



**KRISHNAPATNAM RAILWAY
COMPANY LIMITED**

15TH ANNUAL REPORT

2020 -2021

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

BOARD OF DIRECTORS AND MANAGEMENT

SMT. JAYA VERMA SINHA

CHAIRMAN (NOMINEE OF MINISTRY OF RAILWAYS)

SH. K. SIVA PRASAD

MANAGING DIRECTOR

SH. K. MURALIDHARAN

DIRECTOR (NOMINEE OF GOVT. OF ANDHRA PRADESH)

SH. D. K. GUPTA

DIRECTOR (NOMINEE OF SAGARMALA DEVELOPMENT CO. LTD.)

SH. V. K. PRAJAPATI

DIRECTOR (NOMINEE OF SAGARMALA DEVELOPMENT CO. LTD.)

SH. ALOK K. MEHTA

DIRECTOR (NOMINEE OF NMDC LTD.)

SH. GUDENA J. RAO

DIRECTOR (NOMINEE OF ADANI KRISHNAPATNAM PORT LTD.)

SH. SAJAL MITTRA

DIRECTOR (NOMINEE OF ADANI KRISHNAPATNAM PORT LTD.)

SH. M. P. SINGH

DIRECTOR (NOMINEE OF RAIL VIKAS NIGAM LTD.)

MRS. SHILPI AGARWAL

DIRECTOR (NOMINEE OF RAIL VIKAS NIGAM LTD.)

SH. B. K. REDDY

DIRECTOR (NOMINEE OF RAIL VIKAS NIGAM LTD.)

SH. T. MUNI PRASAD

CHIEF FINANCIAL OFFICER

SH. TRILOK GARG

COMPANY SECRETARY

CORPORATE INFORMATION

REGISTERED OFFICE

AMSRI FAUST COMPLEX,
DOOR No 9-1-164/A TO 166,
5TH FLOOR, SAROJINI DEVI ROAD,
SECUNDERABAD- 500003, TELANGANA

CORPORATE OFFICE

ROOM No. G-80, GROUND FLOOR,
AUGUST KRANTI BHAWAN,
BHIKAJI CAMA PLACE,
NEW DELHI- 110066

STATUTORY AUDITORS

M/s V. K. KHOSLA & Co.,
FIRM REGISTRATION NO. 002283N

INTERNAL AUDITORS

M/s SUNIL K. GUPTA & ASSOCIATES
FIRM REGISTRATION NO. 002154N

SECRETARIAL AUDITORS

CS ANIL ANAND
COMPANY SECRETARY IN PRACTICE

LENDERS'

BANK OF INDIA,
STATE BANK OF INDIA
PUNJAB NATIONAL BANK
UNION BANK OF INDIA
INDIAN BANK
ADITYA BIRLA FINANCE LTD.



**NOTICE
OF
15TH 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 15th Annual General Meeting

Notice is hereby given that the 15th Annual General Meeting (AGM) of members of Krishnapatnam Railway Company Limited will be held on Thursday, 25th November, 2021 at 1530 hrs through Video Conferencing / Other Audio Visual Means to transact the following businesses:-

ORDINARY BUSINESS:

1. Adoption of Financial Statements & Board Report

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2021 together with the Report of the Board of Directors, and the Auditors thereon.

2. 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.

3. Appointment of Director

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

4. Appointment of Director

To appoint a Director in place of Shri B K Reddy, (DIN No. 07823758), who retires by rotation and being eligible, offers himself for re-appointment.

5. Appointment & Remuneration of Statutory Auditors for the year 2021-22

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 auditing of Accounts of the Company for financial year 2021-22.”

SPECIAL BUSINESS:

6. Appointment and Remuneration of Managing Director

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

“RESOLVED THAT in accordance with the provisions of sections 196, 197, 198, 203 read with Schedule V of the Companies Act, 2013 and other applicable provisions, if any, including any statutory modifications or re-enactments thereof for the time being in force and subject to the limits prescribed under the Companies Act, 2013, such other approvals as may be necessary in this regard, consent of the shareholders is be and hereby accorded to the appointment of Shri K Siva Prasad, IRTS_(Retd.) as Managing Director of the Company (KRCL) for a period of 3 (Three) years with effect from April 19, 2021, extendable by (Two) 2 years, subject to maximum Age limit of 65 years, in the pay scale of Director of Schedule-‘A’ Company (CPSE) minus pension, with terms & conditions, perks and benefits detailed in explanatory statement attached hereto and which forms part of this resolution,”

“RESOLVED FURTHER THAT in the event of loss or inadequacy of profits during the tenure of Shri K Siva Prasad, Managing Director, the said remuneration be regarded as minimum remuneration in accordance with section 198 (3) read with schedule V and other applicable provisions of the said Act and the company be and is hereby authorized to take such approvals as may be required for payment of such remuneration in case of such eventuality”.

“RESOLVED FURTHER THAT the Board of Directors of the Company, hereinafter referred to as the ‘Board’ (which term shall be deemed to include any committee which the Board constitute to execute its powers, including powers conferred by this resolution), be and is hereby authorized to further vary and / increase the remuneration including salary, perquisites, allowances etc. within such prescribed ceiling limits of the managerial remuneration, as prescribed under the Companies Act, 2013 read with Schedule V thereto and/or any guidelines prescribed by the Government from time to time or as may be suitably amended and to give effect to such modification, relaxation or variation without any further reference to the members of the Company in General Meeting.”

“RESOLVED FURTHER THAT Shri K Siva Prasad, Managing Director shall continue to hold the office of Director, without being subjected to retire by rotation.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

By Order of Board of Directors

Date: November 02, 2021

Place: New Delhi



Trilok Garg

Company Secretary

NOTES:

- 1.** In view of the outbreak of COVID -19 pandemic, social distancing norms is being followed and the continuing restriction on movement of persons at several places in the country and pursuant to the Circular No. 14/2020 dated 8th April 2020, Circular No.17/2020 dated 13th April 2020, Circular No. 20/2020 dated 5th May 2020, Circular No. 33/2020 dated September 28, 2020 and General Circular No. 39/2020 dated December 31, 2020 and General Circular No.02/2021 dated January 13, 2021 (collectively referred to as “MCA Circulars”) permitted the Companies to hold their Annual General Meeting (“AGM”) through video conferencing (VC) or other audio visual means (OAVM) . Hence, Members can attend and participate at the ensuing AGM through VC/OAVM. LINK FOR ATTENDING THE AGM ON VC WILL BE SENT TO THE MEMBERS IN EMAIL ON THEIR REGISTERED EMAIL ADDRESS WITH THE COMPANY.
- 2.** As per aforementioned MCA circulars Company is allowed to send notice of the Meeting and other correspondences related thereto, through electronic mode i.e. emails. In compliance with the requirements of MCA Circulars above, an electronic copy of the Notice of 15th Annual General Meeting of the Company along with Annual Report for the financial year ended 31st March, 2021 consisting of financial statements, Board’s Report, Auditors’ Report and other documents required to be attached therewith (Collectively referred to as Notice) are being sent to members on their registered e- mail ids with the Company and no physical copy of the Notice has been sent by the Company to any member.
- 3.** If there is any change in the e-mail ID already registered with the Company, members are requested to immediately notify such change to the Company by sending a request on krcl.rail@gmail.com
- 4.** Since the requirement of physical attendance of AGM by members has been dispensed with by Ministry of Corporate Affairs, there is no requirement of appointment of proxies by individual members. Accordingly, the facility of appointment of proxy by members will not be available. However, Institutional/Corporate members are required to send a certified copy of the Board Resolution, pursuant to section 113 of the Companies Act 2013, authorizing their representative to attend and vote at the AGM through VC.
- 5.** The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 shall be made available only in electronic form for inspection during the Annual General Meeting through VC.
- 6.** All other relevant documents referred to in the accompanying notice/explanatory statement shall be made open for inspection by the members only in electronic form at the AGM and on all working days, except Saturdays, from 11:00 a.m. to 01:00 p.m. up to the date of the Annual General Meeting subject to receipt of request from member(s) to this effect on krcl.rail@gmail.com
- 7.** The Notice for this Meeting along with requisite documents and the Annual Report for the financial year ended 2020-21 is available on the Company’s website <http://krcl.org.in/>

- 8.** Members are requested to contact the Authorized representative of the Company on Mob: 9045890079, e-mail: krcl.rail@gmail.com during Monday to Friday between 10:00 AM to 05:00 PM till the date of AGM for any assistance with using the Video Conference facility for attending the AGM or reply to their queries/ redressal of complaints, if any.
- 9.** During the 15th AGM (being called through VC), where a poll on any item is required the members shall cast their vote(s) on the item(s) only by sending emails through their registered email address with the Company. The said emails shall only be sent to Company on its email: krcl.rail@gmail.com.
- 10.** The facility of joining the meeting shall be open 15 minutes before the time scheduled to start the meeting and shall be closed 15 minutes after such scheduled time of the AGM.
- 11.** The related statement pursuant to section 102 of the Companies act, 2013 in respect of item no. 6 set out in the notice is annexed hereto.

TO:

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (“THE ACT”)

The following Statement sets out all material facts relating to Item-6 in the Special Business mentioned in the accompanying notice and forms an integral part of the resolution at item-6.

Item No.6

The MD Selection Committee nominated by the Board of Directors of the Company for Selection of Managing Director met the shortlisted candidates on 17th February 2021 and unanimously recommended the name of Shri K Siva Prasad, IRTS for the post of Managing Director of the Company. Subsequently, the Board of Directors in its 63rd BoD meeting held on 24th February 2021 accepted the recommendations of MD Selection Committee and approved the selection of Shri K Siva Prasad as Managing Director of the Company for an initial tenure of three years extendable to five years. Shri K Siva Prasad (DIN 09124374) joined his duties and took charge as Managing Director of the Company on 19.04.2021 (F/N).

Shri K Siva Prasad, an IRTS (Retd.) of 1986 Batch, is a Post graduate in science with a Bachelors’ Degree (B. Sc.) from Osmania University, Masters’ Degree i.e. M. Sc. from IIT Kharagpur and holds a Masters’ Degree in Business Administration (MBA) from Osmania University, Hyderabad.

Shri Prasad retired as Principal Chief Operations Manager (PCOM), South Central Railways (in HAG grade) on 31.03.2021 after an illustrious service of 33 years to the Indian Railways & the Nation. During his service in Indian Railways he held various important and senior positions i.e. Principal Chief Operations Manager (PCOM), Principal Chief Commercial Manager (PCCM), Chief Freight traffic Manager (CFTM), Chief Passenger traffic Manager (CPTM), in NF Railway, Southern Railway, South Western Railway and South Central Railway.

The Board of Directors are of the view that the Company will be greatly benefited by his vast Railway experience in smooth running of the business and managing all affairs of the Company.

In terms of the Vacancy Notification for the post, the Managing Director was appointed in the scale of pay of a Director of Schedule- 'A' CPSE and the perks and benefits payable to Managing Director to be decided by the Company's Board minus pension, if any. Accordingly, the Board of Directors of the Company in its 64th meeting held June 22, 2021 approved the remuneration, perks and all other entitlements of Shri K Siva Prasad, Managing Director as reproduced below:

Pay and Perks of Managing Director/KRCL) :

Sl. No.	Particulars	Details
1.	Basic Pay	Rs. 2,24,100/- (In the pay band of INR 180000 - 340000 with annual increment of 3% [Three percent] subject to protection of basic pay). Note: 1 st annual increment shall be due after completion of one year from the date of joining.
2.	Dearness Allowance,	As per the IDA notified from time to time for 2017 pay scales
3.	Contribution to Provident fund, Gratuity	As per Extant Guidelines applicable.
4.	Provision of TADK in person or reimbursement of expenses on TADK	Provision of TADK in person or reimbursement of expenses on TADK Rs. 20,000/-
5.	Cafeteria Allowance : (35% to be chosen from the following allowance: Prof. Updation- 15% Elec. Allowance 6% Recreation Allowance - 6% Special Personal Allowance - 4% House Upkeep	35% of basic

	<p>Allowance – 4% Fitness Allowance – 6% Medical Allowance for Outdoor Treatment – 7%</p>									
6.	<p>HRA/Lease Accommodation</p>	<p>House Rent Allowance: The classification of cities and the rate of HRA shall be as mentioned below. Accordingly, the details of the recommended HRA are mentioned below:</p> <table border="1"> <thead> <tr> <th>Classification of cities</th> <th>Rates of HRA</th> </tr> </thead> <tbody> <tr> <td>X – Class (Population of 50 lakhs & above)</td> <td>24% of Basic Pay</td> </tr> <tr> <td>Y – Class (Population of 5 lakhs to 50 lakhs)</td> <td>16% of Basic Pay</td> </tr> <tr> <td>Z – Class (Population below 5 lakhs)</td> <td>8% of Basic Pay</td> </tr> </tbody> </table> <p>Note: The rate of HRA will be revised to 27%, 18% and 9% when IDA crosses 50%, and further revised to 30%, 20% and 10% when IDA crosses 100%.</p> <p>No office accommodation at the expense of the Company would be provided or arranged by the Company at his residence.</p> <p>However, facilities like machineries and equipment's which are required to facilitate him to discharge his official duties from residence will be provided, at company's cost. Repair and maintenance (including replacements) thereof shall also be borne by the Company.</p>	Classification of cities	Rates of HRA	X – Class (Population of 50 lakhs & above)	24% of Basic Pay	Y – Class (Population of 5 lakhs to 50 lakhs)	16% of Basic Pay	Z – Class (Population below 5 lakhs)	8% of Basic Pay
Classification of cities	Rates of HRA									
X – Class (Population of 50 lakhs & above)	24% of Basic Pay									
Y – Class (Population of 5 lakhs to 50 lakhs)	16% of Basic Pay									
Z – Class (Population below 5 lakhs)	8% of Basic Pay									
7.	<p>Self Lease & Third Party Lease</p>	<p>In lieu of HRA the facility of Lease may be availed as per following ceiling:</p> <table border="1"> <thead> <tr> <th>Classification of cities</th> <th>Limit of Lease rental</th> </tr> </thead> <tbody> <tr> <td>X – Class (Population of 50 lakhs & above)</td> <td>27% of Basic Pay</td> </tr> <tr> <td>Y – Class (Population of 5 lakhs to 50 lakhs)</td> <td>19% of Basic Pay</td> </tr> <tr> <td>Z – Class (Population below 5 lakhs)</td> <td>11% of Basic Pay</td> </tr> </tbody> </table>	Classification of cities	Limit of Lease rental	X – Class (Population of 50 lakhs & above)	27% of Basic Pay	Y – Class (Population of 5 lakhs to 50 lakhs)	19% of Basic Pay	Z – Class (Population below 5 lakhs)	11% of Basic Pay
Classification of cities	Limit of Lease rental									
X – Class (Population of 50 lakhs & above)	27% of Basic Pay									
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Z – Class (Population below 5 lakhs)	11% of Basic Pay									

		Deduction @1 % of basic pay towards lease accommodation provided.						
8.	Guest Entertainment Expenditure	As per actual.						
9.	Provision of Car with Driver	MD will be entitled to a Chauffeur Driven Car for official and personal use. For use of official transport i.e. Chauffeur Driver Car an amount of Rs. 2,000/- per month shall be recovered from monthly pay towards personal use of vehicle without any ceiling on non-duty journey.						
10.	Medical	<ul style="list-style-type: none"> • Medical checkup for self, Spouse and dependent family - as per actual • Room rent Suite- Upto Rs. 12,000 • Indoor Treatment – Full • Reimbursement outdoor – 7% as included in the Cafeteria of Allowance (35%) • Health check up No Limit specified 						
11.	Hard & Soft furnishing allowance:	Hard & Soft Furnishing Allowance: Towards various soft and hard furnishing at his residence MD will be entitled for an allowance of five lakhs rupees, once during his tenure. However, an additional recovery of 2.5% of basic would be made per month on this account. This would be in addition to the rent recoverable.						
12.	Travelling on tour	While travelling on official duty by Air – Executive Class, by Rail 1st AC and by Road - AC Car						
13.	Daily Allowance	<p>The rate of daily allowances shall be INR 2,300/-</p> <p>Note: The above daily allowances shall increase by 25% whenever IDA crosses 50% and a further increase of 25% when IDA crosses 100%. Other terms and conditions shall remain same.</p> <p>Daily allowance may be drawn for broken periods of a 'Day' on the following scales:</p> <table border="1"> <tr> <td>For absence of less than 6 Hours</td> <td>30% of per day allowance</td> </tr> <tr> <td>For absence of 6 Hours and more but less than 12 Hours</td> <td>70% of per day allowance</td> </tr> <tr> <td>For absence of 12 Hours & above</td> <td>100% of per day allowance</td> </tr> </table>	For absence of less than 6 Hours	30% of per day allowance	For absence of 6 Hours and more but less than 12 Hours	70% of per day allowance	For absence of 12 Hours & above	100% of per day allowance
For absence of less than 6 Hours	30% of per day allowance							
For absence of 6 Hours and more but less than 12 Hours	70% of per day allowance							
For absence of 12 Hours & above	100% of per day allowance							

		In addition to above, if he does not stay in hotel additional DA of one day for each night of stay outside headquarters at the rate of normal entitlement will be paid.						
14.	Lodging – Hotel Entitlement on tour	<p>Accommodation/ Lodging: Following maximum lodging allowances shall be admissible subject to actual whenever MD/KRCL is travelling on official tour:</p> <table border="1"> <thead> <tr> <th>'X' Class Cities</th> <th>'Y' Class Cities</th> <th>'Z' Class Cities</th> </tr> </thead> <tbody> <tr> <td>Upto the rent of a Deluxe Suite in Hotel Ashoka, New Delhi.</td> <td>90% of amount admissible for 'X' Class Cities</td> <td>80% of amount admissible for 'X' Class Cities</td> </tr> </tbody> </table> <p>Note:</p> <ul style="list-style-type: none"> The above rates of accommodation are exclusive of service fees, taxes and surcharges. Reimbursement of expenses towards own lodging arrangements - whenever such arrangements are made on his own in ORH or PSU Guest House, or anywhere else additional DA of one day for each such night stay will be admissible to MD/KRCL. 	'X' Class Cities	'Y' Class Cities	'Z' Class Cities	Upto the rent of a Deluxe Suite in Hotel Ashoka, New Delhi.	90% of amount admissible for 'X' Class Cities	80% of amount admissible for 'X' Class Cities
'X' Class Cities	'Y' Class Cities	'Z' Class Cities						
Upto the rent of a Deluxe Suite in Hotel Ashoka, New Delhi.	90% of amount admissible for 'X' Class Cities	80% of amount admissible for 'X' Class Cities						
15.	Leave in a Calendar Year:	<p>Casual Leave – 12 Days + 2 RH per annum Sick leave/ LHAP - 12 days [24 half days] per annum LAP/ Earned Leave – 30 Days per annum</p> <p>At the time of final settlement, Encashment of both accumulated LAP/ Earned Leave and Sick leave/ LHAP calculated @ Basic Pay + DA (on the basis of last pay drawn) subject to maximum limit of 300 days</p>						
16.	Leave Travel concession	As per extant guidelines applicable to Director of RVNL.						
17.	Membership of a Club	Reimbursement of subscription for Membership of one Club.						
18.	Mobile Handset, Laptop, tablet etc.	<p>He shall be entitled to gadgets like Mobile Handset, Laptop, tablet etc. which are required to facilitate him to discharge his official duties at company's cost. Repair and maintenance (including replacements) thereof shall also be borne by the Company.</p> <p>Note -</p>						

		After the useful life of the asset is over as per the policy of the Company, MD can retain the asset by paying an amount equivalent to depreciated value of the asset.
19.	Mobile, Telephone and Internet Expenditure	The Company shall bear the cost of his mobile expenditure, telephone & internet facility at home, etc.
20.	Brief case	Rs. 12,000
21.	Birthday Gift	Rs. 5,000
22.	One Inverter	Rs. 17,000
23.	One AC with Stabilizer	Rs. 25,000

An amount equal to monthly pension (before commutation) shall be deducted from monthly pay of MD/KRCL.

This explanation together with the accompanying notice is and should be treated as an abstract of Terms & Conditions related to appointment and remuneration of Managing Director/KRCL in terms of provisions of schedule V of Companies Act, 2013.

In accordance with the provisions of Sections 196, 197 & other applicable provisions of the Act, read with Schedule V to the said Act, the appointment and the terms of remuneration payable to Shri K Siva Prasad requires the approval of members by Ordinary Resolution.

Hence, the Board recommends the Resolution at item No. 6 for approval of the shareholders as Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company or their relatives are deemed to be interested or concerned in the said resolution except Shri K Siva Prasad, Managing Director.

By Order of Board of Directors

Date: November 02, 2021
Place: New Delhi


Trilok Garg
Company Secretary

Statement of Particulars pursuant to Schedule- V of Companies Act, 2013:

I. General information:

(1) Nature of industry: Construction, Operations-Maintenance and management of 114 KM New BG Rail line project between Obulavaripalle-Krishnapatnam in Andhra Pradesh

(2) Date of commencement of commercial production: July 03, 2019

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus- Not applicable

(4) Financial performance based on given indicators- Not applicable

(5) Foreign investments or collaborations, if any- Not applicable

II. Information about the appointee:

(1) Background details: as given above.

(2) Past remuneration: As per pay scale applicable to officers of Central Government in HAG grade (last drawn basic pay p.m. was Rs. 2,24,100/-).

(3) Recognition or awards

(4) Job profile and his suitability: as above

(5) Remuneration proposed: as above

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):
Not Applicable

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel 15[or other director], if any:
Not Applicable

III. Other information:

(1) Reasons of loss or inadequate profits: Although the operations & earnings got severaly affected by economic slowdown of 2019-20 followed by Covid-19 during FY 2020-21, still the Company is earning operational profit.

However, Net loss is recorded in the books of accounts due to high depreciation and finance cost.

(2) Steps taken or proposed to be taken for improvement: The Company is taking suitable steps to (a) improve earnings by attracting new customers, (b) minimize the finance cost, and (c) minimize the expenditures, with an aim to make the organization a profitable one as soon as possible.

(3) Expected increase in productivity and profits in measurable terms: yet to be measured.

By Order of Board of Directors

Date: November 02, 2021
Place: New Delhi


Trilok Garg
Company Secretary



DIRECTOR'S REPORT

BOARD'S REPORT

To
The Members,

Your Directors take pleasure in presenting the 15th Annual Report on the working of your Company along with Audited Annual Accounts, for the Financial Year ended March 31, 2021.

1. Financial Performance: Summary of Financial Results

Particulars	In Rs. Lakhs	
	2020-21	2019-20
Revenue from Operations*	21,219.09	42,513.16
Other Income	594.33	580.41
Profit/Loss before Depreciation, Finance Costs, Exceptional Items and Tax Expense	21,813.42	43,093.57
Less: Depreciation / Amortisation / Impairment	9,570.65	7,303.78
Profit / Loss Before Finance Cost, Exceptional items and Tax Expense	12,242.77	35,789.79
Less: Finance Cost	21,460.89	17,345.13
Profit / Loss Before Exceptional items and Tax Expense	(9,218.12)	18,444.66
Less : Employees Benefit Expenses, O&M Expenses and Other Expenses	7,189.94	25,666.58
Profit / Loss Before Tax Expense	(16,408.06)	(7,221.92)
Less: Tax Expense (Current & Deferred)	(5,726.36)	(2,362.56)
Profit / Loss for the Year (1)	(10,681.70)	(4,859.36)
Total Comprehensive Income (2)	-	-
Total (1+2)	(10,681.70)	(4,859.36)
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)	(10,681.70)	(4,859.36)
Earnings Per Share	(1.71)	(0.78)
- Basic	(1.71)	(0.78)
- Diluted	(1.71)	(0.78)

*Figures of revenue and expenditures given above and recorded in Financial Statements are based on assumptions taken while preparation of financial statements 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

During year 2020-21 the country witnessed 1st of its kind in the modern history and worst health as well economic pandemic of this century, called Covid-19. The impact of this crisis was so severe that so many business had to either shut down or struggled with discontinuation of operations for a significant part of the year and recorded negative revenue at the closing of the financial year.

COVID-19 put an immediate halt to many business activities across the globe, as several countries had shut down their ports, airports and domestic transportation while imposing nation-wide lockdowns, leading to a disturbance in business and civil life. India took special measures to control the spread by imposing one of the longest lockdowns in the world, to cushion the scarce availability of healthcare resources. The enormity of the lockdown affected manufacturing activities and supply chains alike, disrupting the overall economy.

As per the official figures released by the Central Government, during the FY 2020-21 the India's Industrial Production (IIP) got shrunk by 8.6% compared to 0.8% contraction in the IIP during FY 2019-20. The GDP during FY 2020-21 was also contracted by about 7.3% mainly due to Covid-19 as compared to 4.0% growth in 2019-20.

The Company is proud to declare that the movement of Traffic/operations on the SPV line section continued without any halt in these most difficult times during 1st quarter of the Financial Year 2020-21, when most of the business activities faced restrictions due to national lockdown.

In spite of all the odds a total 8.81 MT traffic moved on the Line of KRCL during FY 2020-21, in comparison to 11.83 MT traffic carried through the line, during FY 2019-20. There was a decrease of about 3.02 MT i.e. 26.0% in the movement of traffic volume on the Line during the period under report, compared to FY 2019-20.

During the year the Company earned Net operational earnings Rs. 150.18 Cr., (after defraying all O&M costs) in comparison to Rs.177.37 Cr. for FY 2019-20. During the year there was a decrease in net operational earnings of about 15%, despite of 26% decrease in volume of Traffic movement.

Fundamentally, the movement of Traffic on the Railway Line of the Company depends on (i) volumes of (a) raw material consumption, (b) finished product generated by the industries/plants being served through SPV line, (ii) Import/Export policies of the Government and (iii) the performance of

Krishnapatnam Port. The overall performance of the Company also depends on the nature of growth of the Industrial sector in the hinterland.

3. Operations & Maintenance of 114 KM Line between KAPT-OBVP

Operations of the complete section between KAPT and OBVP of 114 KM are carried out by Railways and the Company took over the fixed P-Way, OHE, S & T and TRD Maintenance of the 93 Km section between Obulavaripalle (OBVP) and Venkatachalam Rd. Jn. (VRJN) with effect from 3rd July, 2019 in order to save on Fixed Maintenance Cost. The Company was already carrying out the fixed P-way maintenance of the 21 Km section between KAPT and VKT.

Further, during the period under report, Company took over S&T, OHE, Electrical General and PSI Maintenance on the 21 Km section from SCR with effect from June 01, 2020.

The Company has awarded contracts for P-Way/Track including keyman, S&T, OHE, Electrical General and PSI Maintenance of the complete line section between Obulavaripalle and Krishnapatnam station of SPV, and has appointed supervisory staff to check quality of maintenance work being done on the line.

The Company is in discussion with S C Railway for execution of a fresh O & M Agreement for the complete 114 Km BG Electrified Railway Line.

4. Reserves

Except unabsorbed loss for the year, the Company does not propose to carry any amount to any reserve.

5. Share Capital and Debt Structure

During the year under review, there was no change in the Capital Structure of the Company. Authorized share Capital of the Company is Rs. 650 Crore. Issued, subscribed and paid-up Equity Share capital of the Company on 31st March, 2021 is Rs. 625 Crore.

The Company has obtained a Term Loan of Rs. 1074.97 Crore (sanctioned limit Rs. 1083 Crore) from schedule Banks/FI, prior to the commencement of financial year 2020-21 to finance the construction of the project. The Principle Term loan is payable in 52 quarterly instalments starting from September, 2019. During the FY 2020-21 the Company has paid four quarterly instalments aggregating Rs. 51.06 Cr. of the Term Loan and the outstanding balance of the Term Loan as on 31st March, 2021 is Rs. 991.66 Crore.

6. Dividend

During the year the Company earned no profit after tax. Hence the Directors do not recommend any dividend for the Financial Year ended on 31st March, 2021.

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 the impact of Covid- 19 pandemic on the revenue from operations.

9. Impact of Covid-19 Pandemic on Financial Position of the Company

The year 2020-21 threw at the world a bedlam of novel coronavirus (Covid-19), threatening all that was taken for granted –mobility, safety, and a normal life itself. This, in turn, posed the most formidable economic challenge to India and to the world in a century.

Initially the Union Government had to impose National Lockdown, which continued till 31st May, 2020 and the Lockdown further slowed down the economy, which was already in severe depression during last quarter of FY 2019-20.

All the industrial production, Import/export of commodities was harshly affected across all sectors (except medical and essential commodities) and caused in lesser volumes of Traffic movement on KRCL Line also. However, by the closing of financial year 2020-21 the economy has shown signs of V shape recovery and Traffic movement on SPV line section also increased to almost pre covid levels. During the Months April to July 2021, per month average number of Rakes moved is 255, as against the average of 171 Rakes moved during the corresponding months during 2020.

The traffic during FY 2021-22 is expected to remain stable during first 6 to 8 months due to recovery of the industries from impact of COVID 19 Pandemic and thereafter the traffic is likely to increase at least up to the levels of pre covid year i.e. FY 2019-20 in the corresponding period.

10. Extract of Annual Return

The Annual Return, pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 11 of the Companies (Management and Administration) Rules, 2014, is available on Company's website i.e. <http://krcl.org.in/>

11. Details of Board of Directors

11.1 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, 2021 was Eleven (11) Directors. They are as follows:

Sl. No.	Name	DIN Number	Designation
1	Sh. Shushant Kumar Mishra (MoR)	07869414	Chairperson
2	Dr. D. V. Subrahmanyam (RVNL)	08729104	Nominee director
3	Sh. D.K. Gupta (SDCL)	08203085	Nominee Director
4	Sh. Vinay Kumar Prajapati (SDCL)	09062988	Nominee Director
5	Sh. Sajal Mittra (AKPL)	02625510	Nominee Director
6	Mrs. Shilpi Agarwal (RVNL)	08004390	Nominee Director
7	Sh. Alok K Mehta (NMDC)	07474850	Nominee Director
8	Sh. M. P. Singh (RVNL)	08165734	Nominee Director
9	Sh. B. K. Reddy (RVNL)	07823758	Nominee director
10	Sh. N. P. Ramakrishna Reddy (GoAP)	06971454	Nominee Director
11	Sh. G. J. Rao (AKPL)	01724002	Nominee Director

During the financial year ended March 31, 2021, the Board of Directors met Five (5) times on 23rd June, 2020, 25th July, 2020, 24th September, 2020, 18th December, 2020 and 24th February, 2021.

11.2 Details of attendance of each Director in the Board meetings held during the period April 01, 2020 to March 31, 2021:

Sl. No	Name of the Director	Designation	Meetings Held during the tenure	Meetings Attended
1	Sh. Sushant Kumar Mishra	Chairperson	5	3

2	Dr. D. V. Subrahmanyam	Acting Managing Director	5	5
3	Mr. D.K. Gupta	Nominee Director	5	3
4	Mr. M. P. Singh	Nominee Director	5	5
5	Mrs. Shilpi Agarwal	Nominee Director	5	5
6	Mr. B. K. Reddy	Nominee Director	5	5
7	Sh. G J Rao	Nominee Director	5	3
8	Mr. Sumit Deb	Nominee Director	2	2
9	Mr. Alok K. Mehta	Nominee director	3	1
10	Mr. Siddharth Jain	Nominee Director	2	0
11	Mr. N P Ramakrishna Reddy	Nominee Director	3	2
12	Mr. S Subba Rao	Nominee Director	3	3
13	Mr. Sajal Mitra	Nominee Director	2	2
14	Mr. Devendra Kumar Rai	Nominee Director	4	2
15	Mr. V K Prajapati	Nominee Director	1	1

***Cessation/ Appointment/Re-appointment of Directors during April 01, 2020 to March 31, 2021. Details are given under section 11.3 below.**

11.3 Changes in the Board during the period April 01, 2020 to March 31, 2021

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.	Sh. G J Rao	Nominee Director	Appointment on June 23, 2020
2.	Sh. Sumit Deb	Nominee Director	Cessation on September 01, 2020
3.	Sh. Alok K Mehta	Nominee Director	Appointment on September 01, 2020
4.	Sh. Siddharth Jain	Nominee Director	Cessation on September 24, 2020

5.	Sh. N P Ramakrishna Reddy	Nominee Director	Appointment on September 24, 2020
6.	Sh. S Subba Rao	Nominee Director	Cessation on October 17, 2020
7.	Sh. Sajal Mittra	Nominee Director	Appointment on October 24, 2020
8.	Sh. D K Rai	Nominee Director	Cessation on February 24, 2021
9.	Sh. V K Prajapati	Nominee Director	Appointment on February 24, 2021

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

During the year under review following changes took place in the personnel appointed/designated as KMP as per provisions of the Companies Act, 2013:

1. Sh. S N Banerjea, Chief Executive Officer/KRCL resigned from the post on March 16, 2021
2. Sh. T Muni Prasad, Chief Financial Officer/KRCL superannuated on March 31, 2021 due to completion of Tenure

Details of KMPs as on March 31, 2021:

1. Sh. Trilok Garg, Company Secretary

However, after closure of FY 2020-21 Shri K Siva Prasad joined as whole Time Managing Director of the Company on April 19, 2021 and the Company has initiated the process for appointment of Chief Financial Officer.

13. 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.

14. 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.

15. 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.

16. 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.

17. Statutory Auditors Report

M/s V K Khosla & Co., Chartered Accountants were appointed as Statutory Auditors of the Company for FY 2020-21 by the office of the CAG. The report of Statutory Auditors of the Company is received and circulated to the shareholders along with notice of Annual General Meeting.

18. Secretarial Audit Report

The Company appointed Mr. Anil Anand (Company Secretary in Practice), as Secretarial Auditor of the Company for FY 2020-21 pursuant to provisions of Section 204 of the Companies Act, 2013.

The Report of Secretarial Auditor for the Financial Year 2020-21 was received and is annexed to this report as **Annexure-I**.

19. 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 is enclosed as **Annexure-II**, to Directors report.

20. 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.

21. 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. No meeting of the Committee held during FY 2020-21.

Corporate Social Responsibility Policy

The Company has in place CSR Policy which 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 III and forms integral part of this Report.

22. 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.

23. 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.

24. 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.

25. 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.

26. 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.

27. Directors Responsibility

Your directors would like to inform that the Audited accounts containing the Financial Statements for the year ended March 31, 2021 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 V K Khosla & 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.

28. 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) The Company uses relevant technologies in carrying out its office activities and maintenance of Rail line in compliance with all applicable Guidelines issued by MoR.
- c) During the year under review, your Company's foreign exchange earnings and outgo were NIL.

29. 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 2020-21 the Company had no women employee and has not received any complaint related to sexual harassment.

30. Maintenance of Cost Records As Specified by the Central Government under Sub-Section (1) Of Section 148 Of The Companies Act, 2013

Maintenance of Cost Records under Section 148(1) of The Companies Act, 2013 is not applicable to the Company.

31. Details in respect of frauds reported by auditors under section 143(12) of the Companies Act, 2013

No fraud has been reported by the Auditors during the reporting period under section 143(12) of the Companies Act, 2013.

32. Statement on Declaration Given By Independent Directors under Section 149(6) of the Companies Act, 2013.

Declaration Given by Independent Directors under Section 149(6) of the Companies Act, 2013 is not applicable to the Company as the Company does not have any Independent Director during the reporting period.

33. Company's Policy On Directors' Appointment And Remuneration Including Criteria For Determining Qualifications, Positive Attributes, Independence Of A Director And Other Matters Provided Under Sub-Section (3) Of Section 178 the Companies Act, 2013.

Except One post of Whole Time Managing Director, all the Directors in the BoD of the Company are representative Directors (part time non-executive) nominated by its Shareholders under provisions of Shareholders and Share Subscription Agreement. The Nominee Directors do not draw any remuneration from KRCL.

For appointment of Managing Director all terms & conditions i.e. mandatory education qualifications, relevant experience, positive attributes, remuneration etc., are approved by the Board of Directors directly/on the recommendations of the MD Selection Committee, as per requirements of the Company. During the year the Company appointed a Whole Time Managing Director is through proper selection process.

34. Filing of Statutory E-forms With Ministry of Corporate Affairs

During Period under review Company has filed all Statutory E-forms with Registrar of Companies (Ministry of Corporate Affairs)

35. Appreciation and Acknowledgement

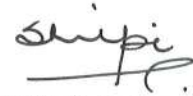
Your Directors place on record their appreciation for the continued assistance, valuable guidance and support rendered by the Ministry of Railways (MoR), South Central Railway, Lender Banks, Auditors and shareholders of the Company. The Directors look forward to your continued support in future.

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.

On behalf of the Board of Directors



K Siva Prasad
Managing Director
(DIN: 09124374)



Shilpi Agarwal
Director
(DIN: 08004390)

Place: New Delhi

Date: August 26, 2021

CS ANIL ANAND

(Company Secretary in Practice)

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2021

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

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
Telangana-500003.

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 (CIN: U45200TG2006PLC051378) (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 Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers 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, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made there under: - Not Applicable
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under: - Not Applicable
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment: - Not Applicable

351 Prakash Mohalla, Near East of Kailash, New Delhi-110 065.

Email: csanilanand96@gmail.com Phone: +91 9873925927

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") :-
- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ;- Not Applicable
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992 ;- Not Applicable
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 ;- Not Applicable
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 ;- Not Applicable
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;- Not Applicable
 - f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client ;- Not Applicable
 - g) The Securities and Exchange Board of India (Delisting of Enquiry Shares) Regulations, 2009 ;- Not Applicable and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 ;- Not Applicable
- (vi) We have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standard issued by Institute of Company Secretaries of India.
 - (ii) The Listing Agreements entered into by the Company with... Stock Exchange(s) :- Not Applicable;

During the period under review, the Company has complied with the provisions of the Acts, rules, regulations and guidelines mentioned above

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Directors 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 to the Directors for holding the Board Meetings during the year, and a system exists for seeking and obtaining further information and clarification 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 unanimous and no dissenting views have been recorded.

We further report that

- i. 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, and
- ii. during the Audit period, there are no such specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards taken place.

The Report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.

ANIL
ANAND

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by ANIL ANAND
Date: 2021.08.26
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CS Anil Anand
ACS:10328, CP No: 11295
UDIN: A010328C000833876

Date: 26-August-2021
Place: New Delhi

CS ANIL ANAND

(Company Secretary in Practice)

ANNEXURE-A

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
Telangana-500003.

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretariat records. The verification was done on test basis to ensure that correct facts are reflected in Secretariat records. We believe that the process and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretariat Audit is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

ANIL
ANAND

Digitally signed
by ANIL ANAND
Date: 2021.08.26
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CS Anil Anand
ACS:10328, CP No: 11295
UDIN: A010328C000833876

Date: 26-August-2021
Place: New Delhi

351 Prakash Mohalla, Near East of Kailash, New Delhi-110 065.
Email: csanilanand96@gmail.com Phone: +91 9873925927



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 2020-21	Management Reply
	Basis for Qualified Opinion:	
1	<p>The Company's revenue are carried in the statement of Profit & Loss a/c under note 19 (revenue from operations being Rs. 18319.29 lakhs). Monthly revenue bills / apportionment sheet of revenue are received from SCR. All these invoices are marked as "Provisional". The outcome of provisional invoicing 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 booking 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. Further, as referred by management of the company vide Note 19(i)(c), the revenue is provisional subject to Railway Board Decisions w.r.t revenue on account of Apportioned Terminal Cost from SCR. Thus, operating revenue could not be verified. Financial impact, if any, cannot be ascertained. Thus, the total Final Accounts are drawn on the strength of provisional unverified Revenue. Further, the company has material uncertain tax positions including matter under dispute which involves significant judgment to determine the possible outcome of these disputes.</p>	<p>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'.</p> <p>KRCL do not have any control over the practices followed by Railway Administration.</p> <p>Revenue Statements are always checked by KRCL officers at Secunderabad. Copies of all revenue statements certified by CFO/KRCL and Sr. Technical Manager/KRCL have been furnished to Audit team.</p>

SIVA PRASAD
KASTURI

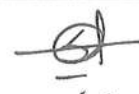
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Sl. No	Auditor's Comments for Financial Year 2020-21	Management Reply
	Emphasis of Matters	
1	The balances relating to debtors and vendors are subject to confirmation.	Balance Confirmation is not furnished by SCR as per the Practice of Railways. Further, Balance Confirmation of the major creditor i.e., RVNL was furnished already.
2	<p>The company is not charging GST in its revenue as Company is of the view that the revenue that it is getting from the Railways is not supplies but is merely apportionment of earning (being return on investment made by the SPV). Company has received favourable order from CESTAT under service tax regime on the issue. However, the matter stands open in the GST regime and the Company is in discussion with Railways who have sought clarification from the Finance Ministry.. Further, in GST returns filed by the company, only RCM on advocate / arbitrary services is considered in return. The company has accordingly, not reflected any revenue in GST returns, either in Nil Rated Supply / Zero Rated Supply or Exempt Supply. The matter is under litigation since the Service Tax Regime.</p> <p>Further, the company has not provided for liability to pay GST under reverse charge mechanism in respect of O&M costs as billed by SCR as the company feels there is no supply of service and accordingly they are not liable for GST. This has resulted in understatement of expenditure & over statement of profit by Rs.3.86 Cr.</p>	<p>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.</p> <p>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 activities 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 on O&M Costs.</p>
3	<p>Recognition & measurement of O & M 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. The same are taken as shared by SCR Financial impact, if any, cannot be ascertained.</p>	Detailed Monthly O&M Bills are duly checked and verified by CFO/KRCL and Sr. Technical Manager/KRCL.
4	<u>Identifying and assessing the risk of material misstatement w.r.t Capitalization of Intangible Assets</u>	In 2017, the detailed estimate submitted by RVNL was Rs. 1850 Cr. (Hard Cost), which was approved by the BoD.

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<p>Intangible Assets capitalized during the year relates to the construction of all three phases & related ancillary constructions. The expenditure incurred by the company for FY 2020-21 was Rs.29.33 Cr. Cumulative expenditure up to 31.03.2020 was Rs.2646.57 Crores and the cumulative expenditure upto 31.03.2021 was Rs. 2675.90 crore. This project 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 to be completed in November 2018, but Phase II has become commercially operational on 3rd July 2019 only. The cumulative expenditure of this project has gone up to Rs.2675.90 crore as on 31.03.2021.</p> <p>In addition the company is still receiving expenditure bills form RVNL and there are further bills in the pipeline. Board is yet to approve increased cost. Details of project cost were to be made available by RVNL, which were to be verified by Independent agency. RVNL have yet to give project cost/completion/handover certificate to the company.</p>	<p>It is a fact that the cost of the Project has increased to certain extent primarily due to change in geology of two Tunnels mid-way of the longest tunnel (7 Km. in length) while excavation was continuing.</p> <p>Due to which the progress of the work was hindered in order to mitigate the problem in respect of change in technology.</p> <p>Further Change of the scope of the project had also taken place in form of elimination of LC Gates as directed by MoR. Due to which 47 RUBs needed to be constructed on high embankments, which alone led to cost escalation to the extent of over Rs. 400 Cr.</p> <p>The project became operational on July 03, 2019, but a few ancillaries works being completed. Due to this Construction Bills are still received from RVNL. Approval for Rs. 2646.75 crore has been obtained from the 60th BoD meeting held on 25/07/2020.</p> <p>However, during the year 2020-21, the company received construction expenditure bills for an amount Rs. 29.33 crore (approximately) from RVNL and the bills are still coming in. Since, the Board of Directors in its 61st BOD dt. 24.09.2020, approved expenditure of Rs. 17.32 crore only for construction of Two additional stations. Capitalization of the excess expenditure of Rs 12.01 crore (approx.) as per bills submitted by RVNL, in KRCL books of accounts during FY 2020-21. Approval has been obtained from the BoD in its 65th meeting held on 26/08/2021.</p>
<p>5 Attention is drawn to the following Notes to the Final Accounts:-</p> <p>a) Note no 13.1.1 which refers to re-schedulement of Secured Loans on account of extension of COD. The same reflects on company's tightness in generating adequate revenue to meet debt obligations.</p> <p>b) Note-5.2 which refers to the fact that RVNL is</p>	<p>a) Company is duly servicing interest on Banks Loan for past eight years without any default, Repayment of Principal Loan amount has also started from September 2019. Up to March 2021, the Company paid Interest on Loan as well as installments of Principal Loan without any default.</p> <p>b) There is no clause in the existing</p>



<p>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.</p> <p>c) Note No.5.4 of the final accounts according to which D&G charges being capitalized and amortized is subject to change based on outcome of final of actual completion cost.</p> <p>d) Note no-19(1)(b)&(c) under Revenue from Operations. The company's claim relating to (a) earning on length of about 14.45 Km section from Krishnapatnam Railway and (b) apportionment of Terminal costs. These issues are now pending for Arbitration and Final decision of Ministry of Railways is pending. So Revenue is subject to these.</p> <p>e) Note No. 34, where, in absence of any approval from the board of the Company the figure for Capital Commitment has not been estimated and accordingly has not been shown under Capital Commitment as on 31.03.2021.</p> <p>f) Note No. 4.3 according to which Assets of phase-1, phase-2 & phase-3 of the company are not insured as on balance sheet date, as required under the Loan Agreement dated 23rd November, 2007.</p> <p>g) Note no 21 (iii) & (iv) and as such Operation Agreement is yet to be entered into with SCR pertaining to operation of phase-III which is function since 2nd march 2014 and Phase II which is function since 3rd July 2019, 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.</p>	<p>Construction Agreement executed between RVNL and KRCL, which prohibits RVNL from charging interest on D&G outstanding Amount.</p> <p>At the time of re-conciliation after completion of all balance works, this issue/matter will be raised to RVNL.</p> <p>c) At present RVNL is charging D&G Charges in accordance with provisions of Construction Agreement.</p> <p>On Completion of work, final D&G Charge will be calculated and actual impact will be taken in Financial Statements.</p> <p>d) Statement of fact.</p> <p>e) Statement of fact.</p> <p>f) The Company is in the process of obtaining insurance for entire project assets.</p> <p>g) O&M Agreement for the entire project is to be concluded, the same is under consideration of with SCR for all Phases. The existing O&M Agreement is being followed till the new Agreement is signed.</p>
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Sl. No	Auditor's Comments for Financial Year 2020-21	Management Reply
	Internal Financial Control	
1.	The operation of company's business are solely controlled by the South Central railway (SCR). All supporting evidences related to revenue booking are being controlled & managed by SCR only and not made available for verification.	Every month reconciliation is being done with the Traffic revenue Officer of SCR. RR wise reconciliation is done every month by KRCL officers 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 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 above.
3.	There is no control over the operation & maintenance (O&M) expense, overhead charges, indirect cost etc. billed by the SCR and deducted from 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, after issuing letters for the refund of the same.
4.	Absence of Internal Financial Controls has been felt in the booking of expenditure for the construction 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.	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. Since contractor is primarily appointed by RVNL therefore original bills are retained by RVNL, as a proof of expenditure RVNL submits copy of invoices to company.
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.

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ANNUAL REPORT ON CSR ACTIVITIES- FY- 2020-21

Sr. No.	Particulars	Remarks
1	A Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the weblink to the CSR policy and project or programs.	The Corporate Social Responsibility (CSR) Policy of Krishnapatnam Railway Company Limited (herein after referred as KRCL) is issued within the provisions of Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules 2014 and Schedule- VII. The scope of this policy extends to activities as stated under Schedule VII of the Companies Act, 2013, as may be amended from time to time. Weblink to access CSR policy on Company's website: http://krcl.org.in/csr/
2	The Composition of the CSR Committee	<ol style="list-style-type: none"> 1. Sh. M. P. Singh (Non Executive Director) 2. Sh. B.K. Reddy (Non Executive Director) 3. Sh. V. K. Prajapati (Non Executive Director)
3	Average net profit of the Company for last three financial years.	Rs. 1736.22 Lakh
4	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above).	Rs. 34.72 Lakh
5	Details of CSR spent during the financial year: a) Total amount to be spent for the financial year b) Amount unspent, if any; c) Manner in which the amount spent during the financial year is detailed below	Rs. 123.74 Lakh (i.e. Rs. 34.72 Lakh for FY 2020-21, Rs. 83.22 Lakh for FY 2019-20 and Rs. 5.80 Lakh for FY 2018-19) NIL Detailed below
6	In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount in its Board report.	Not Applicable

CSR Projects:

(Rs in Lakh)

S. No.	CSR Project or activity identified	Sector in which the project is covered	State and district of Project coverage	Project wise outlay	Amount spent on the Projects or Programs		Cumulative expenditures upto the reporting period	Direct or through implementing agency
					Direct expenditure on the projects or programs	Over-heads		
1	Development of a well equipped Library, Science Lab & Digital Lab at the CVR English medium School for the students of under privileged/economically weaker sections	Education	Muthukur Mandal, District : SPSR Nellore, A.P.	Rs. 15.60 Lakh	Rs. 5,60,203	NIL	Rs. 15.60 Lakh	Through CVR Foundation
2	Providing additional amenities and special repairs of KAC Govt. Junior College at Nellore	Education	SPSR Nellore, A.P.	Rs. 33.51 Lack	Rs. 33,51,474	NIL	Rs. 33.51 Lakh	Through District Administration
3	Donation to PM CARES Fund	Citizens assistance and relief in Emergency	NA	Rs. 84,62,323	Rs. 84,62,323	NA	NA	NA

7. The implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company.

Sd/-
(M. P. Singh)
Member CSR Committee

Sd/-
(B. K. Reddy)
Member CSR Committee



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

KRISHNAPATNAM RAILWAY COMPANY LIMITED
Balance Sheet as at 31st March 2021

(₹ in Lakhs)

Particulars	Note No	As at 31st March 2021		As at 31st March 2020	
I. ASSETS					
1 Non-current assets					
(a) Property, Plant and equipment	3	253.57		279.15	
(b) Other Intangible assets	4	2,63,856.89		2,70,499.80	
(c) Intangible assets under development	5	-		-	
(d) Financial Assets	6				
(i) Loans	6.1	1.50		1.50	
(ii) Others	6.2	2,069.20		1,856.37	
(e) Deferred Tax Asset	15	8,039.07		2,312.71	
(f) Other non-current assets	7	50.00	2,74,270.23	67.00	2,75,016.53
2 Current assets					
(a) Financial Assets	8				
(i) Trade Receivables	8.1	5,210.65		4,517.13	
(ii) Cash and cash equivalents	8.2	4,404.28		4,118.12	
(iii) Bank Balances other than (ii) above	8.3	5,600.68		5,945.45	
(iv) Others	8.4	55.33		74.36	
(b) Current Tax Assets (Net)	9	493.59		466.04	
(c) Other current assets	10	7.23	15,771.76	90.58	15,211.68
Total Assets			2,90,041.99		2,90,228.21
II. EQUITY AND LIABILITIES					
1 Equity					
(a) Equity Share Capital	11	62,500.00		62,500.00	
(b) Other Equity	12	(7,809.82)	54,690.18	2,871.88	65,371.88
2 Liabilities					
(i) Non-current liabilities					
(a) Financial Liabilities	13				
(i) Borrowing	13.1	92,716.06		99,165.87	
(ii) Trade Payables	13.2				
a) Total Outstanding Due to Micro enterprises and small enterprises					
b) Total Outstanding Due to creditors other than Micro enterprises and small enterprises	13.2	129.12		249.39	
(b) Deferred Tax Liability	15	-		-	
(c) Other Non-Current Liability	16	69.72	92,914.90	96.70	99,511.96
(ii) Current liabilities					
(a) Financial Liabilities	17				
(i) Trade Payables	17.1				
a) Total Outstanding Due to Micro enterprises and small enterprises					
b) Total Outstanding Due to creditors other than Micro enterprises and small enterprises		1,790.07		476.05	
(ii) Other financial liabilities	17.2	1,35,446.82		1,20,724.26	
(b) Provisions	14	5,000.00		3,947.37	
(c) Other Current liability	18	200.02		196.69	
(d) Current Tax Liability (Net)	9	-	1,42,436.91	-	1,25,344.37
Total Equity and Liabilities			2,90,041.99		2,90,228.21
III. See accompanying notes to the financial statements (Note-1-46)					

As per our Report of even date attached

For V. K. Khosla & Co.

Chartered Accountants

FRN : 002283N



Amit Khosla
Partner
M No. 095943
Place : New Delhi
Date : 26/08/2021

UDIN: 21095943AAAAE08925

For and on behalf of Board of Directors

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K. Siva Prasad
Managing Director
DIN :09124374


Trilok Garg
Company Secretary
M No. 30019


Shilpi Agarwal
Director
DIN :08004390

KRISHNAPATNAM RAILWAY COMPANY LIMITED
Statement of Profit & Loss for the Year ended 31st March 2021

(₹ in Lakhs except EPS)

Particulars		Note No.	For the year ended 31st March 2021	For the year ended 31st March 2020
I.	Revenue :			
	Revenue from operations	19	21,219.09	42,513.16
II.	Other income	20	594.33	580.41
III.	Total Income (I + II)		21,813.42	43,093.57
IV.	Expenses:			
	Operation & Maintenance Expense	21	6,201.04	24,775.92
	Employee benefits expenses	22	95.88	64.71
	Finance costs	23	21,460.89	17,345.13
	Depreciation and amortization	24	9,570.65	7,303.78
	Other Expenses	25	893.02	825.91
	Total Expenses (IV)		38,221.48	50,315.45
V.	Profit/(Loss) Before exceptional items and Tax (III - IV)		(16,408.06)	(7,221.88)
VI.	Exceptional items		-	-
VII.	Profit/(Loss) before tax (V - VI)		(16,408.06)	(7,221.88)
VIII.	Tax expense:			
	(1) Current tax			
	- For the year		-	-
	- For earlier years (net)		-	(0.83)
	(2) Deferred tax (net)	26	(5,726.36)	(2,361.73)
	Total Tax Expense (VIII)		(5,726.36)	(2,362.56)
IX.	Profit/(loss) for the period from continuing operation (VII - VIII)		(10,681.70)	(4,859.32)
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)		(10,681.70)	(4,859.32)
XIV.	Other Comprehensive Income			
	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)		(10,681.70)	(4,859.32)
XVI.	Earnings Per Equity Share: (For Continuing Operation)			
	(1) Basic (Face Value of Share ₹ 10/-) (in ₹)	27	(1.71)	(0.78)
	(2) Diluted (Face Value of Share ₹ 10/-) (in ₹)	27	(1.71)	(0.78)
XVII.	Earnings Per Equity Share: (For Discontinuing Operation)			
	(1) Basic (Face Value of Share ₹ 10/-) (in ₹)	27	-	-
	(2) Diluted (Face Value of Share ₹ 10/-) (in ₹)	27	-	-
XVIII.	Earnings Per Equity Share: (For Continuing and Discontinuing Operation)			
	(1) Basic (Face Value of Share ₹ 10/-) (in ₹)	27	(1.71)	(0.78)
	(2) Diluted (Face Value of Share ₹ 10/-) (in ₹)	27	(1.71)	(0.78)

See accompanying notes to the financial statements (Note-1-46)

As per our Report of even date attached

For V. K. Khosla & Co.
Chartered Accountants
FRN : 002283N



Amit Khosla
Partner
M No. 095943

Place : New Delhi
Date : 26/08/2021

UDIN:- 21095943AAAAE08925

For and on behalf of Board of Directors

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K. Siva Prasad
Managing Director
DIN :09124374

Shilpi

Shilpi Agarwal
Director
DIN :08004390

Trilok
Trilok Garg
Company Secretary
M No. 30019

KRISHNAPTNAM RAILWAY COMPANY LIMITED
Statement of Cash Flow for the period ended 31st March 2021

(₹ In Lakhs)

Particulars		For the year ended 31st March 2021	For the year ended 31st March 2020
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before taxation		(16,408.06)	(7,221.88)
Adjustment for :			
Depreciation, amortization and impairment		9,570.65	7,303.78
Interest Income		(354.52)	(359.36)
Interest Expenses on Bank Loan		9,403.69	8,279.25
Interest Expenses on RVNL Bills		11,623.55	8,684.15
Unwinding of discount-receivable from SCR		(212.83)	(191.41)
Unwinding of discount-overhead cost payable		22.13	27.70
Income from reversal of deferred Overhead costs payable		(26.98)	(26.98)
Interest on Provision for resurfacing		411.51	312.14
Operating Profit before operating capital changes	(1)	14,029.14	16,807.39
Adjustment for :-			
Decrease / (Increase) in Trade Receivables / Loans & Advances		(693.52)	(2,616.60)
Decrease / (Increase) in Other Financial current Assets		(22.61)	(0.03)
Decrease / (Increase) in Other current Assets		83.35	(76.45)
Decrease / (Increase) in Other Non Current Assets		2.00	2.91
(Decrease) / Increase in Non Current Trade Payables		(142.40)	(39.09)
(Decrease) / Increase in Current Trade Payables		1,314.02	156.14
(Decrease) / Increase in Other Financial Liability		13,378.85	27,146.99
(Decrease) / Increase in Other Current Liability		3.33	(100.53)
(Decrease) / Increase in non-current Provision		641.12	641.12
	(2)	14,564.14	25,114.46
Cash generated from operation	(1+2)	28,593.28	41,921.85
Income Tax Paid (Net of Refund)		(27.55)	(422.07)
NET CASH FROM OPERATING ACTIVITIES	(A)	28,565.73	41,499.78
CASH FLOW FROM INVESTING ACTIVITIES			
Capital Expenditure on Property Plant Equipment and Intangible Assets, Including Capital Advances		(2,887.16)	(17,175.71)
Increase in deposits having original maturity of more than three months and other bank balances		344.77	(167.88)
Interest Income		396.16	318.48
NET CASH FROM INVESTING ACTIVITIES	(B)	(2,146.23)	(17,025.11)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Loan		(5,106.10)	(3,224.91)
Interest Expenses- Bank Loan		(9,403.69)	(11,061.12)
Interest Expenses- RVNL		(11,623.55)	(11,074.39)
Dividend (including Dividend Distribution Tax) paid			
NET CASH FROM FINANCING ACTIVITIES	(C)	(26,133.34)	(25,360.42)
NET INCREASE (Decrease) IN CASH & CASH EQUIVALENT	(A+B+C)	286.16	(885.75)
CASH AND CASH EQUIVALENT (OPENING)	(D)	4,118.12	5,003.87
Balances with banks-Current Account		18.12	3.87
Deposits with Bank with less than 3 months maturity		4,100.00	5,000.00
CASH AND CASH EQUIVALENT (CLOSING)	(E)	4,404.28	4,118.12
Balances with banks-Current Account		4.28	18.12
Deposits with Bank with less than 3 months maturity		4,400.00	4,100.00
NET INCREASE (Decrease) IN CASH & CASH EQUIVALENT	(E-D)	286.16	(885.75)

Reconciliation of Liabilities arising from financing activities as on 31st March 2021 are as follows

Particulars	Borrowings
Balance at 1st April, 2020	1,04,271.97
Cash flows:-	
-Repayment	5,106.10
-Proceeds	-
Non-Cash:-	
- Accrued during the year	-
- Fair Value	-
Balance at 31st March, 2021	99,165.87

Reconciliation of Liabilities arising from financing activities as on 31st March 2020 are as follows

Particulars	Borrowings
Balance at 1st April, 2019	1,07,496.88
Cash flows:-	
-Repayment	3,224.91
-Proceeds	-
Non-Cash:-	
- Fair Value	-
Balance at 31st March, 2020	1,04,271.97

As per our Report of even date attached
For V. K. Khosla & Co.
Chartered Accountants
FRN : 002283N

Amit Khosla
Partner
M No. 095943

Place : New Delhi
Date : 26/08/2021



For and on behalf of Board of Directors

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KASTURI Date: 2021.08.26 17:00:41 +05:30

K. Siva Prasad
Managing Director
DIN: 09124374

Trilok Garg
Company Secretary
M No. 30019

Shilpi
Shilpi Agarwal
Director
DIN : 08004390

STATEMENT OF CHANGES IN EQUITY
KRISHNAPATNAM RAILWAY COMPANY LIMITED
Statement of changes in equity for the period ended 31st March 2021

A. Equity share capital

Particulars	Number of Share in Lakhs	(₹ in Lakhs)
		Amount
Balance at April 1, 2019	6,250.00	6,250.00
Changes in equity share capital during the year		
Issue of equity shares capital during the year		
Balance at March 31, 2020	6,250.00	6,250.00
Changes in equity share capital during the period		
Issue of equity shares capital during the period	-	-
Balance at March 31, 2021	6,250.00	6,250.00

B. Other Equity

Particulars	(₹ in Lakhs)	
	Reserve & Surplus	Total
	Retained Earnings	
Balance at April 1, 2019	7,731.20	7,731.20
Changes in accounting policy or prior period errors	-	-
Restated Balance as at April 1, 2019	7,731.20	7,731.20
Profit for the year	(4,859.32)	(4,859.32)
Other Comprehensive Income for the year (net of income tax)	-	-
Total Comprehensive Income for the year	(4,859.32)	(4,859.32)
Dividends paid		
Balance at March 31, 2020	2,871.88	2,871.88
Changes in accounting policy or prior period errors	-	-
Restated Balance as at April 1, 2020	2,871.88	2,871.88
Profit for the year	(10,681.70)	(10,681.70)
Other Comprehensive Income for the year (net of income tax)	-	-
Total Comprehensive Income for the year	(10,681.70)	(10,681.70)
Dividends paid		
Balance at March 31, 2021	(7,809.82)	(7,809.82)



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Notes to the Financial Statements for the period ended 31st March 2021

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-Obulavaripalle 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, Telangana.

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 Venkatachalam (as per concession agreement signed on 03-11-2007) has been completed and commercial traffic is being operated on the same w.e.f from November 15th, 2008.

Phase-2 of the Project involving the laying of railway line of 93.0 Km from Venkatachalam to Obulavaripalle (as per concession agreement signed on 03-11-2007) has been completed and commercial traffic is being operated on the same w.e.f from July 3rd, 2019.

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.

After commissioning of the line between OBVP and VJRN, certain ancillary works are under process as on date

The financial statements are authorised for issue in accordance with a resolution of the board of directors on 26th August 2021.

Note: - 2 Basis of Preparation, Accounting policies and measurement methods

2.1 Statement of Compliance

The financial statements as at and for the year ended March 31, 2021 have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under section 133 of the Companies Act 2013, as companies (Indian Accounting Standards) Rules, 2015 as amended from time to time. Assets and liabilities are classified between current and non-current considering 12 months period as operating cycle.

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. 6.2 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.

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.



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2.6 Property, plant and equipment

A (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.

B 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	30
Furniture & Fixture	10
Office Equipment's	5
EDP Assets	3

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

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

2.7 Intangible Assets

Freight Sharing Right (Railway Line under SCA)

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

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the company is able to charge the public for the use of the infrastructure to the end of the concession period (i.e. 30 year of operation or Net present Value (NPV) payback equal to equity investment @14% whichever is earlier.).

Freight sharing right is amortised using the straight line method on prorata basis from the date of addition or from the date when the right brought in to service to the expiry of 30 year of operation or Net present Value (NPV) payback equal to equity investment @14% whichever is earlier.

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

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

2.8 Intangible Assets under development

Freight sharing right under development

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

The following amounts are reduced from the intangible under development:

- (a) Interest earned on the Mobilization Advances given in respect of the project execution.
- (b) Amount received on sale of tender.
- (c) Interest received on FD created out of Borrowed fund, which was taken for exclusively project expenditure.

2.9 Provisions

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

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

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



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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

i. As a Lessee

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

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

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

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

The Company presents right-of-use asset that do not meet the definition of Investment property in the "Property plant and equipment" and lease liabilities in "other financial liabilities" in the Balance Sheet.

Short term Lease and Leases of low value assets.

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

ii. As A Lessor

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

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

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).



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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.

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.



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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.

(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 derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned is recognised using the EIR method.

(iii) At Fair Value Through Profit and Loss

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

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

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

Financial liabilities

(i) Financial liabilities at Amortised Cost

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

(ii) Financial liabilities at FVTPL

The company has not designated any financial liabilities at FVTPL.

(c) Derecognition

Financial Asset

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

Financial Liability

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

(d) Impairment of financial assets:

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

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

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 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.



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2.23 Standard/Amendments issued but not yet effective

MCA had issued the Indian Accounting Standards Amendments Rules, 2021 vide notification dated 18th June 2021. In the Indian Accounting Standards Amendments Rules, 2021, amendments has been made in following standards:-

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

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

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

(₹ in Lakhs)

Particulars	Office Building	Furniture & Fixture	Office equipments	EDP Assets	Total
At 1 April 2019	456.74	0.26	0.43	1.12	458.55
Additions	-	0.20	0.61	1.67	2.48
Disposals/Adjustments	-	-	(0.27)	(0.49)	(0.76)
At 31 March 2020	456.74	0.46	0.77	2.30	460.27
Additions	-	-	2.25	0.38	2.63
Disposals/Adjustments	-	-	(0.18)	(0.60)	(0.78)
At 31 March 2021	456.74	0.46	2.84	2.08	462.12
Depreciation and impairment					
At 1 April 2019	150.36	0.16	0.28	1.08	151.88
Depreciation charge for the year	29.11	0.03	0.20	0.61	29.95
Impairment	-	-	-	-	-
Disposals/Adjustments	-	-	(0.26)	(0.45)	(0.71)
At 31 March 2020	179.47	0.19	0.22	1.24	181.12
Depreciation charge for the year	26.34	0.07	0.78	0.75	27.94
Impairment	-	-	-	-	-
Disposals/Adjustments	-	-	(0.12)	(0.39)	(0.51)
At 31 March 2021	205.81	0.26	0.88	1.60	208.55
Net book value					
At 31 March 2021	250.93	0.20	1.96	0.48	253.57
At 31 March 2020	277.27	0.27	0.55	1.06	279.15

Note 3.1 : The Company has purchased a property for the purpose of administration which is temporarily idle with carrying amount of ₹ 250.93 Lakhs as at 31st March 2021 (as at 31 March 2020: ₹ 277.27 Lakhs).

Note 3.2 : Property Plant & Equipment with a carrying amount of ₹ 253.57 Lakhs as at 31st March 2021 (as at 31st March 2020: ₹ 279.15 Lakhs) are charged with secure Company's loans. The property plant and equipment of ₹ 1.68 Lakhs are held in the name of Employees.

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 ₹ 21.45 Lakhs



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Note: - 4
Other Intangible assets

(₹ in Lakhs)

Particulars	Revenue Sharing Right	Total
Cost or deemed cost		
At 1 April 2019	15,771.57	15,771.57
Additions	2,64,657.29	2,64,657.29
Disposals/Adjustments		
At 31 March 2020	2,80,428.86	2,80,428.86
Additions	2,899.80	2,899.80
Disposals/Adjustments		
At 31 March 2021	2,83,328.66	2,83,328.66
Amortisation and impairment		
At 1 April 2019	2,655.23	2,655.23
Amortisation for the year	7,273.83	7,273.83
Impairment	-	-
Disposals/Adjustments	-	-
At 31 March 2020	9,929.06	9,929.06
Amortisation for the year	9,542.71	9,542.71
Impairment	-	-
Disposals/Adjustments	-	-
At 31 March 2021	19,471.77	19,471.77
Net book value		
At 31 March 2021	2,63,856.89	2,63,856.89
At 31 March 2020	2,70,499.80	2,70,499.80

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 ₹ 2,63,856.89 Lakhs as at 31st March 2021 (as at 31st March 2020: ₹ 2,70,499.80 Lakhs) are charged to secure the Company's loans.

Note 4.3 : Assets of phase-1, phase-2 & phase-3 of the company are not insured as on balance sheet date, 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 ₹ 9,626.84 Lakhs.

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Note: - 5
Intangible Assets Under Development

(₹ in Lakhs)

Particulars	Revenue sharing right under development	Total
Cost or deemed cost		
At 1 April 2019	2,42,373.15	2,42,373.15
Additions	22,284.14	22,284.14
Disposals/Adjustments	(2,64,657.29)	(2,64,657.29)
At 31 March 2020	-	-
Additions	-	-
Disposals/Adjustments	-	-
At 31 March 2021	-	-

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 includes expenditure on account of interest Payable to Rail Vikas Nigam Limited (Project Contractor), during the year ending 31st March 2021 is ₹ Nil (31 March 2020: ₹ 2390.24 Lakhs) during the period for delay in payment for project expenditure as calculated by RVNL on balance outstanding in the books of accounts of RVNL inclusive of D&G Charges 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 2021 is ₹ Nil (31 March 2020 : ₹ 2781.87 Lakhs). The rate used to determine the amount of borrowing costs eligible for capitalisation was the effective interest rate of the specific borrowing.

During the FY 2020-21 the amount of borrowing cost capitalised are NIL as the project was operational from 3rd July 2019.

Note 5.3 Capitalization of interest earned on Fixed Deposits

Amount of ₹ Nil (31 march 2020 ₹ 106.95 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 2020.

During the FY 2020-21 the amount reduced from Intangible assets are NIL as the project was operational from 3rd July 2019.

Note 5.4

Intangible Assets includes expenditure on account of Directional & General Charges (D&G charges) amounting to ₹ 232.07 Lakhs (Previous Year ₹ 1297.87 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 2021 is ₹ 17,589.21 Lakhs (Previous Year ₹ 17,357.14 Lakhs) is subject to change. Break up of "D & G charges" included in intangible assets during the period is as under:

(₹ in Lakhs)

Particulars	(₹ in Lakhs)	(₹ in Lakhs)
	Year Ended 31.3.2021	Year Ended 31.3.2020
1. Civil Works	110.27	977.73
2. Signaling & Telecom	42.51	71.76
3. Electric Works	79.29	248.38
Total	232.07	1297.87



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Note: - 6**Financial assets****Note: - 6.1****Loans**

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
Security Deposit-NSDL	1.50	1.50
Total	1.50	1.50

6.2 Other Financial Assets

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
At Amortised cost		
Receivable from South Central Railways under Service Concession Arrangement (Value of land) (Refer note-28)	2,069.20	1,856.37
Total	2,069.20	1,856.37

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

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
a) Capital Advances		
Advances towards Project Expenditure - Mobilization and other Advance	50.00	65.00
b) Other than Capital Advances		
Maintenance Charges Paid in Advance for Building	-	2.00
Total	50.00	67.00

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

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
Trade Receivables		
Unsecured, considered good - Trade receivables	5,210.65	4,517.13
Total	5,210.65	4,517.13

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 ₹ 5210.65/- lakhs (March 31st 2020 ₹ 4517.13/- Lakhs) is subject to confirmation by the South Central Railways.

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

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



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Note: - 8.2
Cash and Cash Equivalent

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
Balances with banks:		
– On current account	4.28	18.12
– Deposits with original maturity of less than three months	4,400.00	4,100.00
Total	4,404.28	4,118.12

Note 8.2.1 As at 31st March 2021 the company has availability of ₹ 803.12/- Lakhs (As at 31st March 2020, ₹ 803.12/- Lakhs) of undrawn committed borrowing facilities.

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

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
Balances with banks:		
– Term Deposit in Schedule Bank (Maturity more than 3 Months but less than 12 months)	5,000.00	5,700.00
– On Escrow account, Earmarked Balance	600.68	245.45
Total	5,600.68	5,945.45

Note 8.3.1 The Amount lying in Escrow Account can be used by company in compliance with terms of Loan Agreement

8.4 Other Financial Assets-Current

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
a) Other Receivables		
Receivable from Banks towards Interest	43.43	20.82
Interest Accrued on Fixed Deposits	11.90	53.54
Total	55.33	74.36



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Note: - 9
Current Tax

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
Current Tax Assets		
Advance Tax Paid / Tax Deducted at Source	493.59	466.04
Total	493.59	466.04
Current Tax Liability		
Current Year Tax	-	-
Tax Deducted at Source & Advance tax Paid	-	-
Total	-	-

Note: - 10
Other current assets

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
a) Other than Capital Advances		
Maintenance Charges Building Assets	2.00	2.92
Other Advances	5.15	0.07
b) Others		
Prepaid Expenses	0.08	87.59
Total	7.23	90.58



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Note: - 11
Equity Share capital

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Authorized share capital		
65,00,00,000 Equity Share of ₹ 10 each	65,000.00	65,000.00
(March 31,2020: 65,00,00,000 Equity Share of ₹ 10 each)		
	65,000.00	65,000.00
Issued/Subscribed and Paid up Capital		
62,50,00,000 Equity Share of Rs 10 each	62,500.00	62,500.00
(March 31,2020: 62,50,00,000 Equity Share of ₹ 10 each)		
	62,500.00	62,500.00

Reconciliation of the number of equity shares and share capital

Particulars	As at 31st March 2021		As at 31st March 2020	
	No. of shares (in Lakhs)	Amount (in Lakhs)	No. of shares (in Lakhs)	Amount (in Lakhs)
Issued/Subscribed and Paid up equity Capital outstanding at the beginning of the year	6,250.00	62,500.00	6,250.00	62,500.00
Add: Shares Issued during the year	-	-	-	-
Issued/Subscribed and Paid up equity Capital outstanding at the end of the year	6,250.00	62,500.00	6,250.00	62,500.00

Terms/Rights attached to Equity Shares

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

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

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

Name of the shareholder	As at 31st March 2021		As at 31st March 2020	
	No. of Shares (in Lakhs)	% holding in the class	No. of Shares (in Lakhs)	% holding in the class
1 Rail Vikas Nigam Limited (RVNL)	3,110.00	49.76%	3,110.00	49.76%
2 Krishnapatnam Port Company Ltd.(KPCL)	810.00	12.96%	810.00	12.96%
3 National Mineral Development Corporation (NMDC)	400.00	6.40%	400.00	6.40%
4 State of Andhra Pradesh (GOAP)	350.00	5.60%	350.00	5.60%
5 Bramhani Industries Limited (BIL)	330.00	5.28%	330.00	5.28%
6 Sagarmala Development Company Limited	1250.00	20.00%	1250.00	20.00%
Total	6,250.00	100%	6,250.00	100%

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

Particulars	As at 31st March 2021	As at 31st March 2020	As at 31st March 2019	As at 31st March 2018
Equity Shares issued for consideration other than cash	-	-	2,300.00	-
Equity Shares issued as fully paid up bonus shares	-	-	-	-
Equity Shares bought back	-	-	-	-
			2,300.00	

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Note: - 12
Other Equity

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
Retained Earnings (Refer Note 12.1)	(7,809.82)	2,871.88
Total	(7,809.82)	2,871.88

Note 12.1 Retained Earnings

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
Opening Balance	2,871.88	7,731.20
Add: Profit/(Loss) for the year	(10,681.70)	(4,859.32)
Total	(7,809.82)	2,871.88

Note: - 13
Financial Liability-Non Current

13.1 Borrowings

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
Secured- At Amortised Cost		
Term Loans		
From Banks	85,789.62	90,206.97
From Aditya Birla Finance Limited	13,376.25	14,065.00
Total	99,165.87	1,04,271.97
Less: Current Maturities of long term debt (Refer Note 17.2)	(6,449.81)	(5,106.10)
Total	92,716.06	99,165.87

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 Lakh from Aditya Birla Finance Limited against the revised project cost under the common Loan agreement, out of which ₹ 92996.88 Lakh has been disbursed by the Bank and ₹ 14500 Lakh has been disbursed by Aditya Birla Finance Limited up to 31st March 2021. The term loan from Banks was initially sanctioned in 2013, wherein first repayment due date was 30-06-2017. Thereafter loan was rescheduled in 2007 and 2009, as per revised COD due date for payment of first installment was 30-09-2019. Company has been regularly repaying installment of loan as per revised COD.

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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-8.3)
- 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 6.00% 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.

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13.2 Trade Payables

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
At Amortised Cost		
Overhead Cost Payable (SCR)	129.12	249.39
Total	129.12	249.39
Total Financial Liabilities	92,845.18	99,415.26

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.

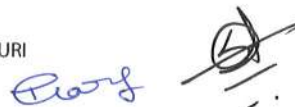
Note: - 14 Provisions

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
Provisions for Re-surfacing Cost	5,000.00	3,947.37
Total	5,000.00	3,947.37

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 period ended 31st March 2021 of ₹ 641.12 lakhs (previous year ended 31st March 2020 ₹ 641.12 Lakhs) has been made [Refer note no 25]. Interest cost of ₹ 411.51 lakhs for the period ended 31st March 2021 (Previous year ended 31st March 2020 ₹ 312.14) have been charged to Statement of Profit and Loss [Refer note no 23].

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Note: - 15
Deferred Tax

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
Deferred tax liability	11,535.24	8,620.58
Deferred tax assets	(19,574.31)	(10,933.29)
Deferred tax liability (Net of deferred tax assets)	(8,039.07)	(2,312.71)
The balance comprises to temporary differences attributable to:		
Deferred tax assets		
Unused Tax Losses & Unabsorbed Depreciation	17,827.11	9,553.92
Provision for re-surfacing Cost	1,747.20	1,379.37
	19,574.31	10,933.29
Deferred tax liability		
Property, Plant and Equipment & Intangible Assets	11,535.24	8,620.58
	11,535.24	8,620.58
Deferred Tax Assets (Liability)	8,039.07	2,312.71

Note: - 16
Other Non current Liability

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
a) Fair valuation adjustment-Financial Liabilities		
Overhead Cost Payable	69.72	96.70
Total	69.72	96.70

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



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

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
Overhead Cost Payable (SCR) [Refer Note 13.2]	34.87	28.90
O&M Expenses Payable (SCR)	1,755.20	447.15
Total	1,790.07	476.05

17.2 Other Financial Liability

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
Audit Fees Payable	3.35	3.43
Current Maturities of long term debt (Refer Note 13.1)	6,449.81	5,106.10
Rail Vikas Nigam Limited [Note 17.2.1]	1,28,755.74	1,15,411.38
Expenses Payable	75.24	153.82
Security Deposit	47.31	22.26
Earnest Money Deposit	-	16.78
Term Loans		
From Banks - Interest Payable on Loan (Refer Note 13.1)	115.37	10.49
Total	1,35,446.82	1,20,724.26
Total Current Financial Liability	1,37,236.89	1,21,200.31

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**

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
Statutory liabilities		
TDS payable	192.89	192.64
GST Payable	3.12	2.54
Labour Cess	3.67	1.33
Provident Fund payable	0.34	0.18
Total	200.02	196.69



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Note 19 : Revenue from Operation

(₹ in Lakhs)

Particulars	For the year ended March 31st, 2021	For the year ended March 31st, 2020
Revenue from Contract with Customer:		
a.) Sale/Rendering of services	18,319.29	20,229.02
b.) Construction contract revenue under SCA (Refer Note 28)	2,899.80	22,284.14
Total	21,219.09	42,513.16

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. Phase-II of project is being operated from 3rd July 2019.

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 Apportioned Terminal Cost from South Central Railway (SCR) from 11th August 2017 onwards. The company has been claiming for the similar apportionment 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, Phase -3 and Phase-2 is not made available for segregation.

Note 20 : Other Income

(₹ in Lakhs)

Particulars	For the year ended March 31st, 2021	For the year ended March 31st, 2020
Other Non Operating Income		
Interest income on Bank FDR	354.52	359.36
Unwinding of discount on receivable from South Central Railways under SCA	212.83	191.41
Income from reversal of deferred Overhead costs payable	26.98	26.98
Other Income	-	2.66
Total	594.33	580.41



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

(₹ in Lakhs)

Particulars	For the year ended March 31st, 2021	For the year ended March 31st, 2020
Operation & Maintenance Expenses	3,004.12	2,201.09
Overhead Cost	297.12	290.69
Construction Contract Cost under SCA	2,899.80	22,284.14
Total	6,201.04	24,775.92

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, Phase 3 and Phase 2 can not be segregated

Note (iii) : Operation agreement pertaining to operation of phase 2 & 3 line is pending for finalization and signing.

Note (iv) Operation & Maintenance expenses of Phase 1, Phase 2 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 ₹ 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, 2021	For the year ended March 31st, 2020
Salary & Wages	94.63	63.49
Contribution to Provident and Other funds	1.25	1.22
Total	95.88	64.71

Note 23 : Finance Costs

(₹ in Lakhs)

Particulars	For the year ended March 31st, 2021	For the year ended March 31st, 2020
Interest cost:		
Interest Expenses on Bank Loan	9,403.69	8,279.25
Interest Expenses on RVNL Bills	11,623.55	8,684.15
Other borrowing cost:		
Unwinding of discount on Overhead costs payable	22.13	27.70
Unwinding of interest cost on Provision for Re-surfacing	411.51	312.14
Interest on Taxes	0.01	41.89
Total	21,460.89	17,345.13

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Note 24 : Depreciation and amortization

(₹ in Lakhs)

Particulars	For the year ended March 31st, 2021	For the year ended March 31st, 2020
Depreciation on Property Plant and Equipment (Note 3)	27.94	29.95
Amortisation of Intangible Assets (Note 4)	9,542.71	7,273.83
Total	9,570.65	7,303.78

Note 25 : Other Expenses

(₹ in Lakhs)

Particulars	For the year ended March 31st, 2021	For the year ended March 31st, 2020
(a) Legal & Professional Fees	105.67	48.42
(b) Travelling and Conveyance	14.53	17.46
(c) Payments to the Auditor as		
(i) Auditor	1.70	1.84
(ii) Taxation	0.71	1.18
(iii) Reimbursement of expenses	0.35	0.35
(iv) Other Certification	-	0.24
(d) Telephone Charges	1.51	1.13
(e) Printing & Stationery	0.24	0.69
(f) Insurance Expenses	73.29	11.48
(g) Membership & Subscription Charges	1.00	-
(h) Repair & Maintenance	2.92	2.92
(i) Other Expenses	4.52	2.64
(j) Miscellaneous Expenses	1.33	-
(k) Medical expenses	0.51	0.24
(l) Provisions for Re-surfacing Cost	641.12	641.12
(m) ROC filing	0.01	0.31
(n) Advertisement Expenses	3.09	2.67
(o) CSR Expenses	40.52	93.22
Total	893.02	825.91

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Note: - 26
Income Tax Expense

Note 26.1 Income tax recognised in profit and loss

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Current Income Tax:		
Current Income Tax charge	-	-
Adjustments in respect of current income tax of previous year	-	(0.83)
Deferred tax:		
In respect of the current year	(5,726.36)	(2,361.73)
Total	(5,726.36)	(2,362.56)

Note 26.2 Reconciliation between tax expense and the accounting profit :

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Accounting profit before tax from continuing operations	(16,408.06)	(7,221.88)
Accounting profit before income tax	(16,408.06)	(7,221.88)

At India's statutory income tax rate of 34.944%
(31st March 2020: 34.944%)

Tax effect of amounts which are not deductible

Impact of IndAS transition Adjustment	-	-
Deferred Tax recognised (Reversed)	(5,726.36)	(2,361.73)
Adjustments in respect of current income tax of previous year	-	(0.83)
Expenses disallowed as per income tax act, 1961	-	-
Total Tax expense	(5,726.36)	(2,362.56)

Income tax expense reported in the statement of profit and loss (relating to continuing operations)

(5,726.36)	(2,362.56)
(5,726.36)	(2,362.56)

Effective income tax rate

0.00% 0.00%

Note : Company is eligible for 80IA deduction in accordance with provisions of Income Tax Act 1961, therefore MAT credit is not recognised in the financial statements.

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 2019	1,095.28	-	(1,046.26)	49.02
Charged/(credited) during the period				
To Profit and Loss	7,525.30	(9,553.92)	(333.11)	(2,361.73)
To Other Comprehensive Income	-	-	-	-
Closing balance as at 31st March 2020	8,620.58	(9,553.92)	(1,379.37)	(2,312.71)
Charged/(credited) during the period				
To Profit and Loss	2,914.66	(8,273.19)	(367.83)	(5,726.36)
To Other Comprehensive Income	-	-	-	-
Closing balance as at 31st March 2021	11,535.24	(17,827.11)	(1,747.20)	(8,039.07)



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Note: - 27**Earnings per share (EPS)**

(₹ in Lakhs)

Particulars	Year ended 31st	Year ended 31st
	March, 2021	March, 2020
	(₹ per share)	(₹ per share)
Basic EPS		
From continuing operation	(1.71)	(0.78)
From discontinuing operation	-	-
Diluted EPS		
From continuing operation	(1.71)	(0.78)
From discontinuing operation	-	-

27.1 Basic Earning per Share

average number of equity

(₹ in Lakhs)

Particulars	Year ended 31st	Year ended 31st
	March, 2021	March, 2020
Profit attributable to equity holders of the company:		
Continuing operations	(10,681.70)	(4,859.32)
Discontinuing operations		
Earnings used in calculation of Basic Earning Per Share	(10,681.70)	(4,859.32)
Weighted average number of shares for the purpose of basic earnings per share	6,250	6,250

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	Year ended 31st
	March, 2021	March, 2020
Profit attributable to equity holders of the company:		
Continuing operations	(10,681.70)	(4,859.32)
Discontinuing operations		
Earnings used in calculation of diluted Earning Per Share from continuing operations	(10,681.70)	(4,859.32)

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	Year ended 31st
	March, 2021	March, 2020
Weighted average number of Equity shares used in calculation of basic earnings per share	6,250	6,250
Effect of dilution:		
Share Options		
Weighted average number of Equity shares used in calculation of diluted earnings per share	6,250	6,250

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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:

- The Grantor controls or regulates which services the operator should provide with the infrastructure, to whom it must provide them, and at what price; and
- The grantor controls-through ownership, beneficial entitlement, or otherwise- any significant residual interest in the infrastructure at the end of the term of the arrangement.

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

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

The KRCL (Company) has entered into a Concession Agreement with Ministry of Railways (MoR), Government of India dated 23rd November, 2007 in terms of which the Ministry of Railways (Grantor) has authorized the Company (Operator) to develop, finance, design, engineer, procure, construct, operate and maintain the Project Railway and to exercise and/or enjoy the rights, powers, benefits, privileges authorizations and entitlements upon its completion. In terms of the said agreement KRCL has an obligation to complete construction of the project railway and to keep the project assets in proper working condition including all projects assets whose lives have expired.

The concession period is determined with reference to attainment of NPV payback benchmark at the rate of return of 14%. The concession period shall be 30 years of operation or till the NPV payback equal to equity investment is reached, whichever is earlier. In case the NPV payback is reached earlier than 30 years, the concession agreement would stand terminated and the project line would be re-possessed by railway.

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

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

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

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

The above project is covered in three phase :

Phase-1 of the Project involving the laying of railway line of 24.5 Km from Krishnapatnam to Venkatachalam (as per concession agreement signed on 23-11-2007) has been completed and commercial traffic is being operated on the same w.e.f from November 15th, 2008.

Phase-2 of the Project involving the laying of railway line of 93.0 Km from Venkatachalam to Obulavaripalle (as per concession agreement signed on 23-11-2007) has been completed and commercial traffic is being operated on the same w.e.f from July 3rd, 2019.

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 period ended 31st March 2021, the company has recognized revenue of ₹ 21,219.09 Lakhs (for the year ended 31st March 2020: ₹ 42,513.16 Lakhs), consisting of ₹ 2,899.80 Lakhs (for the year ended : 31st March 2020: ₹ 22,284.14 Lakhs) on construction of intangible assets under service concession arrangement and ₹ 18,319.29 Lakhs (for the year ended 31st March 2020: ₹ 20,229.02 Lakhs) towards sharing of apportioned earning from operation of Railway line under service concession arrangement. Company has recognized Loss of ₹ 16,408.06 Lakhs for the period ended 31st March 2021 (Loss for the year ended 31st March 2020: ₹ 7,221.88 Lakhs), consisting of a nil profit on construction of intangible assets under service concession arrangement and a Loss of ₹ 16,408.06 Lakhs for the period ended 31st March 2021 (Loss for the year ended 31st March 2020: ₹ 7,221.88 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 period ended 31st March 2021 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 2021 of ₹ 2,069.20 Lakhs (at 31st March 2020 : ₹ 1,856.37 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 ₹ 976.14 Lakhs (at 31st March 2020: ₹ 763.31 Lakhs) represents accrued interest as at 31st March 2021. The company has recognized an intangible asset of ₹ 2,899.80 Lakhs (31st March 2020: ₹ 264,657.29), of which ₹ 9,542.71 Lakhs (31st March 2020 : ₹ 7273.83) has been amortized during the period ended 31st March 2021. The intangible asset represents the freight sharing rights to receive freight traffic earnings under service concession agreement.



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Note 28.1: Disaggregation of Revenue		
Particulars	₹ in Lakhs	
	As at 31st March 2021	As at 31st March 2020
Construction Contract Revenue under		
SCA	2,899.80	22,284.14
Sale/Rendering of services	18,319.29	20,229.02
	<u>21,219.09</u>	<u>42,513.16</u>

Note 28.2: Contract balances		
Particulars	₹ in Lakhs	
	As at 31st March 2021	As at 31st March 2020
Trade receivables	5,210.65	4,517.13
Contract assets	-	-
Contract liabilities	-	-

Note 28.3: Contract Assets		
Particulars	₹ in Lakhs	
	As at 31st March 2021	As at 31st March 2020
Contract Asset at the beginning of the year	-	-
Transfer from Contract Asset to Trade Receivable and increase as a result of changes in measure of progress.	-	-
Contract Asset at the end of the year	-	-

Note 28.4: Contract Liabilities		
Particulars	₹ in Lakhs	
	As at 31st March 2021	As at 31st March 2020
Contract Liabilities at the beginning of the year	-	-
Transfer from Contract Liabilities to Revenue and increase as a result of changes in measure of progress.	-	-
Contract Liabilities at the end of the year	-	-

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

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.

Particulars	₹ in Lakhs	
	31 March 2021	31 March 2020
Borrowing (Note No. 13.1)	99,165.87	1,04,271.97
Net debt	<u>99,165.87</u>	<u>1,04,271.97</u>
Equity (Note No. 11)	62,500.00	62,500.00
Other equity (Note No. 12)	(7,809.82)	2,871.88
Total equity	<u>54,690.18</u>	<u>65,371.88</u>
Net Debt to equity ratio	6 : 4	6 : 4

There are no changes made in the objectives, policies or processes for managing capital during the year ended 31.03.2021.

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 by Aditya Birla Finance Limited up to 31st March 2021.



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Note 30 :Fair Value measurements

(i) Financial Instruments by Category

(₹ in Lakhs)

Particulars	31 March 2021			31 March 2020		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets						
(i) Trade Receivables	-	-	5,210.65	-	-	4,517.13
(ii) Cash and Cash Equivalents	-	-	4,404.28	-	-	4,118.12
(iii) Bank Balances other than (ii) above	-	-	5,600.68	-	-	5,945.45
(iv) Loans	-	-	1.50	-	-	1.50
(iii) Receivable from railways under SCA	-	-	2,069.20	-	-	1,856.37
(iv) Other Receivable	-	-	55.33	-	-	74.36
Total Financial Assets	-	-	17,341.64	-	-	16,512.93
Financial Liabilities						
(i) Borrowings	-	-	99,165.87	-	-	1,04,271.97
(ii) Trade Payables						
Over Head Cost Payables	-	-	163.99	-	-	278.29
Other Trade Payables	-	-	1,755.20	-	-	447.15
(iii) Capital Creditors	-	-	1,28,755.74	-	-	1,15,411.38
(iv) Other payables	-	-	241.27	-	-	206.78
Total Financial Liabilities	-	-	2,30,082.07	-	-	2,20,615.57

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

(₹ in Lakhs)

Particulars	31 March 2021		31 March 2020	
	Carrying Value	Fair value	Carrying Value	Fair value
Financial Assets				
Receivable from Railways under SCA	2,069.20	3,119.50	1,856.37	2,520.91
Total Financial Assets	2,069.20	3,119.50	1,856.37	2,520.91
Financial Liabilities				
Over Head Cost Payables	163.99	169.48	278.29	317.07
Total Financial Liabilities	163.99	169.48	278.29	317.07

i) The fair value of trade receivables, other trade payables, capital creditors, cash and cash equivalents and other short term trade receivables and payables are considered to be 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 31-03-2021

Particulars	Level			Total
	Level 1	Level 2	Level 3	
Financial Assets				
Financial assets at Amortised Cost				
Receivable from railways under SCA	-	-	3,119.50	3,119.50
	-	-	3,119.50	3,119.50

Fair Value hierarchy as on 31-03-2021

Particulars	Level			Total
	Level 1	Level 2	Level 3	
Financial Liabilities				
Financial Liabilities at Amortised Cost				
Over Head Cost Payable	-	-	169.48	169.48
	-	-	169.48	169.48

Fair Value hierarchy as on 31-03-2020

Particulars	Level			Total
	Level 1	Level 2	Level 3	
Financial Assets				
Financial assets at Amortised Cost				
Receivable from railways under SCA	-	-	2,520.91	2,520.91
	-	-	2,520.91	2,520.91

Fair Value hierarchy as on 31-03-2020

Particulars	Level			Total
	Level 1	Level 2	Level 3	
Financial Liabilities				
Financial Liabilities at Amortised Cost				
Over Head Cost Payable	-	-	317.07	317.07
	-	-	317.07	317.07



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(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.

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 liabilities i.e. Borrowings into relevant maturity groupings based on their contractual maturities

Contractual Maturities of Financial Liabilities	(₹ in Lakhs)				Total
	Within 1 Year	Between 1 to 2 Years	Between 3 to 5 years	Later than 5 years	
31st March 2021 Borrowings	6,449.81	15,049.56	20,424.41	57,242.09	99,165.87
31st March 2020 Borrowings	5,106.10	13,974.59	17,199.50	67,991.77	1,04,271.97



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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, 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. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 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 Ind AS on material items

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

Note : 33 Construction Contracts

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

Particulars	(₹ in Lakhs)	
	During the year ended 31st March 2021	During the year ended 31st March 2020
Contract revenue recognised	2,899.80	22,284.14
Aggregate amount of costs incurred and recognized in	2,899.80	22,284.14

Note : 34 Contractual Commitments

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

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
Capital commitment for project related assets is under review for March 2021 and March 2020	-	-
During the year no material foreseeable losses incurred on any Long term contracts.		
Total	-	-

Note : 35 Leases Disclosures

(i) Company has adopted the Ind AS-116 as per the requirement of the applicable financial reporting framework from the 01.04.2019. Company is having Nil impact due to adoption of the Ind AS-116 since, there is no leases transaction in the Company except the leased assets as per the concession agreement.

(ii) 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 period ended March 2021, ₹ 1/- have been recognised as lease expense.



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Note 36 : Related Party Disclosures

36.1 Related Parties

A- Related Parties held equity of company

Name	Relationship	As at 31st March 2021		As at 31 March, 2020	
		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%	31,10,00,000.00	49.76%
Krishnapatnam Port Company Limited	Parties to joint venture agreement	8,10,00,000.00	12.96%	8,10,00,000.00	12.96%
Govt. of Andhra Pradesh	Parties to joint venture agreement	3,50,00,000.00	5.60%	3,50,00,000.00	5.60%
National Mineral Development Corporation Limited	Parties to joint venture agreement	4,00,00,000.00	6.40%	4,00,00,000.00	6.40%
Bramhani Industries Limited	Parties to joint venture agreement	3,30,00,000.00	5.28%	3,30,00,000.00	5.28%
Sagarmala Development Company Limited	Parties to joint venture agreement	12,50,00,000.00	20.00%	12,50,00,000.00	20.00%

36.2 Key Managerial personnel of the entity

Name	Position
Sushant Kumar Mishra	Chairman
Kasturi Siva Prasad (from 19/04/2021)	Managing Director
Venkata Subrahmanyam Dronamraju	Director
Subbarao Sabbineni (upto 17/10/2020)	Director
Sajal Mitra (from 24/10/2020)	Director
Shilpi Agarwal	Director
Dilip Kumar Gupta	Director
Devendra Kumar Rai (upto 24/02/2021)	Director
Vinay Kumar Prajapati (from 24/02/2021)	Director
Mritunjay Pratap Singh	Director
Sumit Deb (upto 01/09/2020)	Director
Alok Kumar Mehta (from 01/09/2020)	Director
Sidhartha Jain Fouzdar (upto 24/09/2020)	Director
Nallamilli Pedaramakrishna Reddy (from 24/09/2020)	Director
Boyareddigari Kamalakarab Reddy	Director
Gudena Jagannadha Rao (from 23/06/2020)	Director
Trilok Garg	CS
Shanti Nath Banerjea (upto 16/03/2021)	CEO
Muni Prasad Tripurasetty (upto 31/03/2021)	CFO

36.3 Disclosure of transaction with related parties:

(i) Joint Venture:

Particulars	Transactions (₹ in Lakhs)		Outstanding Amount Payable/ (Receivable) (₹ in Lakhs)	
	Year ended 31 March 2021	Year ended 31 March 2020	As at 31 March 2021	As at 31 March 2020
			Unsecured	Unsecured
RVNL				
Expenditure towards project (Net of interest on mobilisation advance & sale of tender).	3,032.68	18,149.42	1,28,755.74	1,15,411.38
Interest Charged by RVNL	10,378.17	10,143.95	-	-
Travelling and Other expenses	-	-	-	-
Payment for project expenditure	(100.00)	-	-	-
Advance for project expenditure given	-	(65.00)	(50.00)	(65.00)
Advance for project expenditure adjusted	15.00			

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.



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(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	Year ended
	31 March 2021	31 March 2020
Short-term benefits	41.06	38.57
Contribution to Provident fund	1.18	1.10
	42.24	39.67

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 favorable ruling from CESTAT, it is confident that no additional liability will devolve on it. Further for the period F.Y. 2011-12 to F.Y. 2013-14, KRCL has received favorable order from CESTAT for demand of ₹ 13.42 Crore. In case of similar companies on same matter department has moved to Hon'ble Supreme court in this case. During the F.Y. 2019-20 Income Tax Department has moved to Hon'ble High Court of Delhi in respect of Tax demand of ₹ 5.17 Crore for A.Y. 2011-12, Company has already received favorable order from ITAT in this case. Therefore, liability for this case has not been recorded in the books of Accounts. Arbitration proceedings are going with MoR (Respondent).

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 ₹ 114.12 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: Approval of financial statement

The financial statements were approved for issue by the Board of Directors on 26th August 2021.

Note 42 : CSR Expenditure

The company is required to spend ₹ 123.74 Lakhs on Corporate Social Responsibility (CSR) as follows:

(₹ in Lakhs)

Year	Amount Required to be Spent	Actual Amount Spent	Unspent
2020-21	34.72	123.74	(89.02)
2019-20	99.02	10.00	89.02
Total	133.74	133.74	-

Note 42.1: Details of Amount spent during the year is as follow:

Particulars	Paid	Yet to be paid	Total
For the Year ended 31st March 2021			
(i) Construction/Acquisition of any Asset	-	-	-
(ii) On purpose other than (i) above			
a) Contribution to four funds as mentioned in Schedule VII of the Companies Act, 2013	-	-	-
b) Contribution towards PM CARES Fund	84.62	-	84.62
c) Education	39.12	-	39.12
For the Year ended 31st March 2020			
(i) Construction/Acquisition of any Asset	-	-	-
(ii) On purpose other than (i) above			
a) Education	10.00	89.02	99.02

Note 43 : 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.



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Note 44: COVID-19 impacts on the Financial statements

The turbulence in the financial markets due to the COVID-19 pandemic has impacted the business during financial year 2020 however, it has not materially impacted the Company's financial statements at year ended 2021.

Since March 2021, the consequences of the COVID-19 outbreak have disrupted the construction/operation work of the Company however Management is having a reasonable assurance that these uncertainties do not cast significant doubt on the Company's ability to continue as a going concern.

The Company currently does not expect material changes to the profitability of future business plans which could impact recoverability of assets such as intangible assets. Risk assessment on the business plans is carried out on a regular basis and an impairment review will be performed if conditions suggest that such assets may be impaired.

Note 45 : Amendments not Effective on Balance Sheet Date

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

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

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STATUTORY AUDIT REPORT

Independent Auditor's Report (Revised)

To The Members of
Krishnapatnam Railway Company Limited,
New Delhi

Report on Standalone Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying Financial statements of **Krishnapatnam Railway Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit & Loss, the Cash Flow Statement and Statement of changes in Equity for the year then ended, and includes a summary of significant accounting policies and other explanatory information on that date annexed thereto (hereinafter referred to as 'Standalone Financial Statements')..

Qualified Opinion

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.

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2021;
- (b) In the case of the Statement of Profit & Loss, of the Profit/Loss for the year ended on that date;
- (c) Cash Flow for the year ending 31.03.2021;
- (d) Statement of changes in equity 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 operations being Rs. 18319.29 lakhs). Monthly revenue bills / apportionment sheet of revenue are received from SCR. All these invoices are marked as "Provisional". The outcome of provisional invoicing 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 booking 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. Further, as referred by management of the company vide Note 19(i)(c), the revenue is provisional subject to Railway Board Decisions w.r.t revenue on account of Apportioned Terminal Cost from SCR. Thus, operating revenue could not be verified. Financial impact, if any, cannot be ascertained. Thus, the total Final Accounts are drawn on the



strength of provisional unverified Revenue. Further, the company has material uncertain tax positions including matter under dispute which involves significant judgment to determine the possible outcome of these disputes.

We conducted our audit of the financial statements in accordance with the standards on auditing (SA's) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's responsibility for the audit of the financial statements section of our report. We are independent of the company in accordance with code of ethics issued by institute of chartered accountants of india (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provision of the Act and the rules made thereunder, and we have fulfilled our 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 of our audit opinion on the financial statements.

Emphasis of Matter

Besides, we draw attention to the following matters in the standalone Ind AS Financial Statements:

1. The balances relating to debtors and vendors are subject to confirmation.
2. The company is not charging GST in its revenue as Company is of the view that the revenue that it is getting from the Railways is not supplies but is merely apportionment of earning (being return on investment made by the SPV). Company has received favourable order from CESTAT under service tax regime on the issue. However, the matter stands open in the GST regime and the Company is in discussion with Railways who have sought clarification from the Finance Ministry.. Further, in GST returns filed by the company, only RCM on advocate / arbitrary services is considered in return. The company has accordingly, not reflected any revenue in GST returns, either in Nil Rated Supply / Zero Rated Supply or Exempt Supply. The matter is under litigation since the Service Tax Regime.

Further, the company has not provided for liability to pay GST under reverse charge mechanism in respect of O&M costs as billed by SCR as the company feels there is no supply of service and accordingly they are not liable for GST. This has resulted in understatement of expenditure & over statement of profit by Rs.3.86 Cr

3. Recognition & measurement of O & M 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. The same are taken as shared by SCR Financial impact, if any, cannot be ascertained.
4. Identifying and assessing the risk of material misstatement w.r.t Capitalization of Intangible Assets
Intangible Assets capitalized during the year relates to the construction of all three phases & related ancillary constructions. The expenditure incurred by the company for FY 2020-21 was Rs.29.33 Cr. Cumulative expenditure up to 31.03.2020 was Rs.2646.57 Crores and the cumulative expenditure upto 31.03.2021 was Rs. 2675.90 crore. This project 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 to be completed in November 2018, but Phase II has become commercially operational on 3rd July 2019 only. The cumulative expenditure of this project has gone up to Rs.2675.90 crore as on 31.03.2021.



In addition the company is still receiving expenditure bills form RVNL and there are further bills in the pipeline. Board is yet to approve increased cost. Details of project cost were to be made available by RVNL which were to be verified by Independent agency. RVNL have yet to give project cost/completion/handover certificate to the company.

5. **Attention is drawn** to the following Notes to the Final Accounts:-

- a) Note no 13.1.1 which refers to re-schedulement of Secured Loans on account of extention of COD. The same reflects on company's tightness in generating adequate revenue to meet debt obligations.
- b) Note-5.2 which refers to the fact that 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.
- c) Note No.5.4 of the final accounts according to which D&G charges being capitalized and amortized is subject to change based on outcome of final of actual completion cost.
- d) Note no-19(1)(b)&(c) under Revenue from Operations. The company's claim relating to (a) earning on length of about 14.45 Km section from krishnapatnam Railway and (b) apportionment of Terminal costs. These issues are now pending for Arbitration and Final decision of Ministry of Railways is pending. So Revenue is subject to these.
- e) Note No. 34 , where, in absence of any approval from the board of the Company the figure for Capital Commitment has not been estimated and accordingly has not been shown under Capital Commitment as on 31.03.2021.
- f) Note No. 4.3 according to which Assets of phase-1, phase-2 & phase-3 of the company are not insured as on balance sheet date, as required under the Loan Agreement.
- g) Note no 21 (iii) & (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 and Phase II which is functional since 3rd July 2019. Thus accounting 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.

Reasons for Revised Audit Report

The Audit Report has been revised on the basis of observations made in the supplementary audit conducted by the C&AG and to correct some typographic errors and this supersedes earlier report dated 26.08.2021

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.



Based on the circumstances and facts of the company and the audit, we have determined that there are no key audit matters to communicate in the report.

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 annexure 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.

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 Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone 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 accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies Indian Accounting Standards) Rules, 2015 as amended from time to time.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS 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, Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matter relating to going concern and using the going concern basis of accounting unless the Board Director either intended to liquidate the company or cease operations, or has no realistic alternative but to do so.

The Board of Director are also responsible for overseeing the company's financial reporting process.



Auditor's Responsibility

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.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. As the audit was conducted distantly due to lockdown situation on account of Covid-19 pandemic, due diligence was carried out by us in obtaining the audit evidence. A few alternate audit procedures were adopted while carrying out the audit. However, external confirmations could not be obtained on account of the lockdown situation everywhere. The reasonable assurance drawn, however, is not a guarantee that an audit conducted in accordance with SAs will always detect material misstatement when it exists.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS Financial Statements .

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

Report on Other Legal and regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable
2. As required by Section 143(5) of the Act we give in the "Annexure-B", a statement on the matters specified in the directions issued by the Comptroller and Auditor General of India, and in our opinion no action is required to be taken thereon and there is no impact on the accounts and financial statements of the company.
3. As required by section 143(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) The Balance Sheet, the Statement of Profit & Loss and also Statement of changes in equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.



- d) In our opinion, the aforesaid Standalone Ind AS Financial statements comply with the Accounting Standards 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 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164 (2) of the Companies Act 2013.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in “Annexure C”.
- g) With respect to other matters to be included in the auditor’s report in accordance with the requirements of Section 197(16) of the act, as amended:

In our opinion and to the best of our information & according to the explanation given to us, the remuneration paid by the company to its director during the year is in accordance with the provision 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:
- The Company has disclosed the impact of pending litigations on its financial position in its financial statements
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: New Delhi
Date: 27-09-2021
UDIN: 21095943AAAAFD3844



For V.K.Khosla & Co.
Chartered Accountants
FRN: 002283N

A handwritten signature in blue ink, appearing to read "Amit Khosla".

(Amit Khosla)
FCA, Partner
Membership No.:095943

"Annexure A" to the Independent Auditors' Report (Revised)

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the Standalone Financial Statements for the year ended 31 March 2021, we report that:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Fixed Assets have been physically verified by the management in the phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
(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 the two immovable properties owned by the Company as on 31.03.2021 are held in the name of the company. For leasehold land, the title deeds are held in the name of South Central Railway and leasehold rights are in the name of the Company as per Lease Deed appended in Concession Agreement.
- 2) (a) No Inventory is being held by the Company
(b) Paragraph 2(b) of the Order is not applicable to the company .
(c) Records of inventory are not maintained as there is no inventory held by the Company .
- 3) The Company has not granted loans from companies, Firms or others parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act')
- 4) In our opinion and according to the information and explanation given to us, the company has not granted any loans or provided any guarantee or security to the parties covered under section 185 and 186 of the companies act, 2013 except, its own term loan and in respect of investments made or loans or guarantee or security provided to parties covered under section 186 of the act.
- 5) The company has not accepted any deposits from the public and hence the directions issued by the Reserve Bank of India and the provision of the sections 73 to 76 or any other relevant provision of the act and the companies (Acceptance of Deposit) Rules,2014 with regard to the deposits accepted from the public are not applicable.
- 6) 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.
- 7) (a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, and records, the Company has generally been regular in depositing undisputed statutory dues including provident fund, income tax, sales tax, service tax, duty of customs, value added tax, cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us, only undisputed amounts payable in respect of above were in arrears as at March 31, 2021 is of Labour cess of Rs. 21,301/- for a period of more than six months from the date they became payable.



(b) According to the information and explanations given to us, no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

(c) According to the information and explanations given to us the following service tax, sales tax and income tax dues have not been deposited on March 31, 2021 with the appropriate authorities on account of dispute:

Name of Statute	Nature of Dues	Amount (in Rs.)	Related Period	Pending Forum
Finance Act, 1994	Service Tax	7.58 Crore	FY 2014-15	CESTAT
Finance Act, 1994	Service Tax	2.86 Crore	FY 2015-16	CESTAT
Finance Act, 1994	Service Tax	2.95 Crore	FY 2016-17 & FY 2017-18 (upto june 2018)	CESTAT
Income Tax Act, 1961	Income tax	5.17 Crore	FY 2011-12	High Court Delhi

- 8) The Company has not defaulted in any repayment of loans either from financial institution or from government and has not issued any debentures during the year.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedure performed and information and explanations given to us by the management, we report that no material fraud on or by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approval mandated by the provision of section 197 read with Schedule V to the Companies Act 2013.
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provision of clause 4 (xii) of Order are not applicable to the Company.
- 13) In our opinion, all transaction with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statement as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of share or fully or partly convertible debenture during the year under review. Accordingly, the provision of clause 3 (xiv) of the Order are not applicable to the Company and not commented upon.



- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transaction with director or person connected with him. Accordingly, the provision of clause 3 (xv) of the Order are not applicable to the Company and not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provision of clause 3 (xvi) of the order are not applicable to the company and not commented upon.

Place: New Delhi

Date: 27-09-2021

UDIN: 21095943AAAAFD3844

For **V.K.Khosla & Co.**
Chartered Accountants
FRN: 002283N



Amit Khosla

Amit Khosla)
FCA, Partner
Membership No.:095943

Annexure –B to the Independent Auditors’ Report (Revised)

Statutory Auditor’s Report for Directions issued by the Comptroller and Auditor General of India under Section 143(5) of the Companies Act, 2013 (“the Act”) of Krishnapatnam Railway Company Limited,

With regard to the Statutory Auditor’s Report for Directions issued by the Comptroller and Auditor General of India under Section 143(5) of the Companies Act, 2013 (“the Act”), on the basis of our checks we consider it appropriate and according to the information and explanation given to us during the course of our audit of Krishnapatnam Railway Company Limited for the financial year 2020-21, we report that:

Sno.	Directions u/s 143(5) of the Companies Act. 2013	Auditor’s reply on action taken on the directions	Impact on Financial statement
a)	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 has maintained the accounts in IT System. The maintenance of the accounts services and preparation of balance sheet as per IND AS is provided by outsourced firm M/s UCC & Associates LLP. According to the information and explanations given to us, no accounting transactions have been processed outside the IT System. Therefore, no financial implications are there	Nil
b)	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 the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company).	Based on the information and explanation furnished to us by the management, there were no such restructuring of Loans or waivers/ written off of debts / loans/ interest, etc. made by the company during the financial year 2020-21.	Nil
c)	Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation,	Based on the information and explanation furnished to us by the management, there were no such funds received/receivable for specific schemes from central/ state agencies by the company during F.Y. 2020-21	Nil

Place: New Delhi

Date: 27-09-2021

UDIN: 21095943AAAAFD3844

For V.K.Khosla & Co.
Chartered Accountants
FRN: 002283N

(Anil Khosla)
FCA, Partner
Membership No.:095943



“Annexure C” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of M/s Krishnapatnam Railway Company Limited (Revised)

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

We have audited the internal financial controls over financial reporting of **M/s Krishnapatnam Railway Company Limited** (“the Company”) as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s 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.

Meaning of Internal Financial Controls Over Financial Reporting

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



reporting includes those policies and procedures that

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

in our opinion, whereas the Company has developed some internal financial control systems over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, there is an urgent need for development of a comprehensive Internal Financial Control Manual 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 and devising of process for periodic verification of the various modules of the referred manual. The above inference is drawn based on the following weaknesses observed :-

- 1) The operation of company's business are solely controlled by the South Central railway (SCR). All supporting evidences related to revenue booking are being controlled & managed by SCR only and not made available for verification.
- 2) There is no control over the revenue apportionment of 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.
- 3) There is no control over the operation & maintenance (O&M) expense, overhead charges, indirect cost etc. billed by the SCR and deducted from revenue dues to the company.
- 4) Absence of Internal Financial Controls has been felt in the booking of expenditure for the construction 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..



- 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.

Place: New Delhi

Date: 27-09-2021

UDIN: 21095943AAAAFD3844

For **V.K.Khosla & Co.**
Chartered Accountants
FRN: 002283N



Khosla

(Amit Khosla)
FCA, Partner
Membership No.:095943



MANAGEMENT REPLY



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 2020-21	Management Reply
	Basis for Qualified Opinion:	
1	<p>The Company's revenue are carried in the statement of Profit & Loss a/c under note 19 (revenue from operations being Rs. 18319.29 lakhs). Monthly revenue bills / apportionment sheet of revenue are received from SCR. All these invoices are marked as "Provisional". The outcome of provisional invoicing 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 booking 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. Further, as referred by management of the company vide Note 19(i)(c), the revenue is provisional subject to Railway Board Decisions w.r.t revenue on account of Apportioned Terminal Cost from SCR. Thus, operating revenue could not be verified. Financial impact, if any, cannot be ascertained. Thus, the total Final Accounts are drawn on the strength of provisional unverified Revenue. Further, the company has material uncertain tax positions including matter under dispute which involves significant judgment to determine the possible outcome of these disputes.</p>	<p>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'.</p> <p>KRCL do not have any control over the practices followed by Railway Administration.</p> <p>Revenue Statements are always checked by KRCL officers at Secunderabad. Copies of all revenue statements certified by CFO/KRCL and Sr. Technical Manager/KRCL have been furnished to Audit team.</p>

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Sl. No	Auditor's Comments for Financial Year 2020-21	Management Reply
	Emphasis of Matters	
1	The balances relating to debtors and vendors are subject to confirmation.	Balance Confirmation is not furnished by SCR as per the Practice of Railways. Further, Balance Confirmation of the major creditor i.e., RVNL was furnished already.
2	<p>The company is not charging GST in its revenue as Company is of the view that the revenue that it is getting from the Railways is not supplies but is merely apportionment of earning (being return on investment made by the SPV). Company has received favourable order from CESTAT under service tax regime on the issue. However, the matter stands open in the GST regime and the Company is in discussion with Railways who have sought clarification from the Finance Ministry.. Further, in GST returns filed by the company, only RCM on advocate / arbitrary services is considered in return. The company has accordingly, not reflected any revenue in GST returns, either in Nil Rated Supply / Zero Rated Supply or Exempt Supply. The matter is under litigation since the Service Tax Regime.</p> <p>Further, the company has not provided for liability to pay GST under reverse charge mechanism in respect of O&M costs as billed by SCR as the company feels there is no supply of service and accordingly they are not liable for GST. This has resulted in understatement of expenditure & over statement of profit by Rs.3.86 Cr.</p>	<p>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.</p> <p>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 activities 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 on O&M Costs.</p>
3	<p>Recognition & measurement of O & M 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. The same are taken as shared by SCR. Financial impact, if any, cannot be ascertained.</p>	Detailed Monthly O&M Bills are duly checked and verified by CFO/KRCL and Sr. Technical Manager/KRCL.
4	<u>Identifying and assessing the risk of material misstatement w.r.t Capitalization of Intangible Assets</u>	In 2017, the detailed estimate submitted by RVNL was Rs. 1850 Cr. (Hard Cost), which was approved by the BoD.

<p>Intangible Assets capitalized during the year relates to the construction of all three phases & related ancillary constructions. The expenditure incurred by the company for FY 2020-21 was Rs.29.33 Cr. Cumulative expenditure up to 31.03.2020 was Rs.2646.57 Crores and the cumulative expenditure upto 31.03.2021 was Rs. 2675.90 crore. This project 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 to be completed in November 2018, but Phase II has become commercially operational on 3rd July 2019 only. The cumulative expenditure of this project has gone up to Rs.2675.90 crore as on 31.03.2021.</p> <p>In addition the company is still receiving expenditure bills form RVNL and there are further bills in the pipeline. Board is yet to approve increased cost. Details of project cost were to be made available by RVNL which were to be verified by Independent agency. RVNL have yet to give project cost/completion/handover certificate to the company.</p>	<p>It is a fact that the cost of the Project has increased to certain extent primarily due to change in geology of two Tunnels mid-way of the longest tunnel (7 Km. in length) while excavation was continuing.</p> <p>Due to which the progress of the work was hindered in order to mitigate the problem in respect of change in technology.</p> <p>Further Change of the scope of the project had also taken place in form of elimination of LC Gates as directed by MoR. Due to which 47 RUBs needed to be constructed on high embankments, which alone led to cost escalation to the extent of over Rs. 400 Cr.</p> <p>The project became operational on July 03, 2019, but a few ancillaries works being completed. Due to this Construction Bills are still received from RVNL. Approval for Rs. 2646.75 crore has been obtained from the 60th BoD meeting held on 25/07/2020.</p> <p>However, during the year 2020-21, the company received construction expenditure bills for an amount Rs. 29.33 crore (approximately) from RVNL and the bills are still coming in. Since, the Board of Directors in its 61st BOD dt. 24.09.2020, approved expenditure of Rs. 17.32 crore only for construction of Two additional stations. Capitalization of the excess expenditure of Rs 12.01 crore (approx.) as per bills submitted by RVNL, in KRCL books of accounts during FY 2020-21. Approval has been obtained from the BoD in its 65th meeting held on 26/08/2021.</p>
<p>5 Attention is drawn to the following Notes to the Final Accounts:-</p> <p>a) Note no 13.1.1 which refers to re-schedulement of Secured Loans on account of extention of COD. The same reflects on company's tightness in generating adequate revenue to meet debt obligations.</p> <p>b) Note-5.2 which refers to the fact that RVNL is</p>	<p>a) Company is duly servicing interest on Banks Loan for past eight years without any default, Repayment of Principal Loan amount has also started from September 2019. Up to March 2021, the Company paid Interest on Loan as well as installments of Principal Loan without any default.</p> <p>b) There is no clause in the existing</p>

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<p>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.</p> <p>c) Note No.5.4 of the final accounts according to which D&G charges being capitalized and amortized is subject to change based on outcome of final of actual completion cost.</p> <p>d) Note no-19(1)(b)&(c) under Revenue from Operations. The company's claim relating to (a) earning on length of about 14.45 Km section from Krishnapatnam Railway and (b) apportionment of Terminal costs. These issues are now pending for Arbitration and Final decision of Ministry of Railways is pending. So Revenue is subject to these.</p> <p>e) Note No. 34, where, in absence of any approval from the board of the Company the figure for Capital Commitment has not been estimated and accordingly has not been shown under Capital Commitment as on 31.03.2021.</p> <p>f) Note No. 4.3 according to which Assets of phase-1, phase-2 & phase-3 of the company are not insured as on balance sheet date, as required under the Loan Agreement dated 23rd November, 2007.</p> <p>g) Note no 21 (iii) & (iv) and as such Operation Agreement is yet to be entered into with SCR pertaining to operation of phase-III which is function since 2nd march 2014 and Phase II which is function since 3rd July 2019, 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.</p>	<p>Construction Agreement executed between RVNL and KRCL, which prohibits RVNL from charging interest on D&G outstanding Amount.</p> <p>At the time of re-conciliation after completion of all balance works, this issue/matter will be raised to RVNL.</p> <p>c) At present RVNL is charging D&G Charges in accordance with provisions of Construction Agreement.</p> <p>On Completion of work, final D&G Charge will be calculated and actual impact will be taken in Financial Statements.</p> <p>d) Statement of fact.</p> <p>e) Statement of fact.</p> <p>f) The Company is in the process of obtaining insurance for entire project assets.</p> <p>g) O&M Agreement for the entire project is to be concluded, the same is under consideration of with SCR for all Phases. The existing O&M Agreement is being followed till the new Agreement is signed.</p>
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Sl. No	Auditor's Comments for Financial Year 2020-21	Management Reply
	Internal Financial Control	
1.	The operation of company's business are solely controlled by the South Central railway (SCR). All supporting evidences related to revenue booking are being controlled & managed by SCR only and not made available for verification.	Every month reconciliation is being done with the Traffic revenue Officer of SCR. RR wise reconciliation is done every month by KRCL officers 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 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 above.
3.	There is no control over the operation & maintenance (O&M) expense, overhead charges, indirect cost etc. billed by the SCR and deducted from 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, after issuing letters for the refund of the same.
4.	Absence of Internal Financial Controls has been felt in the booking of expenditure for the construction 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.	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. Since contractor is primarily appointed by RVNL therefore original bills are retained by RVNL, as a proof of expenditure RVNL submits copy of invoices to company.
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.

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C&AG REPORT



भारतीय लेखापरीक्षा एवं लेखा विभाग
प्रधान निदेशक लेखापरीक्षा का कार्यालय
रेलवे वाणिज्यक, नई दिल्ली
INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT
RAILWAY COMMERCIAL, NEW DELHI
4, दीनदयाल उपाध्याय मार्ग, नई दिल्ली 4, Deen Dayal Upadhyaya Marg, New Delhi-110002



संख्या/पी.डी.ए/आर.सी/KPRCL/AA/14-26/2021-22/166

दिनांक: 07.10.2021

सेवा में,

प्रबंध निदेशक,
कृष्णापटनम रेल कंपनी लिमिटेड,
247, पहला फ्लोर, अगस्त क्रान्ति भवन,
बीकाजी कामा प्लेस, आर.के पुरम,
नई दिल्ली – 110 066.

विषय: 31 मार्च 2021 को समाप्त वर्ष के लिए कृष्णापटनम रेल कंपनी लिमिटेड, के वित्तीय विवरणों पर कंपनी अधिनियम, 2013 की धारा 143 (6)(b) के अंतर्गत भारत के नियंत्रक एवं महालेखा परीक्षक की टिप्पणियाँ।

महोदय,

में, कृष्णापटनम रेल कंपनी लिमिटेड, के 31 मार्च 2021 को समाप्त वर्ष के वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143 (6)(b) के अंतर्गत भारत के नियंत्रक एवं महालेखा परीक्षक की टिप्पणियाँ अग्रेषित कर रहा हूँ।

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

संलग्न : यथोपरी

भवदीय,

(सुबू आर)

प्रधान निदेशक (रेलवे वाणिज्यक)

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 2021

The preparation of financial statements of Krishnapatnam Railway Company Limited for the period ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory 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 Revised Audit Report dated 27 September 2021 which supersedes their earlier Audit Report dated 26 August 2021.

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 2021 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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 Financial Position

(1) Assets

Non-current assets

**(b) Other Intangible assets under development – Note No. 4
(₹ 2,63,856.89 lakh)**

A reference is invited to Note 39 (c) wherein it has been stated that contingent liability in respect of departmental charges not claimed by Rail Vikas Nigam Limited (RVNL) at the rate of five *per cent* of project cost is estimated at ₹ 114.12 crore. As the departmental charges were payable by the Company to RVNL in terms of clause 10.3 of Construction Agreement (September 2011), the disclosure as contingent liability instead of “Other Financial Liability” was not proper. This had resulted in understatement of “Other Financial Liability” by ₹ 114.12 crore and also “Other Intangible Assets” by the same amount.

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

(Subu R)

Principal Director of Audit
Railway Commercial, New Delhi

Place: New Delhi
Dated: 07.10.2021

Management Reply Comments of CAG under section 143(6) (b) of companies Act, 2013 on Audited Financial Statements of KRCL for FY 2020-21

S.No.	CAG Comment	Management Reply
1.	<p>Non-current assets (b) Other Intangible assets under development - Note No. 4(2,63,856.89 lakh)</p> <p>A reference is invited to Note 39 (c) wherein it has been stated that contingent liability in respect of departmental charges not claimed by Rail VikasNigam Limited (R\NL) at the rate of five per cent of project cost is estimated at (114.12 crore. As the departmental charges were payable by the Company to RVNL in terms of clause 10.3 of Construction Agreement (September 2011), the disclosure as contingent liability instead of "Other Financial Liability" was not proper.</p> <p>This had resulted in understatement of "Other Financial Liability" by Rs. 114.12 crore and also "Other Intangible Assets" by the same amount.</p>	<p>KRCL has entered into a Construction Agreement with RVNL dated 29th September 2011. In accordance with clause 11.1 of Construction Agreement, RVNL submits monthly expenditure statement to KRCL for expenditure incurred by it on project activities. Construction agreement provides that departmental charges @ 5% on total cost of work shall be payable to RVNL as per detailed estimate/ revised estimate/ completion estimate.</p> <p>Since the commencement of construction work on the project and upto FY 2020-21, RVNL not raised any invoice towards departmental charges. Accordingly, KRCL never booked any liability in its books of Accounts towards Departmental charges.</p> <p>At present, Completion certificate is yet to be received from RVNL and some work is undergoing therefore final cost of work is not available and at the same time KRCL has represented to RVNL for waiver of the Departmental charges.</p>

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Since, RVNL has not raised any invoice/claim in this regard on KRCL and request of KRCL for reduction/complete waiver of the Departmental charges (considering current financial position of the company) is pending with RVNL for a final call.

Therefore, the value of Departmental charges cannot be estimated reliably. Hence, the amount of Departmental charges is still contingent.

In view of the above situation, KRCL has shown the same in "Contingent Liability" to the extent of maximum possible outflow.

Financial Impact

In case expenditure on Departmental charges is recognized by KRCL 'Other financial Liability' (i.e. payable to RVNL) shall increase by Rs. 114.12 Crore as on 31.03.2021 and value of 'Other Intangible Assets' shall also increase by the same amount.

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