of the work was hindered in order to mitigate the problem in respect of change in technology. Further Change of the scope of the project had also taken place in form of elimination of LC Gates. Instead, 47 RUBs needed to be constructed which ledcost escalation to the extent of over Rs. 400 Cr. In view of the above, such upward revision of cost is yet to be submitted by RVNL. Although the balance Line (94 Km.) was declared fit for running 'Goods Trains' as on 30-06-2018, the operation could not be started by SCR, as per Concession Agreement. Thereafter a number of modifications were requisitioned by SCR. Due to which Construction bills are continuing to receive by KRCL from RVNL.
6	Confirmations of balances for Sundry Creditors, Debtors and Imprest as on 31.03.2019 have not been provided.	Balance Confirmation of the major creditor i.e., RVNL was provided already. Further Balance Confirmation from SCR cannot be furnished as per the Practice of Railways.
7	Reference is drawn to Note no-19(1)(b) & (c) under Revenue from Operations. The company's claim relating to (a) earnings on length of about 14.45 Km section from Krishnapatnam Railway Station to the buffer of port from South Central Railway and (b) apportionment of Terminal costs. These issues are now pending for Arbitration.	Noted.
8	Reference is drawn to Note no-19, regarding revenue from operations of Rs.134.18 crore, the Company is not charging GST on such revenue.	Revenue is collected by Indian Railway (IR). IR is paying the necessary GST to the Government of India. Hence, further, GST is not to be paid by KRCL.

079

9	Attention is drawn towards Note-5.2. RVNL is charging interest on delay in payment tor project expenditure inclusive of D&G charges whereas as per management, construction agreement does not contain any provision for charging the interest on D&G charges.	Letter has been written to RVNL.
10	Attention is drawn towards Note No-5.4, Clause 10.2 of the Construction Agreement, which 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 amortized/depreciation being charged thereon is subject to change based on the outcome of final actual completion cost.	At present RVNL is charging D&G Charges in accordance with provisions of Construction Agreement. On Completion of work, final D&G Cherge will be calculated and actual impact will be taken in Financial Statements.
11	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 2nd 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, the agreement is to be reviewed every six months but the same was reviewed last in October, 2012.	Maintenance of Phase-III Line is being carried out by KRCL, therefore, no additional / separate O&M Agreement is required for same. Due to Operations in Phase-II Line, there will be no effect either on Revenue or Operation cost. Review of O&M Agreement is a continuous process which takes place at continuous intervals in review meeting between KRCL & SCR. All operational disputes are discussed at these meetings. Minutes of review meetings already provided to the Auditor. However, review does not necessarily mean change in O&M Agreement.
12	In absence of any approval from the Board of the Company, no figure has been shown under Capital Commitment as on 31.03.2019.	Noted.
13	Rounding of Errors Asset side of balance sheet of company : Non-current asset -Property plant and equipment schedule -3 as on 31.03.2019 (31.03.2018) shows a total of Rs 306.67(Rs 339.04) lakhs whereas total of its constituents of PPE amount to Rs 306.69 (339.06) lakhs respectively making a difference of Rs 2000/-. Equity and liabilities side of balance sheet of Company: Non-current liabilities as on 31.03.2018 shows a total of Rs.95674.31 lakhs whereas total of its constituents of non- current liabilities amount to Rs 95674.32 lakhs only making a difference of Rs	Noted.

080

	1000/-.	
Sl. No	**Auditor's Comments for Financial Year 2018 -19**	**Management Reply**
	Internal Financial Control	
1.	The operations of the company's business are solely controlled by the South Central Railway (SCR). All supporting evidences related to revenue booking are being controlled and managed by SCR only and not made available for verification.	Every month reconciliation is being done with the Traffic revenue Officer of SCR. RR by RR reconciliation is done every month in order to arrive at correct revenue of the company. Also systematic records are maintained.
2.	There is no control over the revenue apportionment of South Central Railway (SCR) as the revenue sheets are sent by SCR to the company only on provisional basis and collateral records neither supplied by the SCR nor maintained by the company. As a result, there is no basis to verify the same.	Comments are same as mentioned in Item No. 1 of Internal Financial Control.
3.	There is no control over the operation and maintenance (O&M) expense, overhead charges, indirect cost etc. billed by the South Central Railway and deducted from the revenue dues to the company.	The matter has been raised in the meeting with South Central Railway and KRCL officials and the same has been minuted in meetings. In respect of any kind of over-charging in O&M Costs, Company is following up with South Central Railway for the refund of the same.
4.	Absence of Internal Financial Control has been felt in the booking of expenditure for the construction of phase-II of the project of the company. It is observed that the bills for construction of the project by the contractor (RVNL) were sent from time to time to the company for payment, but such bills were only xerox copies and not the original ones. These bills are not checked by the company and thus, payments are made to RVNL without any checking and certification.	It is the practice of RVNL to provide the photocopy of monthly Construction Bills to KRCL and RVNL is retaining the original bills for their record. It is a practice of RVNL that before forwarding the Construction Bills to any SPV, including KRCL to get the same checked by the Account Department of the concerned PIUs. In case of KRCL, the concerned PIU is at Chennai.
5.	As informed to us, there is no methodology on the part of the management to ensure the up to date progress of expenditure on construction projects, including bills which are already in the pipeline and also which are awaiting dispatch by the contractors for the construction.	RVNL submits monthly / bimonthly bills of the contractors for ongoing construction of the project. Since, RVNL is an EPC Contractor, KRCL does not have any indication on the forthcoming / future construction bills.

081

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,
5th 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..................................... 2................................
3..................................... 4................................
5.....................................

Signed this ...... day of......... 2019

Affix Revenue Stamp

Signature of shareholder

Signature of Proxy holder(s)

C&AG REPORT

Confidential/गोपनीय

भारतीय लेखापरीक्षा एवं लेखा विभाग
कार्यालय प्रधान निदेशक लेखापरीक्षा
रेलवे वाणिज्यक ,नई दिल्ली

INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT
RAILWAY-COMMERCIAL, NEW DELHI

सत्यमेव जयते

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

संख्या:पीडीए/आरसी/Accounts Audit/Krishnapatanam/53-25/2019-20/235 दिनांक:25.09.2019

सेवा में,

प्रबंध निदेशक,
कृष्णापटनम रेलवे कंपनी लिमिटेड,
247, पहला फ्लोर, अगस्त क्रांति भवन,
भीकाजी कामा प्लेस, नई दिल्ली- 110066

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

महोदय,

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

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

भवदीय,

बि. आर. मं.
25/09/2019

संलग्न: यथोपरी|

(बि. आर. मंडल)
प्रधान निदेशक/आर.सी.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF KRISHNAPATNAM RAILWAY COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2019

The preparation of financial statements of **KRISHNAPATNAM RAILWAY COMPANY LIMITED** for the period ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 28.05.2019.

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

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

A. Comments on Cash Flow

Cash Flow from Investing Activities

Interest Paid – Rs. 9709.58 lakh

(i) The Company has not disclosed the interest amounting to Rs.9709.58 lakh paid to various nationalized banks towards the loan taken from them under Cash Flow from financing activities in violation of Ind AS 7 on 'Cash Flow Statement'.

(ii) The cash flow from investing activities includes an item 'Capital Expenditure' on Fixed Assets, including Capital Advances' which should have been depicted as 'Capital Expenditure on Intangible Assets'.

B. Comments on Disclosure

(i) Cash and Cash Equivalents- Rs. 5781.44 Lakhs (Note 8.2)

The Balance with banks incudes earmarked funds amounting to Rs. 777.57 lakh relating to Escrow Accounts which has not been disclosed separately as required under schedule III of the Companies Act, 2013.

C. Independent Auditor's Report

Basis of Qualification

A reference is invited to S.NO. 6 and 5 of 'Basis of Qualification' in which the Independent Auditor has opined that the Company has incorrectly capitalized office building (Rs. 306.38 lakh) and provided depreciation (Rs. 32.16 lakh) on it. This has resulted in overstatement of Property Plant and Equipment (PPE) by Rs. 306.38 lakh and understatement of CWIP to that extent and also overstatement of Depreciation by Rs. 32.16 lakh and understatement of profit to that extent.

The above two qualified opinions in the Independent Auditor's Report (S. No. 6&5) were not correct as the office building was purchased, in ready to use condition, in October 2014 by the company and the Company had capitalized the building under Property Plant and Equipment (PPE) and provided depreciation, in accordance with Para 55 of Ind AS 16 on Property, Plant and Equipment.

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

25/09/2019

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

Place: New Delhi
Dated: 25 September, 2019

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