



**KRISHNAPATNAM RAILWAY  
COMPANY LIMITED**

**16<sup>TH</sup> ANNUAL REPORT**

**2021 -2022**

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\*will be circulated as available or during the meeting.



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

# BOARD OF DIRECTORS AND MANAGEMENT

**SMT. JAYA VARMA 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. SOMNATH NANDI**

DIRECTOR (NOMINEE OF NMDC LTD.)

**SH. AVINASH CHAND RAI**

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. AJIT K PANDA**

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,  
5<sup>TH</sup> 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 ARUN K. AGARWAL & ASSOCIATES,  
FIRM REGISTRATION NO. 003917N

### 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  
16<sup>TH</sup> ANNUAL GENERAL MEETING**

**KRISHNAPATNAM RAILWAY COMPANY LIMITED**

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

Ph. No. 011-26738406, Fax. No. 011-26182957 CIN:U45200TG2006PLC051378

**NOTICE**

**Of the 16<sup>th</sup> Annual General Meeting**

Notice is hereby given that the 16<sup>th</sup> Annual General Meeting (AGM) of members of Krishnapatnam Railway Company Limited will be held on Thursday, 22<sup>nd</sup> September, 2022 at 1500 hrs through Video Conferencing / Other Audio Visual Means to transact the following businesses:-

**ORDINARY BUSINESS:**

**1. Adoption of Audited Financial Statements & Board Report**

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2022 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 Dilip Kumar Gupta, (DIN No. 08203085), who retires by rotation and being eligible, offers himself for re-appointment.

**3. Appointment of Director**

To appoint a Director in place of Shri Sajal Mittra, (DIN No. 02625510), who retires by rotation and being eligible, offers herself for re-appointment.

**4. Appointment of Director**

To appoint a Director in place of Shri Vinay Kumar Prajapati, (DIN No. 09062988), who retires by rotation and being eligible, offers himself for re-appointment.

**5. Appointment & Remuneration of Statutory Auditors for the year 2022-23**

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 2022-23."

By Order of Board of Directors



**Trilok Garg**

**Company Secretary**

**Date: August 30, 2022**

**Place: New Delhi**



**NOTES:**

1. In view of the outbreak of COVID -19 pandemic, social distancing norms is being followed and pursuant to the Circular No. 14/2020 dated 8<sup>th</sup> April 2020, Circular No.17/2020 dated 13<sup>th</sup> April 2020, Circular No. 20/2020 dated 5<sup>th</sup> May 2020, Circular No. 33/2020 dated September 28, 2020 and General Circular No. 39/2020 dated December 31, 2020, General Circular No.02/2021 dated January 13, 2021, General Circular No. 21/2021 dated 14<sup>th</sup> December 2021 and General Circular No. 02/2022 dated 5<sup>th</sup> May 2022 (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). In compliance with the aforesaid MCA Circulars, applicable provisions of the Companies Act, 2013 and rules made there under, the 16<sup>th</sup> AGM of the Company is being convened and conducted through VC. The registered office of the Company shall be deemed to be the venue for the AGM. LINK FOR ATTENDING THE AGM ON VC WILL BE SENT TO THE MEMBERS SEPARATELY 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 16<sup>th</sup> Annual General Meeting of the Company along with Annual Report for the financial year ended 31<sup>st</sup> March, 2022 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](mailto: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](mailto:krcl.rail@gmail.com)
7. The Notice for this Meeting along with requisite documents and the Annual Report for the financial year ended 2021-22 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](mailto: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 16<sup>th</sup> 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](mailto: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. As the 16<sup>th</sup> AGM is being held through VC, the route map is not annexed to this Notice.

By Order of Board of Directors



**Trilok Garg**  
**Company Secretary**

**Date: August 30, 2022**

**Place: New Delhi**

TO:

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



# DIRECTOR'S REPORT

## BOARD'S REPORT

To  
The Members,

The Board of Directors take pleasure in presenting the 16<sup>th</sup> Annual Report on the working of your Company along with Audited Annual Accounts, for the Financial Year ended March 31, 2022.

## 1. Financial Performance: Summary of Financial Results

Particulars	In Rs. Lakhs	
	2021-22	2020-21
Revenue from Operations*	23,223.91	21,219.09
Other Income	577.70	594.33
Profit/Loss before Depreciation, Finance Costs, Exceptional Items and Tax Expense	<b>23,801.61</b>	<b>21,813.42</b>
Less: Depreciation / Amortisation / Impairment	9,483.91	9,570.65
Profit / Loss Before Finance Cost, Exceptional items and Tax Expense	<b>14,317.70</b>	<b>12,242.77</b>
Less: Finance Cost	21,261.43	21,460.89
Profit / Loss Before Exceptional items and Tax Expense	<b>(6,943.73)</b>	<b>(9,218.12)</b>
Less : Employees Benefit Expenses, O&M Expenses and Other Expenses	3,731.08	7,189.94
Profit / Loss Before Tax Expense	<b>(10,674.81)</b>	<b>(16,408.06)</b>
Less: Tax Expense (Deferred)	906.95	(5,726.36)
Profit / Loss for the Year (1)	<b>(11581.76)</b>	<b>(10,681.70)</b>
Total Comprehensive Income (2)	-	-
Total (1+2)	<b>(11581.76)</b>	<b>(10,681.70)</b>
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	-	-
<b>Balance Carried Forward (PAT)</b>	<b>(11581.76)</b>	<b>(10,681.70)</b>
Earnings Per Share	(1.85)	(1.71)
- Basic	(1.85)	(1.71)
- Diluted	(1.85)	(1.71)

\*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 the FY 2021-22, 11.53 MT traffic was transported on KRCL line of 114 KM, whereas, during FY 2020-21, 8.81 MT traffic moved through the line. There was an increase of about 31% in the movement of traffic volume on the Line during the period under report, compared to FY 2020-21. This happened primarily due to considerable surge in industrial production and favourable economic environment post Covid -19.

During the year the Company earned Net operational earnings Rs. 206.51 Cr., (after defraying all O&M costs) in comparison to Rs.159.83 Cr. for FY 2020-21. During the year there was an increase in net operational earnings of about 29%.

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.

The traffic during FY 2022-23 is expected to grow by about 20-25 %, due to likely increase in Imported Coal as well as increased Coastal Shipping of coal traffic for powerhouses, steel plants, etc., and export of Clinker etc.

During year 2021-22 the country nearly recovered from the depressing impact of Covid-19.

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

Operations on the complete Rail section between KAPT and OBVP of 114 KM are carried out by Railways and the Company took over the P-Way, OHE, S & T and TRD Maintenance of the 114 Km section between Obulavaripalle (OBVP) and Krishnapatnam (KAPT).

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 ensure highest quality of maintenance work being done on the line.

The Company executed a fresh O & M Agreement with S C Railway on November 08, 2021 for the complete 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 31<sup>st</sup> March, 2022 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 2019-20 to finance the construction of the project. The Principal Term loan is payable in 52 quarterly instalments starting from September, 2019. During the FY 2021-22 the Company has paid four quarterly instalments aggregating Rs. 64.50 Cr. of the Term Loan and the outstanding balance of the Term Loan as on 31<sup>st</sup> March, 2022 is Rs. 927.16 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 31<sup>st</sup> March, 2022.

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

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

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

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

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

The traffic during FY 2021-22 nearly attained the level of pre covid financial year i.e. 2019-20 the same is expected to grow further in FY 2022-23 due to recovery of the industries from impact of COVID 19 Pandemic. There was no other impact of COVID 19 Pandemic on the Company during FY 2021-22.

**10. 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 Executive as well as 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, 2022 was Twelve (12) Directors. They are as follows:

Sl. No.	Name	DIN Number	Designation
1	Ms. Jaya Varma Sinha (MoR)	09295401	Chairperson
2	Sh. K Siva Prasad	09124374	Managing Director
3	Sh. D.K. Gupta (SDCL)	08203085	Nominee Director
4	Sh. Vinay Kumar Prajapati (SDCL)	09062988	Nominee Director
5	Sh. Avinash Chand Rai (AKPL)	08406981	Nominee Director
6	Sh. Sajal Mitra (AKPL)	02625510	Nominee Director
7	Mrs. Shilpi Agarwal (RVNL)	08004390	Nominee Director
8	Sh. Somnath Nandi (NMDC)	08859169	Nominee Director
9	Sh. M. P. Singh (RVNL)	08165734	Nominee Director
10	Sh. B. K. Reddy (RVNL)	07823758	Nominee director
11	Sh. Muralidharan Krishnamoorthy (GoAP)	07181603	Nominee Director
12	Sh. Munna Kumar (RVNL)	09394779	Nominee Director

The notice of Board and Committee Meetings is given well in advance to all the Directors and Committee Members. The Agenda is normally circulated a week prior to the date of the Meeting. The Agenda for the Board and Committee Meetings include detailed notes on the items to be discussed at the Meeting to enable the Directors and Members to take an informed decision. During the year, in terms of various circulars issued by Ministry of Corporate Affairs because of COVID 19, all the Meetings were held through audio – video means only.

During the financial year ended March 31, 2022, the Board of Directors met Four (4) times on 22<sup>nd</sup> June, 2021, 26<sup>th</sup> August, 2021, 14<sup>th</sup> December, 2021 and 08<sup>th</sup> March, 2022.

**11.2 Details of attendance of each Director in the Board meetings held during the period April 01, 2021 to March 31, 2022:**

Sl. No	Name of the Director	Designation	Meetings Held during the tenure	Meetings Attended
1	Ms. Jaya Varma Sinha	Chairperson	2	2
2	Sh. K Siva Prasad	Managing Director	4	4
3	Mr. D.K. Gupta	Nominee Director	4	3
4	Mr. M. P. Singh	Nominee Director	4	4
5	Mrs. Shilpi Agarwal	Nominee Director	4	4
6	Mr. B. K. Reddy	Nominee Director	4	3
7	Mr. Somnath Nandi	Nominee director	2	0
8	Mr. Muralidharan Krishnamoorthy	Nominee Director	3	1
9	Mr. Sajal Mittra	Nominee Director	4	3
10	Mr. Avinash Chand Rai	Nominee Director	2	1
11	Mr. Munna Kumar	Nominee Director	2	1
12	Mr. V K Prajapati	Nominee Director	4	2

**\*Cessation/ Appointment/Re-appointment of Directors during April 01, 2021 to March 31, 2022. Details are given under section 11.3 below.**

**11.3 Changes in the Board during the period April 01, 2021 to March 31, 2022**

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. K Siva Prasad	Managing Director	Appointment on April 19, 2021
2.	Sh. N P Ramakrishna Reddy	Nominee Director	Cessation on June 22, 2021
3.	Sh. K. Muralidharan	Nominee Director	Appointment on June 22, 2021



4.	Dr. D V Subrahmanyam	Nominee* Director	Cessation on September 01, 2021*
5.	Sh. Sushant Kumar Mishra	Nominee Director	Cessation on September 21, 2021
6.	Ms. Jaya Varma Sinha	Nominee Director	Appointment on September 21, 2021
7.	Sh. Munna Kumar	Nominee Director	Appointment on November 15, 2021
8.	Sh. Alok Kumar Mehta	Nominee Director	Cessation on November 23, 2021
9.	Sh. Somnath Nandi	Nominee Director	Appointment on November 23, 2021
10.	Sh. Gudena Jagannadha Rao	Nominee Director	Cessation on November 23, 2021
11.	Sh. Avinash Chand Rai	Nominee Director	Appointment on November 23, 2021

\*Cessation due to resignation by the Director.

#### 11.4 Details of Committee Meetings

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities as mandated by applicable regulations and need a closer review. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are performed by Members of the Board, as a part of good governance practice. The Board is informed about the summary of the discussions held in the Committee Meetings. The Minutes of Meetings of all the Committees are placed before the Board for review. The Board Committees can request special invitees to join the Meeting, as appropriate.

The Board has established the following statutory Committees:

**Corporate Social Responsibility Committee:** In accordance with the provisions of Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee comprises Shri M. P. Singh, Shri B. K. Reddy and Shri V. K. Prajapati as its Members. The power, role and terms of reference of the Corporate Social Responsibility Committee covers the areas as contemplated under Section 135 and Schedule VII of the Companies Act, 2013, based on other terms as defined by the Board of Directors.

The Minutes of each Corporate Social Responsibility Committee Meeting are placed at the subsequent Meeting of the Committee and the Board. During the financial year ended 31<sup>st</sup> March, 2022, the Corporate Social Responsibility Committee of the Company met once on 08<sup>th</sup> March, 2022.

## **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. K Siva Prasad, IRTS (Retd.) joined as Managing Director of the Company w.e.f. April 19, 2021.
2. Sh. T Muni Prasad was appointed as Chief Financial Officer/KRCL w.e.f. August 26, 2021.

Details of KMPs as on March 31, 2022:

1. Shri K Siva Prasad, IRTS (Retd.), Managing Director
2. Shri T Muni Prasad, Chief Financial Officer
3. Shri Trilok Garg, Company Secretary

## **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 Arun K Agarwal & Associates, Chartered Accountants were appointed as Statutory Auditors of the Company for FY 2021-22 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 2021-22 pursuant to provisions of Section 204 of the Companies Act, 2013.

The Report of Secretarial Auditor for the Financial Year 2021-22 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 23<sup>rd</sup> November, 2007. Thus the rights of the Company to earn revenue from operations of the project are protected by the concession agreement.

The volume and size of Company's earnings and profit largely depends on the volume of traffic movement on the line, which is dependent on several factors beyond the control of the Company i.e. economic conditions, import/export policy of the Government, currency fluctuations, level of demand and supply of various components of traffic moved on the line, etc. To combat the risks of uncertainty in earnings of the Company the Company is moving forward in the direction of capacity augmentation of the line, building strong relationship with the stakeholders and customers, providing hassle free services, reduction of 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.

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.

### **Corporate Social Responsibility Policy**

The Company has in place CSR Policy which lays down the philosophy and approach towards CSR commitment and the same is placed on the website of the Company i.e. <http://krcl.org.in/>. There was no change in the CSR policy of the Company during the period under report.

A Report on Corporate Social Responsibility activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended by The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 effective from 22<sup>nd</sup> January, 2021 is appended as **Annexure III** to this Report.

## **22. Compliance with Secretarial Standards**

The Board has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by ICSI 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 were 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 neither accepted any deposits from the public within the meaning of Section 73 of Companies Act, 2013, nor has it contravened the compliance requirements of Chapter V of Companies Act, 2013 read with rules.

**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, 2022 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 Arun K Agarwal & Associates, Chartered Accountants, reasonably present the Company's financial condition and results of operations, particularly considering the unique nature of operations of the company.

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

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

**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 2021-22 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.

**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. Details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year**

No Application is made under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year and no such proceeding pending at the end of the financial year.

**36. Details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.**

No such difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions was there during period under review.

**37. 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 shown by Company's Human capital in steady 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: June 28, 2022**



**CS ANIL ANAND**

(Company Secretary in Practice)

FORM NO. MR-3

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2022**

[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 31<sup>st</sup> March, 2022 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 31<sup>st</sup> March, 2022 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**

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59/2, Second Floor, Kalkaji, New Delhi-110 019.  
Email: [csanilanand96@gmail.com](mailto: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.

A handwritten signature in blue ink is written over a circular blue stamp. The stamp contains the text "ANIL ANAND" at the top, "CP No. 11295" in the center, "New Delhi" below that, and "Company Secretary" at the bottom.

**CS Anil Anand**  
**ACS:10328, CP No: 11295**  
**UDIN: A010328D000526910**

**Date: 28-June-2022**  
**Place: New Delhi**

**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 Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit 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.


**CS Anil Anand**  
**ACS:10328, CP No: 11295**  
**UDIN: A010328D000526910**

**Date: 28-June-2022**  
**Place: New Delhi**



## KRISHNAPATNAM RAILWAY COMPANY LIMITED

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

Sl. No.	Auditor's Comments for Financial Year 2021-22	Management Reply
	<b>Basis for Qualified Opinion:</b>	
1	<p>Monthly revenue bills/apportionment sheet of revenue are received from South Central Railway ("SCR"). All these invoices are marked as "Provisional" and the outcome of provisional invoices are not known till the date of audit report. The monthly revenue statements are not checked and certified by the concerned from the company. Thus, the final accounts are drawn on the strength of provisional unverified revenue. Further, as stated in Note 19(i)(d), all supporting evidences related to revenue booking are being controlled and managed by the SCR. As intimated to us, the same are not available with the company, hence, there is no basis to verify the same.</p> <p>Further, as referred by the management of the company vide Note 19(i) (c), the revenue is provisional and subject to pending decision of Arbitration w.r.t. revenue on account of terminal cost from SCR for past periods of operation from beginning also. Thus, operating revenue could not be verified and financial impact, if any, cannot be ascertained till finality of the same.</p>	<p>It is the practice of Railway Administration to furnish such statements, viz., Revenue or O&amp;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 (SCR).</p> <p>Revenue Statements are always checked by KRCL officers at Secunderabad. Copies of all revenue statements certified by CFO/KRCL and Expert (O&amp;C)/KRCL have been furnished to Audit team. A few examples of daily loading details as well as Monthly loading provided by SCR were shown to the Audit team and matched, which were found correct.</p> <p>Note 19 (i) (c) is a disclosure of facts. The matter is under arbitration and subjudice.</p>
2	<p>Despite of contractual obligation in terms of the Construction Agreement with Rail Vikas Nigam Limited ("RVNL"), the Company is neither paying nor providing towards departmental charges @ 5% without obtaining any waiver or concession in the agreed terms of agreement. The Company has estimated liability of ₹ 11411.82 lacs being 5% of total project cost which been considered as contingent liability (Refer Note-39c) in the financial statements. In view of no accounting treatment of said departmental charges, Other Intangible Assets and Other Financial Liabilities are understated to that extent. Further, had it been capitalized, the corresponding impact on Loss of the respective year due to amortisation cost of intangible assets, not considered.</p>	<p>In terms of Construction Agreement with Rail Vikas Nigam Limited, Departmental Charges are payable to RVNL on the basis of final cost of work. Since RVNL has not raised any invoice/claim in this regard, therefore this amount has been treated as "Contingent Liability" in the Books of Accounts.</p> <p>The Company has represented to RVNL for waiving off the Departmental Charges. Hence, it would be logical to retain the amount of Departmental Charges in Contingent Liability.</p>
3	The Company is neither paying nor providing	SCR is performing operations on KRCL

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<p>Goods and Service Tax ("GST") on Operation &amp; Maintenance Cost ("O&amp;M") under reverse charge mechanism on bills raised by SCR on the rationale that there is no service involved in these transactions (Refer Note 43). The current year's impact of GST @ 18% of O&amp;M Charges comes to ₹ 398.40 lacs (excluding interest, if any). However, in view of uncertain amount of total GST, impact since inception cannot be determined.</p>	<p>Railway line which is a sovereign function of Indian Railways and SCR is charging cost of operations from KRCL in monthly O&amp;M bills.</p> <p>Maintenance of the Railway line is being done by the Company itself through contractors and the Company is paying GST on bills of maintenance contractors.</p> <p>Hence, the amount of O&amp;M Cost charged by SCR from KRCL is allocation of cost of operations between SCR and KRCL. As such there is no service provided by SCR to KRCL. Due to operations, whatever revenue is generated, GST is paid to Government by SCR.</p> <p>Since there is no service involved, therefore no GST is payable on O&amp;M bills of SCR.</p>
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Sl. No.	Auditor's Comments for Financial Year 2020-21	Management Reply
	<b>Emphasis of Matters</b>	
1	Note 4.5 to the accompanying financial statements, according to which, D&G charges being capitalised and amortised is subject to change based on outcome of actual final completion cost.	At present RVNL is claiming D&G Charges in accordance with provisions of Construction Agreement. On Completion of work, final accrual of D&G Charge will be calculated and actual impact will be taken in Financial Statements.
2	Note 4.7 to the accompanying financial statements in relation to incremental project cost, ongoing expenditure bills after commencement of operations and consequent impact on capitalization of Intangible Assets.	Statement of fact, hence, no comment required.
3	Note no 19 (i) (b) &(c) to the accompanying financial statements which describes impact of anticipated earnings on account of (a) length of about 14.45 KM section from Krishnapatnam Railway Station and (b) similar payment of terminal costs for past periods also. These issues are now pending under Arbitration and the revenue reported is subject to the outcome of Arbitration.	Statement of fact, hence, no comment required.
4	Note 21 (i) to the accompanying financial statements, which describes regarding recognition of O&M Expenses on the basis of provisional bills intimated by SCR.	It is the practice of Railway Administration to furnish such statements, viz., Revenue or O&M or any other amount paid to be marked as 'Provisional'. KRCL do not have any control over the practices followed by Railway Administration.
5	Note 34 to the accompanying financial statements which describes about pending review of capital commitment for project related assets.	Statement of fact, hence, no comment required.
6	Note 43 to the accompanying financial statements, which describes non-charging of GST on its revenue on the rationale that it is not supply but merely apportionment of earnings.	Revenue is collected by Indian Railway (IR). IR is paying the necessary GST to the Government of India. Hence, further GST is not required to be paid by KRCL.

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Sl. No.	Auditor's Comments for Financial Year 2020-21	Management Reply
<b>Internal Financial Control</b>		
1.	All supporting evidences related to revenue booking and O&M charges are being controlled & managed by SCR only. Working Sheets and collateral records neither supplied by the SCR nor maintained by the company. As a result, there is no basis to verify the same.	Every month reconciliation is being carried out with the Traffic Revenue Officer of SCR. RR wise reconciliation is done every month by KRCL Officers in order to arrive at correct revenue apportionment for the company. Also, systematic records are maintained. Revenue Statements and O&M Bills are always checked by KRCL officers at Secunderabad. Copies of all revenue statements and O&M Bills certified by CFO/KRCL and Expert (O&C)/KRCL have been furnished to Audit team. A few examples of daily loading details as well as Monthly loading provided by SCR were shown to the Auditors and matched, which were found correct.
2.	As informed to us, there is no methodology on the part of management to ensure the up to date accounting of expenditure on construction projects, including bills which are already incurred but not billed to the company and also which are awaited 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

**[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]**

### 1. A brief outline of the company's CSR policy:

Your Company has a robust Corporate Social Responsibility (CSR) policy framed in line with Section 135 of the Companies Act, 2013 and adopts various programmes which give the Company an opportunity to demonstrate its social responsibility and good corporate citizenship. All efforts are being taken to add value in fulfilling CSR objectives through effective implementation of projects for sustainable developments.

The Company is actively working towards providing Educational support & Skill Development etc. 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.

### 2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of CSR meetings held during the year	Number of meetings of CSR Committee attended during the year
1.	Sh. M. P. Singh	(Non Executive Director)	1 (One)	1
2.	Sh. B.K. Reddy	(Non Executive Director)		1
3.	Sh. V. K. Prajapati	(Non Executive Director)		1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

**Website :** <http://krcl.org.in/csr/>

4. The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable-**Not Applicable**
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs.)	Amount required to be set-off for the financial year, if any (in Rs.)
1.	2021-22	Nil	Nil

6. Average net profit of the company as per Section 135 (5): **Rs. 4783.26 Lakh (Loss)**

7. (a) Two percent of average net profit of the company as per section 135(5): **-Rs. 95.67 Lakh (Loss)**

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **- Nil**

(c) Amount required to be set off for the financial year :- **NIL**

(d) Total CSR obligation for the financial year (7a+7b-7c) :- **NIL**

8. (a) Details of CSR spent or Unspent for the financial year.

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)					
	Total Amount transferred to Unspent CSR Account as per Sec 135(6)			Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of fund	Amount	Date of Transfer	
NA	NA	NA		NA		

(b) Details of CSR amount spent against **ongoing projects** for the financial year: **Not Applicable**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project Duration	Amount allocated for the project (InRs.)	Amount spent in the current financial Year (InRs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number

(C) Details of CSR amount spent against **other than ongoing projects** for the financial year: **NIL**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount Spent for the project (In Rs.)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number

(d) Amount spent in Administrative Overheads- **Nil**

(e) Amount spent on Impact Assessment, if applicable- **Not Applicable**

(f) Total amount spent for the Financial Year- **NIL**  
(8b+8c+8d+8e)

(g) Excess amount for Set off, if any

SI. No	Particulars	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	<b>-95.67 Lakh(Loss)</b>
(ii)	Total amount spent for the Financial Year	NIL
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

9 (a) Details of Unspent CSR amount for the preceding three financial years:

SI. No	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135 (6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs.)	Date of transfer	
1.	2020-21	Nil	Nil	NA	NA	NA	NIL
2.	2019-20	Nil	Nil	NA	NA	NA	NIL
3.	2018-19	Nil	Nil	NA	NA	NA	NIL
	<b>TOTAL</b>						

(b)Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s): **Not Applicable**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
SI. No	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year (in Rs.)	Cumulative amount spent at the end of reporting Financial Year (in Rs.)	Status of the project - Completed /Ongoing

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created acquired through CSR spent in the financial year (asset-wise details). - **Not Applicable**
- (a) Date of creation or acquisition of the capital asset(s). - **NA**
  - (b) Amount of CSR spent for creation or acquisition of capital Asset - **NA**
  - (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. - **NA**
  - (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).- **NA**
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). -**Not Applicable**



(K. Siva Prasad)  
Managing Director



(M. P. Singh)  
Member CSR Committee

**Date: 28.06.2022**  
**Place: New Delhi**



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

**KRISHNAPATNAM RAILWAY COMPANY LIMITED**  
Balance Sheet as at 31st March 2022

(₹ in Lakhs)

Particulars	Note No	As at 31st March 2022		As at 31st March 2021	
<b>I. ASSETS</b>					
<b>1 Non-Current Assets</b>					
(a) Property, Plant and Equipment	3	229.31		253.57	
(b) Other Intangible Assets	4	2,53,618.53		2,63,856.89	
(c) Financial Assets					
(i) Others	5.1	1,903.47		2,070.70	
(d) Deferred Tax Asset (Net)	15	7,132.12		8,039.07	
(e) Other Non-Current Assets	6	-	2,62,883.43	50.00	2,74,270.23
<b>2 Current Assets</b>					
(a) Financial Assets					
(i) Trade Receivables	7.1	4,901.97		5,210.65	
(ii) Cash and Cash Equivalents	7.2	2,800.93		4,404.28	
(iii) Bank Balances other than (ii) above	7.3	6,272.79		5,600.68	
(iv) Others	7.4	2,267.61		55.33	
(b) Current Tax Assets (Net)	8	529.22		493.59	
(c) Other Current Assets	9	189.56	16,962.08	7.23	15,771.76
<b>Total Assets</b>		<b>2,79,845.51</b>		<b>2,90,041.99</b>	
<b>II. EQUITY AND LIABILITIES</b>					
<b>1 Equity</b>					
(a) Equity Share Capital	10	62,500.00		62,500.00	
(b) Other Equity	11	(19,391.58)	43,108.42	(7,809.82)	54,690.18
<b>2 Liabilities</b>					
<b>(i) Non-Current Liabilities</b>					
(a) Financial Liabilities					
(i) Borrowing	12.1	85,191.28		92,716.06	
(ii) Trade Payables					
a) Total Outstanding Due to Micro enterprises and small enterprises	12.2	75.09		129.12	
b) Total Outstanding Due to creditors other than Micro enterprises and small enterprises					
(iii) Other Financial Liabilities	13	6.50		-	
(b) Deferred Tax Liability (Net)	15	-		-	
(c) Other Non-Current Liability	16	42.74	85,315.61	69.72	92,914.90
<b>(ii) Current liabilities</b>					
(a) Financial Liabilities					
(i) Borrowing	17.1	7,360.40		6,449.81	
(ii) Trade Payables					
a) Total Outstanding Due to Micro enterprises and small enterprises	17.2	476.84		1,859.56	
b) Total Outstanding Due to creditors other than Micro enterprises and small enterprises					
(iii) Other financial liabilities	17.3	1,38,338.71		1,28,927.51	
(b) Provisions	14	5,000.00		5,000.00	
(c) Other Current liability	18	245.53		200.02	
(d) Current Tax Liability (Net)	9	-	1,51,421.48	-	1,42,436.90
<b>Total Equity and Liabilities</b>		<b>2,79,845.51</b>		<b>2,90,041.99</b>	
III. See accompanying notes to the financial statements (Note 1-47)					

As per our Report of even date attached  
For Arun K. Agarwal & Associates  
Chartered Accountants  
FRN : 003917N

Arun Kumar Agarwal  
Partner  
M No. 082899

Place : New Delhi  
Date : 28.06.2022

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  
Shilpi Agarwal  
Director  
DIN :08004390

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T. Muni Prasad  
Chief Financial Officer

**KRISHNAPATNAM RAILWAY COMPANY LIMITED**  
Statement of Profit & Loss for the year ended 31st March 2022

(₹ in Lakhs except EPS)

Particulars	Note No.	For the year ended 31st March 2022	For the year ended 31st March 2021
<b>Revenue :</b>			
I. Revenue from Operations	19	23,223.91	21,219.09
II. Other Income	20	577.70	594.33
III. <b>Total Income (I + II)</b>		<b>23,801.61</b>	<b>21,813.42</b>
<b>Expenses:</b>			
IV. Operation & Maintenance Expense	21	3,302.79	6,201.04
Employee Benefits Expenses	22	160.60	96.39
Finance Costs	23	21,261.43	21,460.89
Depreciation and Amortization	24	9,483.91	9,570.65
Other Expenses	25	267.69	892.51
<b>Total Expenses (IV)</b>		<b>34,476.42</b>	<b>38,221.48</b>
V. <b>Profit/(Loss) Before exceptional items and Tax (III - IV)</b>		<b>(10,674.81)</b>	<b>(16,408.06)</b>
VI. Exceptional Items		-	-
VII. Profit/(Loss) before tax (V - VI)		<b>(10,674.81)</b>	<b>(16,408.06)</b>
VIII. Tax Expense:			
(1) Current Tax		-	-
- For the year		-	-
(2) Deferred Tax (Net)	26	906.95	(5,726.36)
<b>Total Tax Expense (VIII)</b>		<b>906.95</b>	<b>(5,726.36)</b>
IX. <b>Profit/(loss) for the period from continuing operation (VII - VIII)</b>		<b>(11,581.76)</b>	<b>(10,681.70)</b>
X Profit/(loss) from discontinued operations		-	-
XI Tax Expense of discontinued operations		-	-
XII Profit/(loss) from discontinued operations (after tax) (X-XI)		-	-
XIII <b>Profit/(loss) for the period (IX+XII)</b>		<b>(11,581.76)</b>	<b>(10,681.70)</b>
XIV <b>Other Comprehensive Income</b>			
A. (i) Items that will not be reclassified to profit and loss		-	-
(ii) Income Tax relating to Items that will not be reclassified to profit and loss		-	-
B. (i) Items that will be reclassified to profit and loss		-	-
(ii) Income Tax relating to Items that will be reclassified to profit and loss		-	-
<b>Total Comprehensive Income for the period (XIII +XIV) (Comprising profit/(Loss) and Other Comprehensive income for the period)</b>		<b>(11,581.76)</b>	<b>(10,681.70)</b>
XV <b>Earnings Per Equity Share:</b>			
(For Continuing Operation)			
(1) Basic (Face Value of Share ₹ 10/-) (In ₹)	27	(1.85)	(1.71)
(2) Diluted (Face Value of Share ₹ 10/-) (In ₹)	27	(1.85)	(1.71)
XVII <b>Earnings Per Equity Share:</b>			
(For Discontinuing Operation)			
(1) Basic (Face Value of Share ₹ 10/-) (In ₹)	27	-	-
(2) Diluted (Face Value of Share ₹ 10/-) (In ₹)	27	-	-
XVIII <b>Earnings Per Equity Share:</b>			
(For Continuing and Discontinuing Operation)			
(1) Basic (Face Value of Share ₹ 10/-) (In ₹)	27	(1.85)	(1.71)
(2) Diluted (Face Value of Share ₹ 10/-) (In ₹)	27	(1.85)	(1.71)

See accompanying notes to the financial statements (Note-1-47)

**As per our Report of even date attached**

**For Arun K. Agarwal & Associates**

Chartered Accountants

FRN : 003917N

**Arun Kumar Agarwal**  
Partner

M No. 082899

Place : New Delhi

Date : 28.06.2022



**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*

**Shilpi Agarwal**  
Director  
DIN : 08004390

**T MUNI PRASAD**

**T. Muni Prasad**  
Chief Financial Officer

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**KRISHNAPTNAM RAILWAY COMPANY LIMITED**  
Statement of Cash Flow for the year ended 31st March 2022

₹ in Lakhs

Particulars		For the year ended 31st March 2022	For the year ended 31st March 2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before taxation		(10,674.81)	(16,408.06)
Adjustment for :-			
Depreciation, amortization and impairment		9,483.91	9,570.65
Interest Income		(328.64)	(354.52)
Interest Expenses on Term Loan		8,570.16	9,403.69
Interest Expenses on RVNL Bills		12,675.33	11,623.55
Unwinding of discount-receivable from SCR		(222.08)	(212.83)
Unwinding of discount-overhead cost payable		15.87	22.13
Income from reversal of deferred Overhead costs payable		(26.98)	(26.98)
Interest on Provision for resurfacing		-	411.51
<b>Operating Profit before operating capital changes</b>	(1)	<b>19,492.76</b>	<b>14,029.14</b>
Adjustment for :-			
Decrease / (Increase) in Trade Receivables / Loans & Advances		308.68	(693.52)
Decrease / (Increase) in Other Financial current Assets		(2,155.58)	(22.61)
Decrease / (Increase) in Other current Assets		(182.33)	83.35
Decrease / (Increase) in Other Non Current Assets		50.00	2.00
Decrease / (Increase) in Other Non Current Financial Assets		389.31	-
(Decrease) / Increase in Non Current Trade Payables		(69.90)	(142.40)
(Decrease) / Increase in Current Trade Payables		(1,382.72)	1,314.02
(Decrease) / Increase in Other Financial Liability		(3,257.63)	1,755.30
(Decrease) / Increase in Other Current Liability		45.51	3.33
(Decrease) / Increase in Other Non Current Liability		-	-
(Decrease) / Increase in non-current Provision		-	641.12
	(2)	<b>(6,254.66)</b>	<b>2,940.59</b>
Cash generated from operation	(1+2)	<b>13,238.10</b>	<b>16,969.73</b>
Income Tax Paid (Net of Refund)		(35.63)	(27.55)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	(A)	<b>13,202.47</b>	<b>16,942.18</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital Expenditure on Property Plant Equipment and Intangible Assets, Including Capital Advances		778.71	(2,887.16)
Increase in deposits having original maturity of more than three months and other bank balances		(672.11)	344.77
Interest Income		271.93	396.16
<b>NET CASH FROM INVESTING ACTIVITIES</b>	(B)	<b>378.53</b>	<b>(2,146.23)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of Loan		(6,614.19)	(5,106.10)
Interest Expenses on Term Loan		(8,570.16)	(9,403.69)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	(C)	<b>(15,184.35)</b>	<b>(14,509.79)</b>
<b>NET INCREASE (Decrease) IN CASH &amp; CASH EQUIVALENT</b>	(A+B+C)	<b>(1,603.35)</b>	<b>286.16</b>
<b>CASH AND CASH EQUIVALENT (OPENING)</b>	(D)	<b>4,404.28</b>	<b>4,118.12</b>
Balances with Banks-Current Account		4.28	18.12
Deposits with Bank with less than 3 months maturity		4,400.00	4,100.00
<b>CASH AND CASH EQUIVALENT (CLOSING)</b>	(E)	<b>2,800.93</b>	<b>4,404.28</b>
Balances with Banks-Current Account		0.93	4.28
Deposits with Bank with less than 3 months maturity		2,800.00	4,400.00
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENT</b>	(E-D)	<b>(1,603.35)</b>	<b>286.16</b>

Reconciliation of Liabilities arising from financing activities as on 31st March 2022 are as follows

Particulars	Borrowings
Balance at 1st April, 2021	99,165.87
Cash Flows:-	
-Repayment	6,614.19
-Proceeds	-
Non-Cash:-	
- Accrued during the year	-
- Fair Value	-
<b>Balance at 31st March, 2022</b>	<b>92,551.68</b>

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	-
<b>Balance at 31st March, 2021</b>	<b>99,165.87</b>

As per our Report of even date attached

For Arun K. Agarwal & Associates  
Chartered Accountants  
FRN : 003917N

Arun Kumar Agarwal  
Partner  
M No. 92859

Place : New Delhi  
Date : 28.06.2022



For and on behalf of Board of Directors

SIVA  
PRASAD  
KASTURI

K. Siva Prasad  
Managing Director  
DIN : 09124374

Trilok Garg  
Company Secretary  
M No. 30019

Shilpi  
Shilpi Agarwal  
Director  
DIN : 08004390

T MUNI  
PRASAD  
T. Muni Prasad  
Chief Financial Officer



**STATEMENT OF CHANGES IN EQUITY**  
**KRISHNAPATNAM RAILWAY COMPANY LIMITED**  
Statement of changes in equity for the year ended 31st March 2022

**A. Equity Share Capital**

As at 31st March 2022

Particulars	(₹ in Lakhs)				
	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current period	Balance at the end of the current reporting period
Number of Shares (in Lakhs)	6,250.00	-	-	-	6,250.00
Amount	62,500.00	-	-	-	62,500.00

As at 31st March 2021

Particulars	(₹ in Lakhs)				
	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current period	Balance at the end of the current reporting period
Number of Shares (in Lakhs)	6,250.00	-	-	-	6,250.00
Amount	62,500.00	-	-	-	62,500.00

**B. Other Equity**

Particulars	(₹ in Lakhs)	
	Reserve & Surplus Retained Earnings	Total
<b>Balance at April 1, 2020</b>	<b>2,871.88</b>	<b>2,871.88</b>
Changes in accounting policy or prior period errors	-	-
<b>Restated Balance as at April 1, 2020</b>	<b>2,871.88</b>	<b>2,871.88</b>
Profit for the year	(10,681.70)	(10,681.70)
Other Comprehensive Income for the year (net of income tax)	-	-
<b>Total Comprehensive Income for the year</b>	<b>(10,681.70)</b>	<b>(10,681.70)</b>
Dividends paid	-	-
<b>Balance at March 31, 2021</b>	<b>(7,809.82)</b>	<b>(7,809.82)</b>
Changes in accounting policy or prior period errors	-	-
<b>Restated Balance as at April 1, 2021</b>	<b>(7,809.82)</b>	<b>(7,809.82)</b>
Profit for the year	(11,581.76)	(11,581.76)
Other Comprehensive Income for the year (net of income tax)	-	-
<b>Total Comprehensive Income for the year</b>	<b>(11,581.76)</b>	<b>(11,581.76)</b>
Dividends paid	-	-
<b>Balance at March 31, 2022</b>	<b>(19,391.58)</b>	<b>(19,391.58)</b>

*Prasad*

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Notes to the Financial Statements for the period ended 31st March 2022

**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 Operation and Maintenance agreement 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 28th June 2022.

**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, 2022 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. 5.1 and 12.2)

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

### 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 Railway 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 Railway.

### 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.

**2.20 Dividend to Equity Holders**

Dividend paid/payable shall be recognised in the year in which the related dividends are approved by shareholders or board of directors as appropriate.

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## 2.21 Financial Instruments:-

### (a) Initial Recognition and Measurement

Financial Instruments recognized at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

### (b) Subsequent Measurement

#### Financial Assets

financial assets are classified in following categories:

#### (i) At Amortised Cost

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

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

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost using effective interest rate method less impairment if any. The EIR amortisation is included in finance income in the statement of profit and loss.

#### (ii) At Fair Value Through Other Comprehensive Income

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned is recognised using the EIR method.

#### (iii) At Fair Value Through Profit and Loss

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

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

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

#### Financial Liabilities

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

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

#### (ii) Financial liabilities at FVTPL

The company has not designated any financial liabilities at FVTPL.

#### (c) Derecognition

##### Financial Asset

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

##### Financial Liability

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

#### (d) Impairment of Financial Assets:

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

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

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.

## 2.23 Standard/Amendments issued but not yet effective

MCA had issued the Indian Accounting Standards Amendments Rules, 2022 vide notification dated 23rd March 2022. In the Indian Accounting Standards Amendments Rules, 2022, amendments has been made in following standards:-

1. First-time Adoption of Indian Accounting Standards (Ind AS-101)
2. Business Combinations (Ind AS-103)
3. Financial Instruments (Ind AS-109)
4. Property, Plant and Equipment (Ind AS-16)
5. Provisions, Contingent Liabilities and Contingent Assets (Ind AS-37)
6. Agriculture (Ind AS-41)

The effective date of these amendments is annual periods beginning on or after 1st April 2022. 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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**Notes 3: Property, Plant and Equipment**

(₹ in Lakhs)

Particulars	Office Building	Furniture & Fixture	Office Equipments	EDP Assets	Total
<b><u>Cost or Deemed Cost</u></b>					
As at 01 April 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)
<b>At 31 March 2021</b>	<b>456.74</b>	<b>0.46</b>	<b>2.84</b>	<b>2.08</b>	<b>462.12</b>
Additions	-	-	0.06	1.08	1.14
Disposals/Adjustments	-	-	-	-	-
<b>At 31 March 2022</b>	<b>456.74</b>	<b>0.46</b>	<b>2.90</b>	<b>3.16</b>	<b>463.26</b>
<b><u>Depreciation and Impairment</u></b>					
At 01 April 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)
<b>At 31 March 2021</b>	<b>205.81</b>	<b>0.26</b>	<b>0.88</b>	<b>1.60</b>	<b>208.55</b>
Depreciation charge for the year	23.84	0.05	0.90	0.61	25.40
Impairment	-	-	-	-	-
Disposals/Adjustments	-	-	-	-	-
<b>At 31 March 2022</b>	<b>229.65</b>	<b>0.31</b>	<b>1.78</b>	<b>2.21</b>	<b>233.95</b>
<b><u>Net carrying amount</u></b>					
At 31 March 2022	227.09	0.15	1.12	0.95	229.31
At 31 March 2021	250.93	0.20	1.96	0.48	253.57

**Note 3.1 :** The Company has purchased a property for the purpose of administration which is temporarily idle with carrying amount of ₹ 227.09 Lakhs as at 31st March 2022 (as at 31 March 2021: ₹ 250.93 Lakhs).

**Note 3.2 :** Property Plant & Equipment with a carrying amount of ₹ 229.31 Lakhs as at 31st March 2022 (as at 31st March 2021: ₹ 253.57 Lakhs) are charged with secured Company's loans. The property plant and equipment having gross carrying amount of ₹ 1.91 Lakhs at 31st March 2022 (₹ 1.68 Lakhs at 31st March 2021) are held in the name of Employees.

**Note 3.3 :** In compliance with IndAS 101, the company has restated the gross block of Property, Plant and Equipment by reducing accumulated depreciation by ₹ 21.45 Lakhs at the time of transition to Ind AS.

**Note 3.4** There is no change in value of Property, Plant and Equipment due to revaluation.

**Note 3.5** Title deeds of all immovable property are held in the name of company.



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**Note 4: Other Intangible Assets**

(₹ in Lakhs)

Particulars	Revenue Sharing Right	Total
<b>Cost or Deemed Cost</b>		
<b>At 01 April 2020</b>	<b>2,80,428.86</b>	<b>2,80,428.86</b>
Additions	2,899.80	2,899.80
Disposals/Adjustments	-	-
<b>At 31 March 2021</b>	<b>2,83,328.66</b>	<b>2,83,328.66</b>
Additions	536.32	536.32
Disposals/Adjustments	1,316.17	1,316.17
<b>At 31 March 2022</b>	<b>2,82,548.81</b>	<b>2,82,548.81</b>
<b>Amortisation and Impairment</b>		
<b>At 1 April 2020</b>	<b>9,929.06</b>	<b>9,929.06</b>
Amortisation for the year	9,542.71	9,542.71
Impairment	-	-
Disposals/Adjustments	-	-
<b>At 31 March 2021</b>	<b>19,471.77</b>	<b>19,471.77</b>
Amortisation for the year	9,458.51	9,458.51
Impairment	-	-
Disposals/Adjustments	-	-
<b>At 31 March 2022</b>	<b>28,930.28</b>	<b>28,930.28</b>
<b>Net book value</b>		
<b>At 31 March 2022</b>	<b>2,53,618.53</b>	<b>2,53,618.53</b>
<b>At 31 March 2021</b>	<b>2,63,856.89</b>	<b>2,63,856.89</b>

**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 ₹ 2,53,618.53 Lakhs as at 31st March 2022 (as at 31st March 2021: ₹ 2,63,856.89 Lakhs) are charged with secured Company's loans.

**Note 4.3 :** In compliance with the Ind AS 101, The Company has restated the Gross Block of Intangible Assets by reducing accumulated depreciation by ₹ 9,626.84 Lakhs at the time of transition to Ind AS.

**Note 4.4** Title of Leasehold Land represents land 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 with the KRCL till the period of Concession Agreement and thereafter will revert to SCR since, the value of land will be recovered from SCR.

**Note 4.5** Intangible Assets includes expenditure on account of Directional & General Charges (D&G charges) amounting to ₹ (78.21) Lakhs (Previous Year ₹ 232.07 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 based on outcome of actual final completion cost. Cumulative D&G Charges up to 31st March 2022 is ₹ 17,511 Lakhs (Previous Year ₹ 17,589.21 Lakhs) is subject to change.

**Note 4.6** There is no change in value of Intangible Assets due to revaluation.

**Note 4.7** The cumulative project cost over and above the estimated cost has been approved by the Board of Directors. However, the company is still receiving expenditure bills from RVNL, after commencement of operation of the project line. Details of project cost are to be made available by RVNL. RVNL is yet to submit project cost/completion/handover certificate to the company.



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Notes 5: Financial Assets

Note 5.1. Other Financial Assets

Particulars	₹ in Lakhs	
	As at 31st March 2022	As at 31st March 2021
At Amortised cost		
Security deposit	1.50	1.50
Receivable from South Central Railway under Service Concession Arrangement (Value of land) (Refer note-28)	1,901.97	2,069.20
<b>Total</b>	<b>1,903.47</b>	<b>2,070.70</b>

Note 6: Other Non-Current Assets

Particulars	₹ in Lakhs	
	As at 31st March 2022	As at 31st March 2021
a) Capital Advances		
Advances towards Project Expenditure		
- Mobilization and other Advance	-	50.00
<b>Total</b>	<b>-</b>	<b>50.00</b>

Note 7: Financial Assets - Current

7.1 Trade Receivables

Particulars	₹ in Lakhs	
	As at 31st March 2022	As at 31st March 2021
Trade Receivables		
Unsecured, considered good		
- Trade receivables	4,901.97	5,210.65
<b>Total</b>	<b>4,901.97</b>	<b>5,210.65</b>

7.1.1 Ageing Schedule of Trade receivable

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1year- 2years	2 years to 3 years	More than 3 years	
		As at 31st March 2022					
(i) Undisputed Trade receivables – considered good	4,901.97						4,901.97
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit Impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>4,901.97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,901.97</b>

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1year- 2years	2 years to 3 years	More than 3 years	
		As at 31st March 2021					
(i) Undisputed Trade receivables – considered good	5,210.65						5,210.65
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit Impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>5,210.65</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,210.65</b>

Note 7.1.2 The trade receivable represents the amount receivable from the South Central Railway (SCR) being the gross revenue apportioned and are non interest bearing. Since, the revenue apportioned by the South Central Railway 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 ₹ 4,901.97 lakhs (March 31st 2021 ₹ 5,210.65/- Lakhs) is subject to confirmation by the South Central Railway.

Note 7.1.3 Trade receivables are non-interest bearing and are generally on terms of 15 to 75 days.

Note 7.1.4 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 7.2: Cash and Cash Equivalents**

Particulars	₹ in Lakhs	
	As at 31st March 2022	As at 31st March 2021
Balances with banks:		
- On current account	0.93	4.28
- Term Deposits with original maturity of three months or less	2,800.00	4,400.00
<b>Total</b>	<b>2,800.93</b>	<b>4,404.28</b>

Note 7.2.1 As at 31st March 2022 the company has undrawn committed borrowing facility of ₹ 803.12/- Lakhs (As at 31st March 2021, ₹ 803.12/- Lakhs).

**Note 7.3: Bank Balances other than Cash and Cash Equivalent**

Particulars	₹ in Lakhs	
	As at 31st March 2022	As at 31st March 2021
Balances with banks:		
- Term Deposit in Scheduled Bank (Original Maturity more than 3 Months but less than 12 months)	5,664.66	5,000.00
- On Escrow account, Earmarked Balance	608.13	600.68
<b>Total</b>	<b>6,272.79</b>	<b>6,600.68</b>

Note 7.3.1 The Amount lying in Escrow Account can be used by company in compliance with terms of Loan Agreement

**Note 7.4: Other Financial Assets-Current**

Particulars	₹ in Lakhs	
	As at 31st March 2022	As at 31st March 2021
Receivable from Banks towards Interest	-	43.43
Interest Accrued on Fixed Deposits	66.61	11.90
Term Deposit in Scheduled Bank (Original Maturity more than 12 months)	2,199.00	-
<b>Total</b>	<b>2,267.61</b>	<b>65.33</b>

**Note 8: Current Tax**

Particulars	₹ in Lakhs	
	As at 31st March 2022	As at 31st March 2021
<b>Current Tax Assets</b>		
Advance Tax Paid / Tax Deducted at Source	529.22	493.59
<b>Total</b>	<b>529.22</b>	<b>493.59</b>

**Note 9: Other Current Assets**

Particulars	₹ in Lakhs	
	As at 31st March 2022	As at 31st March 2021
<b>a) Other than Capital Advances</b>		
Maintenance Charges Building Assets	-	2.00
Other Advances	0.12	5.15
<b>b) Others</b>		
Prepaid Expenses	189.44	0.08
<b>Total</b>	<b>189.56</b>	<b>7.23</b>



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**Note 10: Equity Share capital**

Particulars	(₹ in Lakhs)			
	As at 31st March 2022	As at 31st March 2021		
<b>10.1 Authorized Share Capital</b>				
65,00,00,000 Equity Share of ₹ 10 each (March 31,2021: 65,00,00,000 Equity Share of ₹ 10 each)	65,000.00	65,000.00		
	<b>65,000.00</b>	<b>65,000.00</b>		
<b>10.2 Issued/Subscribed and Paid up Capital</b>				
62,50,00,000 Equity Share of ₹ 10 each (March 31,2021: 62,50,00,000 Equity Share of ₹ 10 each)	62,500.00	62,500.00		
	<b>62,500.00</b>	<b>62,500.00</b>		
<b>10.3 Reconciliation of the number of Equity Shares and Share Capital</b>	(₹ in Lakhs)			
Particulars	As at 31st March 2022		As at 31st March 2021	
	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
Changes in Equity Share Capital due to prior period error	-	-	-	-
Restated balance at the beginning of current reporting period	-	-	-	-
Changes in Equity Share Capital during the current year	-	-	-	-
<b>Issued/Subscribed and Paid up equity Capital outstanding at the end of the year</b>	<b>6,250.00</b>	<b>62,500.00</b>	<b>6,250.00</b>	<b>62,500.00</b>

**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.

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.

**10.4 Details of Shares held by each Shareholder holding more than 5% Shares in the Company**

Name of the Shareholder	As at 31st March 2022		As at 31st March 2021	
	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	1,250.00	20.00%	1,250.00	20.00%
<b>Total</b>	<b>6,250.00</b>	<b>100.00%</b>	<b>6,250.00</b>	<b>100.00%</b>

**10.5 Aggregate number of Shares issued for consideration other than cash , Bonus Shares issued and Shares bought back during the year:-**  
(Shares in Lakhs)

Particulars	As at 31st	As at 31st	As at 31st	As at 31st	As at 31st
	March 2022	March 2021	March 2020	March 2019	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	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,300.00</b>	<b>-</b>

**10.6 Details of Shares held by Promoters**

Name of Promoters	As at 31st March 2022			As at 31st March 2021		
	No. of Shares (in Lakhs)	% holding in the class	Percentage (%) Change during the year	No. of Shares (in Lakhs)	% holding in the class	Percentage (%) Change during the year
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	1,250.00	20.00%	-	1,250.00	20.00%	-
<b>Total</b>	<b>6,250.00</b>	<b>100.00%</b>	<b>-</b>	<b>6,250.00</b>	<b>100.00%</b>	<b>-</b>

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**Note 11: Other Equity**

Particulars	(₹ in Lakhs)	
	As at 31st March 2022	As at 31st March 2021
Retained Earnings (Refer Note 11.1)	(19,391.58)	(7,809.82)
<b>Total</b>	<b>(19,391.58)</b>	<b>(7,809.82)</b>

**Note 11.1 Retained Earnings**

Particulars	(₹ in Lakhs)	
	As at 31st March 2022	As at 31st March 2021
Opening Balance	(7,809.82)	2,871.88
Add: Total Comprehensive Income/(Loss) for the year	(11,581.76)	(10,681.70)
<b>Total</b>	<b>(19,391.58)</b>	<b>(7,809.82)</b>

**Note 12: Financial Liability-Non Current****12.1 Borrowings**

Particulars	(₹ in Lakhs)	
	As at 31st March 2022	As at 31st March 2021
<b>Secured- At Amortised Cost</b>		
Term Loans		
From Banks	80,045.43	85,789.62
From Aditya Birla Finance Limited	12,506.25	13,376.25
<b>Total</b>	<b>92,551.68</b>	<b>99,165.87</b>
Less: Current Maturities of long term debt (Refer Note 17.1)	(7,360.40)	(6,449.81)
<b>Total</b>	<b>85,191.28</b>	<b>92,716.06</b>

**Note 12.1.1 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 2022. The term loan from Banks was initially availed in 2013, wherein first repayment due date was 30-06-2017. Thereafter loan repayment was rescheduled in 2017 and 2019, 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.

**Note 12.1.2 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-7.3)
- 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-7.1)
- 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 12.1.3 Terms of Repayment****Banks and Aditya Birla Finance Limited**

Term loan is repayable in 52 Quarterly installments commencing on 30 September 2019 and last installment falls due on 30 June 2032, amount payable during next 12 months is 7.00% of total term loan.

**Note 12.1.4 Interest Terms**

The Applicable Interest rate is SBI Base rate plus spread of 1.5% for both Banks and Aditya Birla Finance Limited. Company has requested to Banks for reset of spread to 1% instead of 1.5%, some of banks has also agreed for reduction in rate of interest.

  
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12.2 Trade Payables

Particulars	(₹ in Lakhs)	
	As at 31st March 2022	As at 31st March 2021
<b>At Amortised Cost</b>		
a) Total Outstanding Due to Micro enterprises and small enterprises	-	-
b) Total Outstanding Due to creditors other than Micro enterprises and small enterprises		
Overhead Cost Payable (SCR)	75.09	129.12
<b>Total</b>	<b>75.09</b>	<b>129.12</b>
<b>Total Financial Liabilities</b>	<b>85,266.37</b>	<b>92,845.18</b>

Trade payable represents Overhead cost payable (i.e. Salary for RPF, medical and personnel, accounts and corresponding retirement benefits etc.) which were not payable to South Central Railway as it was 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 dated 6th January, 2012.

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
		(₹ in Lakhs)				
(i) MSME	-	-	-	-	-	-
(ii) Others	75.09	-	-	-	-	75.09
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
	<b>75.09</b>	-	-	-	-	<b>75.09</b>

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
		(₹ in Lakhs)				
(i) MSME	-	-	-	-	-	-
(ii) Others	129.12	-	-	-	-	129.12
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
	<b>129.12</b>	-	-	-	-	<b>129.12</b>


Note 13: Other Financial Liabilities-Non Current

Particulars	(₹ in Lakhs)	
	As at 31st March 2022	As at 31st March 2021
Security deposits	6.50	-
<b>Total</b>	<b>6.50</b>	<b>0.00</b>

Note 14: Provisions

Particulars	(₹ in Lakhs)	
	As at 31st March 2022	As at 31st March 2021
Provisions for Re-Surfacing Cost	5,000.00	5,000.00
<b>Total</b>	<b>5,000.00</b>	<b>5,000.00</b>

In terms of Concession agreement, there is an obligation on the Company to keep the project assets in working condition, including making replacement, as per laid down standards of MOR, of all project assets whose codal life expire during the concession period. Accordingly, Company has made estimated liability of ₹ 5,000 lakhs by the end of financial year 2022 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 ₹ Nil for the period ended 31st March 2022 (for period ended 31st March 2021 of ₹ 641.12 lakhs) has been made [Refer note no 25]. Interest cost of ₹ Nil for the period ended 31st March 2022 (₹ 411.51 lakhs for the period ended 31st March 2021) 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 2022	As at 31st March 2021
Deferred tax liability	13,353.52	11,535.24
Deferred tax assets	(20,485.64)	(19,574.31)
Deferred tax liability (Net of deferred tax assets)	<b>(7,132.12)</b>	<b>(8,039.07)</b>

The balance comprises to temporary differences attributable to:

Deferred Tax Assets		
Unabsorbed Depreciation	19,185.64	15,739.04
Unused Tax Losses	-	2,088.07
Provision for re-surfacing Cost	1,300.00	1,747.20
	<b>20,485.64</b>	<b>19,574.31</b>
Deferred Tax Liability		
Property, Plant and Equipment & Intangible Assets	13,353.52	11,535.24
	<b>13,353.52</b>	<b>11,535.24</b>
<b>Deferred Tax Assets /(Liability)</b>	<b>7,132.12</b>	<b>8,039.07</b>

**Note 16: Other Non Current Liability**

Particulars	(₹ in Lakhs)	
	As at 31st March 2022	As at 31st March 2021
<b>a) Fair Valuation Adjustment-Financial Liabilities</b>		
Overhead Cost Payable	42.74	69.72
<b>Total</b>	<b>42.74</b>	<b>69.72</b>

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

**Note 17: Financial Liability-Current****17.1 Borrowings**

Particulars	(₹ in Lakhs)	
	As at 31st March 2022	As at 31st March 2021
Current Maturities of long term debt (Refer Note 12.1)	7,360.40	6,449.81
<b>Total</b>	<b>7,360.40</b>	<b>6,449.81</b>

**Note : 17.1.1** : KRCL has requested for reduction in interest rates from SBI Base rate plus 1.5% to SBI base rate plus 1%. The impact of reduction in rate of interest has been given in 4 loan accounts by Banks. Further, banks has also granted benefit of interest charged for COVID 19 moratorium period to loan accounts, benefit has been transferred to loan accounts by banks. Benefit of additional interest paid including above adjustments is also adjusted in loan account outstanding balance by Banks.

Accordingly, same has been adjusted against outstanding balance of loan account in financial statements.

**17.2 Trade Payables**

Particulars	(₹ In Lakhs)	
	As at 31st March 2022	As at 31st March 2021
a) Total Outstanding Due to Micro enterprises and small enterprises	-	-
b) Total Outstanding Due to creditors other than Micro enterprises and small enterprises		
Overhead Cost Payable (SCR) [Refer Note 12.2]	31.10	34.87
O&M Expenses Payable (SCR)	343.36	1,755.20
Trade Payable others	102.38	69.49
<b>Total</b>	<b>476.84</b>	<b>1,859.56</b>

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**Note 17.2 Ageing Schedule**

**As at 31st March 2022**

(₹ in Lakhs)

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	54.37	374.46	48.01	-	-	-	476.84
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	<b>54.37</b>	<b>374.46</b>	<b>48.01</b>	-	-	-	<b>476.84</b>

**As at 31st March 2021**

(₹ in Lakhs)

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	47.93	1,790.07	21.56	-	-	-	1,859.56
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	<b>47.93</b>	<b>1,790.07</b>	<b>21.56</b>	-	-	-	<b>1,859.56</b>

**17.3 Other Financial Liability**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Audit Fees Payable	3.84	3.35
Rail Vikas Nigam Limited [Refer Note 17.3.1]	1,38,141.22	1,28,755.74
Expenses Payable	28.58	5.74
Security Deposit	47.92	47.31
Term Loans		
From Banks - Interest Payable on Loan (Refer Note 17.3.2)	117.15	115.37
<b>Total</b>	<b>1,38,338.71</b>	<b>1,28,927.51</b>
<b>Total Current Financial Liability</b>	<b>1,38,815.55</b>	<b>1,30,787.07</b>

**Note 17.3.1 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 17.3.2 Interest Payable on Loan**

Bank has charged interest at different rate as compared to agreed rate for loan account. Accordingly, excess amount of interest charged by bank however, not paid by company has been recognised as interest payable in financial statements pending settlement with banks.

**Note 18: Other Current Liability**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Statutory liabilities		
TDS payable	234.72	192.89
GST Payable	7.67	3.12
Labour Cess	2.84	3.67
Provident Fund payable	0.30	0.34
<b>Total</b>	<b>245.53</b>	<b>200.02</b>

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**Note 19: Revenue from Operations**

(₹ in Lakhs)

Particulars	For the year ended March 31st, 2022	For the year ended March 31st, 2021
<b>Revenue from Contract with Customer:</b>		
a) Apportionment of Railway Freight	23,166.51	18,319.29
b) Income From Tower Car Hire	33.64	-
c) Income From LC Gates	23.70	-
d) Construction Contract Revenue under SCA (Refer Note 28)	-	2,899.80
e) Income from Way Leave Charges	0.06	-
<b>Total</b>	<b>23,223.91</b>	<b>21,219.09</b>

**Note (i) : Operating Income:**

a) After completion of the Phase-I of the project on 15th November 2008, same is being operated by South Central Railway (SCR) and revenue is being collected by SCR which has been apportioned between the company and various Zonal Railways from 15th November 2008 in terms of Operation and Maintenance Agreement 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 end of Port Siding from South Central Railway. This issue is under Arbitration. Hence, the revenue reported is subject to the same.

c) KRCL has been receiving revenue on account of Terminal Cost (per tonne) from South Central Railway (SCR) from 11th August 2017 onwards. The company has been claiming for the similar payment of Terminal Cost for the period from 15th November 2008 to 10th August 2017. This issue is also under Arbitration. 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.

**Note 20 : Other Income**

(₹ in Lakhs)

Particulars	For the year ended March 31st, 2022	For the year ended March 31st, 2021
Interest income on Bank FDR	328.64	354.52
Unwinding of discount on receivable from South Central Railway under SCA	222.08	212.83
Income from reversal of Deferred Overhead Costs payable	26.98	26.98
<b>Total</b>	<b>577.70</b>	<b>594.33</b>



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

(₹ in Lakhs)

Particulars	For the year ended March 31st, 2022	For the year ended March 31st, 2021
Operation & Maintenance Expenses	3,032.80	3,004.12
Overhead Cost	269.99	297.12
Construction Contract Cost under SCA	-	2,899.80
<b>Total</b>	<b>3,302.79</b>	<b>6,201.04</b>

**Note (i)** : Operation & Maintenance Expenses related to South Central Railway are 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)** Operation & Maintenance expenses are being accounted for in terms of the Operations and Maintenance Agreement signed with South Central Railway for 119.895 Km Railway line from Obulavaripalle to Krishnapatnam.

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

**Note (iv)** All supporting evidences related to O & M expenses incurred have been controlled and managed by SCR.

**Note 22 : Employee Benefit Expenses**

(₹ in Lakhs)

Particulars	For the year ended March 31st, 2022	For the year ended March 31st, 2021
Salary & Wages	158.11	94.63
Contribution to Provident and Other funds	1.72	1.25
Staff Welfare Expenses	0.77	0.51
<b>Total</b>	<b>160.60</b>	<b>96.39</b>

**Note 23 : Finance Costs**

(₹ in Lakhs)

Particulars	For the year ended March 31st, 2022	For the year ended March 31st, 2021
<b>Interest cost:</b>		
Interest Expenses on Term Loan	8,570.16	9,403.69
Interest Expenses on RVNL Bills	12,675.33	11,623.55
<b>Other Borrowing Cost:</b>		
Unwinding of discount on Overhead Costs payable	15.87	22.13
Unwinding of interest cost on Provision for Re-Surfacing	-	411.51
Interest on Taxes	0.07	0.01
<b>Total</b>	<b>21,261.43</b>	<b>21,460.89</b>



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**Note 24 : Depreciation and amortization**

(₹ in Lakhs)

Particulars	For the year ended March 31st, 2022	For the year ended March 31st, 2021
Depreciation on Property Plant and Equipment (Note 3)	25.40	27.94
Amortisation of Intangible Assets (Note 4)	9,458.51	9,542.71
<b>Total</b>	<b>9,483.91</b>	<b>9,570.65</b>

**Note 25 : Other Expenses**

(₹ in Lakhs)

Particulars	For the year ended March 31st, 2022	For the year ended March 31st, 2021
(a) Legal & Professional Fees	112.05	105.67
(b) Travelling and Conveyance	42.65	14.53
(c) Payments to the Auditor as		
(i) Auditor	2.48	1.70
(ii) Taxation	1.06	0.71
(iii) Reimbursement of expenses	0.15	0.35
(d) Telephone Charges	2.06	1.51
(e) Printing & Stationery	0.32	0.24
(f) Insurance Expenses	86.14	73.29
(g) Membership & Subscription Charges	1.40	1.00
(h) Repair & Maintenance	5.38	2.92
(i) Other Expenses	0.21	0.67
(j) Miscellaneous Expenses	2.16	1.33
(k) Expense for Technical Study	4.43	-
(l) Provisions for Re-surfacing Cost	-	641.12
(m) ROC Filing	0.19	0.01
(n) Advertisement Expenses	3.54	3.09
(o) Rent Expenses	3.47	3.85
(p) CSR Expenses	-	40.52
<b>Total</b>	<b>267.69</b>	<b>892.51</b>



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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 2022	As at 31st March 2021
<b>Deferred tax:</b>		
In respect of the current year	906.95	(5,726.36)
<b>Total</b>	<b>906.95</b>	<b>(5,726.36)</b>

**Note 26.2 Reconciliation between Tax Expense and the Accounting Profit :**

(₹ in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Accounting profit before tax from continuing operations	(10,674.81)	(16,408.06)
<b>Accounting Profit before Income Tax</b>	<b>(10,674.81)</b>	<b>(16,408.06)</b>

At India's statutory income tax rate of 26%  
(31st March 2021: 34.944%)

**Tax effect of amounts which are not deductible**

Deferred Tax recognised (Reversed)	906.95	(5,726.36)
Adjustments in respect of current income tax of previous year		-
Expenses disallowed as per income tax act, 1961		-
<b>Total Tax Expense</b>	<b>906.95</b>	<b>(5,726.36)</b>

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

906.95 (5,726.36)

**906.95 (5,726.36)**

**Effective Income Tax Rate**

NA 34.90%

**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	Unused Depreciation	Provision for Resurfacing cost	Unused Tax Losses	Total
<b>Opening balance as at 1st April 2020</b>	<b>8,620.58</b>	<b>(9,553.92)</b>	<b>(1,379.37)</b>	-	<b>(2,312.71)</b>
Charged/(credited) during the period					
To Profit and Loss	2,914.66	(6,185.12)	(367.83)	(2,088.07)	(5,726.36)
To Other Comprehensive Income	-	-	-	-	-
<b>Closing balance as at 31st March 2021</b>	<b>11,535.24</b>	<b>(15,739.04)</b>	<b>(1,747.20)</b>	<b>(2,088.07)</b>	<b>(8,039.07)</b>
Charged/(credited) during the period					
To Profit and Loss	1,818.28	(3,446.60)	447.20	2,088.07	906.95
To Other Comprehensive Income	-	-	-	-	-
<b>Closing balance as at 31st March 2022</b>	<b>13,353.52</b>	<b>(19,185.64)</b>	<b>(1,300.00)</b>	-	<b>(7,132.12)</b>

**Note 26.3.1 :** Deferred Tax Assets on unused tax losses as on 31st March 2022 is not recognised in accordance with para 34 of Ind AS 12.

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**Note 27: Earnings Per Share (EPS)**

Particulars	Year ended 31st	Year ended 31st
	March, 2022	March, 2021
	(₹ per share)	(₹ per share)
<b>Basic EPS</b>		
From continuing operation	(1.85)	(1.71)
From discontinuing operation	-	-
<b>Diluted EPS</b>		
From continuing operation	(1.85)	(1.71)
From discontinuing operation		

**27.1 Basic Earning per Share**  
average number of equity

Particulars	(₹ in Lakhs)	
	Year ended 31st	Year ended 31st
	March, 2022	March, 2021
Profit attributable to equity holders of the company:		
Continuing operations	(11,581.76)	(10,681.70)
Discontinuing operations		
<b>Earnings used in calculation of Basic Earning Per Share</b>	<b>(11,581.76)</b>	<b>(10,681.70)</b>
Weighted average number of shares for the purpose of basic earnings per share ( In Lakhs)	6,250	6,250

**27.2 Diluted Earning per Share**

The earnings and weighted average number of equity shares used in calculation of diluted

Particulars	(₹ in Lakhs)	
	Year ended 31st	Year ended 31st
	March, 2022	March, 2021
Profit attributable to equity holders of the company:		
Continuing operations	(11,581.76)	(10,681.70)
Discontinuing operations		
<b>Earnings used in calculation of diluted Earning Per Share from continuing operations</b>	<b>(11,581.76)</b>	<b>(10,681.70)</b>

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

Particulars	(Number of shares in Lakhs)	
	Year ended 31st	Year ended 31st
	March, 2022	March, 2021
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 Operation and Maintenance agreement 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 Venkatchalam (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 Venkatchalam 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 2022, the company has recognized revenue of ₹ 23,223.91 Lakhs (for the year ended 31st March 2021: ₹ 21,219.09 Lakhs), consisting of ₹ Nil (for the year ended : 31st March 2021: ₹ 2,899.80 Lakhs) on construction of intangible assets under service concession arrangement and ₹ 23,223.91 Lakhs (for the year ended 31st March 2021: ₹ 18,319.29 Lakhs) towards other operating revenue. Company has recognized Loss of ₹ 10,674.81 Lakhs for the period ended 31st March 2022 (Loss for the year ended 31st March 2021: ₹ 16,408.06 Lakhs), consisting of a nil profit on construction of intangible assets under service concession arrangement and a Loss of ₹ 10,674.81 Lakhs for the period ended 31st March 2022 (Loss for the year ended 31st March 2021: ₹ 16,408.06 Lakhs) towards Other Operating Revenue.

The revenue recognized in relation to construction of intangible assets under service concession arrangement in the period ended 31st March 2022 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 2022 of ₹ 1901.97 Lakhs (at 31st March 2021 : ₹ 2,069.20 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 ₹ 1198.22 Lakhs (at 31st March 2021: ₹ 976.14 Lakhs) represents accrued interest as at 31st March 2022. The company has recognized an intangible asset of ₹ Nil (31st March 2021: ₹ 2,899.80) during the year, of which ₹ 9,458.51 Lakhs (31st March 2021 : ₹ 9,542.71) has been amortized during the period ended 31st March 2022. 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 2022	As at 31st March 2021
Construction Contract Revenue under SCA	-	2,899.80
Sale/Rendering of services	23,223.91	18,319.29
	<b>23,223.91</b>	<b>21,219.09</b>

Note 28.2: Contract Balances		
Particulars	₹ in Lakhs	
	As at 31st March 2022	As at 31st March 2021
Trade receivables	4,901.97	5,210.65
Contract assets	-	-
Contract liabilities	-	-

Note 28.3: Contract Assets		
Particulars	₹ in Lakhs	
	As at 31st March 2022	As at 31st March 2021
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 2022	As at 31st March 2021
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 2022	31 March 2021
Borrowing (Note No. 12.1)	92,551.68	99,165.87
<b>Net debt</b>	<b>92,551.68</b>	<b>99,165.87</b>
Equity (Note No. 10)	62,500.00	62,500.00
Other equity (Note No. 11)	(19,391.58)	(7,809.82)
<b>Total equity</b>	<b>43,108.42</b>	<b>54,690.18</b>
<b>Net Debt to equity ratio</b>	<b>7 : 3</b>	<b>6 : 4</b>

There are no changes made in the objectives, policies or processes for managing capital during the year ended 31.03.2022.

**Note:** Total long term debt sanctioned by bank is ₹ 93300.00/- Lakhs and ₹ 15000.00/- Lakhs from Aditya Birla Finance Limited , out of which ₹ 92996.88/- Lakhs has been disbursed by Banks and ₹ 14500.00/- Lakhs is disbursed by Aditya Birla Finance Limited up to 31st March 2022.



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**Note 30 : Fair Value Measurements**

(i) Financial Instruments by Category

(₹ in Lakhs)

Particulars	31 March 2022			31 March 2021		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
<b>Financial Assets</b>						
(i) Trade Receivables	-	-	4,901.97	-	-	5,210.65
(ii) Cash and Cash Equivalents	-	-	2,800.93	-	-	4,404.28
(iii) Bank Balances other than (ii) above	-	-	6,272.79	-	-	5,600.68
(iv) Loans	-	-	-	-	-	-
(v) Receivable from Railways under SCA	-	-	1,903.47	-	-	2,070.70
(vi) Other Receivable	-	-	2,267.61	-	-	55.33
<b>Total Financial Assets</b>	-	-	<b>18,146.77</b>	-	-	<b>17,341.64</b>
<b>Financial Liabilities</b>						
(i) Borrowings	-	-	92,551.68	-	-	99,165.87
(ii) Trade Payables	-	-	-	-	-	-
Over Head Cost Payables	-	-	106.19	-	-	163.99
Other Trade Payables	-	-	343.36	-	-	1,755.20
(iii) Capital Creditors	-	-	1,38,141.22	-	-	1,28,755.74
(iv) Other payables	-	-	197.49	-	-	171.77
<b>Total Financial Liabilities</b>	-	-	<b>2,31,339.94</b>	-	-	<b>2,30,012.57</b>

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

(₹ in Lakhs)

Particulars	31 March 2022		31 March 2021	
	Carrying Value	Fair value	Carrying Value	Fair value
<b>Financial Assets</b>				
Receivable from Railways under SCA	1,903.47	2,916.16	2,070.70	3,119.50
<b>Total Financial Assets</b>	<b>1,903.47</b>	<b>2,916.16</b>	<b>2,070.70</b>	<b>3,119.50</b>
<b>Financial Liabilities</b>				
Over Head Cost Payables	106.19	108.30	163.99	169.16
<b>Total Financial Liabilities</b>	<b>106.19</b>	<b>108.30</b>	<b>163.99</b>	<b>169.16</b>

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 Railway 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 31-03-2022**

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Financial assets at Amortised Cost			2,916.16	2,916.16
Receivable from Railways under SCA				
	-	-	<b>2,916.16</b>	<b>2,916.16</b>

**Fair Value Hierarchy as on 31-03-2022**

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Liabilities</b>				
Financial Liabilities at Amortised Cost			108.30	108.30
Over Head Cost Payable				
	-	-	<b>108.30</b>	<b>108.30</b>

**Fair Value Hierarchy as on 31-03-2021**

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Financial assets at Amortised Cost			3,119.50	3,119.50
Receivable from Railways under SCA				
	-	-	<b>3,119.50</b>	<b>3,119.50</b>

**Fair Value Hierarchy as on 31-03-2021**

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Liabilities</b>				
Financial Liabilities at Amortised Cost			169.16	169.16
Over Head Cost Payable				
	-	-	<b>169.16</b>	<b>169.16</b>

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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.

The Company is expose to market risk, credit risk and liquidity risk. The company financial risk activities are governed by appropriated policies and procedures and that financial risk are identified, measured and managed in accordance with the companies policies and risk objectives. The board of directors reviews and agrees policies for managing each of these risk, which are summarised below:-

#### a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market prices. Market risk comprises Interest rate risk. Financial instruments affected by market risk includes loans and borrowing, deposits and other non derivative financial instruments.

#### b) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of change in market interest rate. The company exposure to the risk of changes in market interest rate relates primarily to the company long term debt obligations with floating interest rate. The company manages its interest risk in accordance with the companies policies and risk objective.

#### c) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The company is exposed to credit risk from its financial activities including deposits with banks, financial institutions and other financial instruments.

#### Financial Instruments and Cash Deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the companies policy. Investment of surplus are made only with approved counterparty on the basis of the financial quotes received from the counterparty.

#### d) Liquidity risk

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

The table below analyse the company's major financial 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 2022					
Borrowings	7,360.40	17,199.50	21,499.37	46,492.41	92,551.68
31st March 2021					
Borrowings	6,449.81	15,049.56	20,424.41	57,242.09	99,165.87

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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 2022	During the year ended 31st March 2021
Contract revenue recognised	-	2,899.80
Aggregate amount of costs incurred and recognized in	-	2,899.80

**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 2022	As at 31st March 2021
Capital commitment for project related assets is under review for March 2022 and March 2021	-	-
During the year no material foreseeable losses incurred on any Long term contracts.	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**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 2022, ₹ 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 2022		As at 31st March 2021	
		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 (upto 21/09/2021)	Chairman
Jaya Varma Sinha (from 21/09/2021)	Chairman
Kasturi Siva Prasad (from 19/04/2021)	Managing Director
Venkata Subrahmanyam Dronamraju (upto 01/09/2021)	Director
Munna Kumar (from 15/11/2021)	Director
Sajal Mitra	Director
Shilpi Agarwal	Director
Dilip Kumar Gupta	Director
Vinay Kumar Prajapati	Director
Mritunjay Pratap Singh	Director
Alok Kumar Mehta (upto 23/11/2021)	Director
Somnath Nandi (from 23/11/2021)	Director
Nallamilli Pedaramakrishna Reddy (upto 22/06/2021)	Director
Muralidharan Krishnamoorthy (from 22/06/2021)	Director
Boyareddigari Kamalakra Reddy	Director
Gudena Jagannadha Rao (upto 23/11/2021)	Director
Avinash Chand Rai (from 23/11/2021)	Director
Trilok Garg	CS
Muni Prasad Tripurasetty (from 26/08/2021)	CFO

**36.3 Disclosure of Transaction with Related Parties:**

**(i) Joint Venture:**

Particulars	(₹ in Lakhs)			
	Transactions		Outstanding Amount Payable/ (Receivable)	
	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021
<b>RVNL</b>			Unsecured	Unsecured
Expenditure towards project	(1,030.05)	3,032.68	1,38,141.22	1,28,755.74
Interest Charged by RVNL	11,317.25	10,378.17	-	-
Revenue from Operations	33.63	-	-	-
Payment for project expenditure	(900.00)	(100.00)	-	-
Advance for project expenditure given	-	-	-	(50.00)
Advance for project expenditure adjusted	50.00	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:

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Short-term benefits	50.76	41.06
Contribution to Provident fund	1.25	1.18
	<b>52.01</b>	<b>42.24</b>

**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 ₹ 757.53 Lakhs and ₹ 285.98 Lakhs for financial year 2014-15 and 2015-16 respectively. Also department has raised demand of ₹ 294.95 Lakhs for the F.Y. 2016-17 and 2017-18 (upto June'17), However Company has not accepted the liability and has submitted its reply to department. Since the Company had earlier received favourable ruling from CESTAT, it is confident that no additional liability will devolve on it. Further for the period F.Y. 2011-12 to F.Y. 2013-14, KRCL has received favourable order from CESTAT for demand of ₹ 1341.80 Lakhs. 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 ₹ 516.64 Lakhs for A.Y. 2011-12, Company has already received favourable 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 ₹ 11411.82 Lakhs.

**Note 40 : Impairment of Assets**

The company has assessed at the end of Financial year whether there is any indication (As per para 12 of Ind AS 36) that an asset may be impaired. The management is of the view that no indication for impairment of assets exists at balance sheet date. The management has carried out a review on impairment of all the assets of the Company including intangible assets in accordance with Ind AS-36 'Impairment of Assets'. On the basis of review, the management is of the opinion that the economic performance of property, plant & equipment and intangibles and other assets, is not worse than expected and therefore, no impairment of any assets has been made 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 28th June 2022.

**Note 42 : CSR Expenditure**

With the enactment of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 read with various clarifications issued by MCA, the company has undertaken activities as per CSR policy.

Particulars	As at 31 March, 2022	As at 31 March, 2021
(i) Amount required to be spent by the company during the year	-	123.74
(ii) Amount of expenditure incurred on:-		
(a) Construction / acquisition of any asset	-	-
(b) On purposes other than (a) above	-	39.12
(c) Contribution to four funds as mentioned in Schedule VII of the Companies Act, 2013	-	-
(d) Contribution towards PM CARES Fund	-	84.62
(iii) Shortfall at the end of the year	-	-
(iv) Total of previous years shortfall	-	-
(v) Reasons for shortfall	-	-
(vi) Nature of CSR activities	-	-
(vi) Details of related party transactions	-	-



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**Note 43 : Goods and Service Tax**

The company is not charging GST on apportioned freight received from Ministry of Railways since MOR is apportioning Revenue net of Goods and Services Tax to Company and GST on the same is deposited by Ministry of Railways. Company has also received favourable order from CESTAT under Service Tax regime. Matter stands open in GST regime, however Ministry of Railways has seeked clarification from Finance Ministry for applicability of GST on transaction. Further GST on Operation Expenses allocated by South Central Railway is not paid or provided. Since, in view of the management there is no supply of service involved.

**Note 44: COVID-19 Impacts on the Financial Statements**

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: Various Ratios as per the Schedule-III of the Companies Act 2013.**

Ratio	Numerator	Denominator	As at 31st March 2022	As at 31st March 2021	% Variance	Reason for Variance
Current Ratio	Current Assets	Current Liabilities	0.11	0.11	1.17%	NA
Debt-Equity Ratio	Total Debt	Shareholder's Equity	2.15	1.81	18.40%	NA
Debt Service Coverage Ratio	Earnings available for Debt Service	Debt Service	1.26	1.40	(10.01)%	NA
Return on Equity Ratio	Net Profits after Taxes – Preference Dividend (if any)	Average Shareholder's Equity	(0.24)	(0.18)	33.11%	Due to Increase in loss from the last year
Inventory Turnover Ratio	Cost of Goods sold or Sales	Average Inventory				NA
Trade Receivables Turnover Ratio	Net Credit Sales	Average Accounts Receivable	4.59	4.36	5.28%	NA
Trade Payables Turnover Ratio	Net Credit Purchases	Average Trade Payables				NA
Net Capital Turnover Ratio	Net Sales	Working Capital	(0.17)	(0.17)	3.10%	NA
Net Profit Ratio	Net Profit	Net Sales	(0.50)	(0.50)	(0.93)%	NA
Return on Capital Employed	Earning before Interest and Taxes	Capital Employed	0.08	0.03	140.81%	Due to Increase in loss from the last year
Return on Investment	Net return on Investment	Total Investment	0.12	0.08	45.67%	Due to Increase in loss from the last year

**Note 46: Other Disclosures**

- (i) The Company does not have any Benami property and further no proceeding has been initiated or pending against the company for holding any Benami property.
- (ii) The Company does not have any transactions with companies struck off.
- (iii) The Company does not have any pending charges or satisfaction to be registered with ROC.
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (vi) The Company has no loans and advances which are either repayable on demand or are without specifying any terms or period of repayment.
- (vii) The company has not been classified as willful defaulter by the Bank or financial institution.
- (viii) The realisable value of financial assets of the Company is not lower than value disclosed in financial statements and subject to confirmation.

**Note 47:** 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



# ARUN K. AGARWAL & ASSOCIATES

CHARTERED ACCOUNTANTS

105, FIRST FLOOR, SOUTH EX. PLAZA-1  
389, MASJID MOTH, SOUTH EXTN. PART-II.

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Website: [www.akaca.net](http://www.akaca.net), e-mail: arun1960@gmail.com

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Krishnapatnam Railway Company Limited

Report on the Audit of the Financial Statements

### Qualified Opinion

1. We have audited the accompanying financial statements of **Krishnapatnam Railway Company Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended and notes to the financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, except for the possible 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 ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022 and its Loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Basis for Qualified Opinion

3. Monthly revenue bills/apportionment sheet of revenue are received from South Central Railway ("SCR"). All these invoices are marked as "Provisional" and the outcome of provisional invoices are not known till the date of audit report. The monthly revenue statements are not checked and certified by the concerned from the company. Thus, the final accounts are drawn on the strength of provisional unverified revenue. Further, as stated in Note 19(i)(d), all supporting evidences related to revenue booking are being controlled and managed by the SCR. As intimated to us, the same are not available with the company, hence, there is no basis to verify the same.

Further, as referred by the management of the company vide Note 19(i) (c), the revenue is provisional and subject to pending decision of Arbitration w.r.t. revenue on account of terminal cost from SCR for past periods of operation from beginning also. Thus, operating





revenue could not be verified and financial impact, if any, cannot be ascertained till finality of the same.

4. Despite of contractual obligation in terms of the Construction Agreement with Rail Vikas Nigam Limited ("RVNL"), the Company is neither paying nor providing towards departmental charges @ 5% without obtaining any waiver or concession in the agreed terms of agreement. The Company has estimated liability of ₹ 11411.82 lacs being 5% of total project cost which been considered as contingent liability (Refer Note-39c) in the financial statements. In view of no accounting treatment of said departmental charges, Other Intangible Assets and Other Financial Liabilities are understated to that extent. Further, had it been capitalized, the corresponding impact on Loss of the respective year due to amortisation cost of intangible assets, not considered.
5. The Company is neither paying nor providing Goods and Service Tax ("GST") on Operation & Maintenance Cost ("O&M") under reverse charge mechanism on bills raised by SCR on the rationale that there is no service involved in these transactions (Refer Note 43). The current year's impact of GST @ 18% of O&M Charges comes to ₹ 398.40 lacs (excluding interest, if any). However, in view of uncertain amount of total GST, impact since inception cannot be determined.
6. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our qualified opinion.

#### **Emphasis of Matters**

7. We draw attention to:
  - (i) Note 4.5 to the accompanying financial statements, according to which, D&G charges being capitalised and amortised is subject to change based on outcome of actual final completion cost.
  - (ii) Note 4.7 to the accompanying financial statements in relation to incremental project cost, ongoing expenditure bills after commencement of operations and consequent impact on capitalization of Intangible Assets.
  - (iii) Note no 19 (i) (b) &(c) to the accompanying financial statements which describes impact of anticipated earnings on account of (a) length of about 14.45 KM section from Krishnapatnam Railway Station and (b) similar payment of terminal costs for past periods also. These issues are now pending under Arbitration and the revenue reported is subject to the outcome of Arbitration.
  - (iv) Note 21(i) to the accompanying financial statements, which describes regarding recognition of O&M Expenses on the basis of provisional bills intimated by SCR.



- (v) Note 34 to the accompanying financial statements which describes about pending review of capital commitment for project related assets.
- (vi) Note 43 to the accompanying financial statements, which describes non-charging of GST on its revenue on the rationale that it is not supply but merely apportionment of earnings.

Our opinion is not modified in respect of the above matters.

### **Key Audit Matters**

- 8. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report.

### **Information other than the Financial Statements and Auditor's Report thereon**

- 9. The company's management and Board of Directors are responsible for the preparation of other information. The other information comprises the Management Discussion and Analysis, Director's Report including annexures to Director's Report, Business Responsibility Report, Corporate Governance, Shareholder's information included in the annual report of the company, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of audit, or otherwise appears to be materially misstated. On reading the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as per applicable laws and regulations.

### **Responsibilities of Management and those Charged with Governance for the Financial Statements**

- 10. The Company's management and Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under Section 133 of the Act read with relevant rules issued thereunder. 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the

accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

11. In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.
12. The Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

13. 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.
14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
  - Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.





- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
15. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  16. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

18. As required by the Companies (Auditor's Report) Order, 2020 ("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 paragraphs 3 and 4 of the Order, to the extent applicable.
19. As required by Section 143(5) of the Act, we have considered the direction and sub-directions issued by the Comptroller & Auditor General of India. We give our report in the attached "**Annexure B**".
20. As required by Section 143(3) of the Act, we report that:
  - (a) we have sought and except for the matter described in the Basis for Qualified Opinion section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;
  - (b) except for the possible effects of the matter described in the Basis for Qualified Opinion section, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the financial statements dealt with by this report are in agreement with the books of account;
  - (d) except for the possible effects of the matter described in the Basis for Qualified Opinion section, in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
  - (e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act;

- (f) the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section;
- (g) 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**". Our report expresses an qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
- (h) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

- (i) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. In view of uncertainty of the outcome of pending litigations, the impact of pending litigations on its financial position could not be ascertained;
  - ii. As informed to us, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022. However capital commitment for project related assets is under review and impact of the same could not be ascertained.
  - iii. As informed to us, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
    - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries")
    - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The management has represented, that, to the best of it's knowledge and belief, no funds have been received by the company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall:
    - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries")

- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.

v. No dividend has been declared or paid during the year by the company.

**For Arun K Agarwal & Associates**

Chartered Accountants

(Firm's Registration No. 003917M)

  
**Arun Kumar Agarwal**

(Partner)

M. No. 082899

UDIN: 22082899ALUXQB5496



Place: New Delhi

Date: 28.06.2022



## **'ANNEXURE A' to Independent Auditors' Report**

### **(Referred to in para 18 under 'Report on Other Legal and Regularity Requirements' section of our report of even date to the members of Krishnapatnam Railway Company Limited)**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit and to the best of our knowledge and belief, we report that:

- i. (a) (A) The company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment ("PPE"). There is no right-of-use assets in the company.  
  
(B) The Company has maintained proper records showing full particulars of intangible assets.  
  
(b) The PPE have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the PPE is reasonable having regard to the size of the Company and the nature of its assets.  
  
(c) The title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company. For leasehold land, the title deeds are held in the name of SCR and leasehold rights are in the name of the Company as per Lease Deed appended in Concession Agreement.  
  
(d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.  
  
(e) No proceedings have been initiated during the year or are pending against the Company as at 31 March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.  
  
(b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- iii. During the year, the company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly paragraphs 3 (iii) (a), (b), (c), (d), (e) and (f) of the Order are not applicable.
- iv. The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.



- v. The Company has not accepted any deposits within the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi. The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Act for the business activities carried out by the Company. Hence, reporting under clause 3(vi) of the Order is not applicable.
- vii. (a) Company is generally regular in depositing, with the appropriate authorities, undisputed statutory dues including Goods and Service Tax, Provident Fund, Income tax, Service tax, cess and other statutory dues. Further, no undisputed amounts remain payable in respect of such statutory liabilities as at 31 March 2022 for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31 March 2022 on account of disputes are given below:

Name of the Statute	Nature of the dues	Amount (₹ in lacs)	Period to which it pertains	Forum at which case is pending
Finance Act, 1994	Service Tax	757.53	FY 2014-15	Principal Commissioner of Central Goods & Service Tax, Delhi-South
		285.98	FY 2015-16	
		294.95	FY 2016-17 & FY 2017-18 (Upto June 2017)	
Income-tax Act, 1961	Income-tax	516.64	AY 2011-12	High Court, Delhi

- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender dues to any bank or bonds/debenture holders as at the Balance Sheet date.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or other lender.
- (c) Term loans were applied for the purpose for which the loans were obtained;
- (d) Based on an overall examination of the financial statements of the Company, the Company has not raised any funds on short term basis during the year.
- (e) Based on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its joint ventures/subsidiaries.
- (f) The Company has not raised any loans during the year on the pledge of securities held in its joint ventures/subsidiaries.
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(x)(a) of the Order is not applicable.

- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) No material fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) As informed, no whistle blower complaints have been received by the Company during the year.
- xii. The company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. In our opinion, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and requisite details of such transactions have been disclosed in the financial statements as required by the applicable Ind AS.
- xiv. (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. The Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) (a), (b) and (c) of the Order is not applicable to the Company.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016). Accordingly, paragraph 3(xvi) (d) of the Order is not applicable to the Company.
- xvii. The Company has incurred cash losses of ₹ 1424.09 lacs and ₹ 7055.09 lacs during the financial year covered by our audit and immediately preceding financial year respectively.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, it has come to our notice that in normal course of business, the Company is not capable of meeting its liabilities existing as on 31 March 2022 (as mentioned in Note-17) as and when they fall due within a period of one year from the balance sheet date. We, however, state that

our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance in relation to the said reporting.

xx. (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

(b) There are no unspent amounts under sub-section (5) of section 135 of the Act, pursuant to any ongoing project requiring a transfer to a Special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable for the year.

xxi. The Company is not required to prepare consolidated financial statements. Accordingly, paragraph 3(xxi) of the Order is not applicable to the Company.

**For Arun K Agarwal & Associates**

Chartered Accountants

(Firm's Registration No. 003917N)

  
**Arun Kumar Agarwal**  
(Partner)

M. No. 082899

UDIN: 22082899ALUXQB5496



Place: New Delhi

Date: 28.06.2022

**'ANNEXURE B' to Independent Auditors' Report**

**(Referred to in para 19 under 'Report on Other Legal and Regularity Requirements' section of our report of even date to the members of Krishnapatnam Railway Company Limited)**

**COMPLIANCE CERTIFICATE**

We have conducted the audit of the accounts of Krishnapatnam Railway Company Limited for the year ended 31 March 2022 in accordance with the Directions issued by the C&AG of India under Section 143(5) of the Companies Act, 2013 and certify that we have complied with all the directions issued to us.

**For Arun K Agarwal & Associates**

Chartered Accountants

(Firm's Registration No. 003917N)

  
**Arun Kumar Agarwal**  
(Partner)

M. No. 082899

UDIN: 22082899ALUXQB5496



Place: New Delhi

Date: 28.06.2022

Enclosed: Direction u/s 143(5) are attached



**Audit Report of Krishnapatnam Railway Company Limited for the year 2021 -2022 pursuant to Directions under Section 143(5) of the Companies Act, 2013**

1. **Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.**

The company has system in place to process the accounting transactions through IT System except Fixed Assets Register (FAR). FAR is maintained in excel sheets and depreciation/amortization on PPE and Intangible Assets are calculated and subsequently posted in accounting software. According to the information and explanations given to us, no accounting transactions have been processed outside the IT System. Therefore, no impact on the integrity of the accounts and financial implication thereof.

2. **Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to 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 the lender company).**

Based on Audit Procedure performed by us and as per the information and explanation given to us, there has been no restructuring of an existing loan or cases of waiver/write off of debts/ loans/interest etc. made by a lender to the company.

3. **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 Audit Procedure performed by us and as per the information and explanation given to us by the management, there were no such funds received/receivable for specific schemes from Central/State Government or its agencies.

**For Arun K Agarwal & Associates**

Chartered Accountants

(Firm's Registration No. 0039171)

  
Arun Kumar Agarwal  
(Partner)

M. No. 082899

UDIN: 22082899ALUXQB5496



Place: New Delhi

Date: 28.06.2022



## **'ANNEXURE C' to Independent Auditors' Report**

**(Referred to in para 20(g) under 'Report on Other Legal and Regularity Requirements' section of our report of even date to the members of Krishnapatnam Railway Company Limited)**

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

We have audited the internal financial controls over financial reporting of **Krishnapatnam Railway Company Limited** ("the company") as of 31 March 2022 in conjunction with our audit of the financial statements of the company for the year ended on that date.

#### **Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

The company's management and Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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 ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the 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 Act.

#### **Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements**

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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



## **Meaning of Internal Financial Controls with Reference to Financial Statements**

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

## **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31 March 2022:

- a) All supporting evidences related to revenue booking and O&M charges are being controlled & managed by SCR only. Working Sheets and collateral records neither supplied by the SCR nor maintained by the company. As a result, there is no basis to verify the same.
- b) As informed to us, there is no methodology on the part of management to ensure the up to date accounting of expenditure on construction projects, including bills which are already incurred but not billed to the company and also which are awaited dispatch by the contractors for the construction.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has developed some internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31 March 2022, however, there is an urgent need for updating and development of comprehensive Internal Financial Control Manual based on the internal control over financial reporting criteria considering the



essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI and devising of process for periodic verification of various modules of the referred manual.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and these material weaknesses do not affect our opinion on the financial statements of the Company.

**For Arun K Agarwal & Associates**

Chartered Accountants

(Firm's Registration No. 003917N)

  
**Arun Kumar Agarwal**  
(Partner)

M. No. 082899

UDIN: 22082899ALUXQB5496



Place: New Delhi

Date: 28.06.2022



**MANAGEMENT REPLY  
To  
AUDIT COMMENTS**



## KRISHNAPATNAM RAILWAY COMPANY LIMITED

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

Sl. No.	Auditor's Comments for Financial Year 2021-22	Management Reply
	<b>Basis for Qualified Opinion:</b>	
1	<p>Monthly revenue bills/apportionment sheet of revenue are received from South Central Railway ("SCR"). All these invoices are marked as "Provisional" and the outcome of provisional invoices are not known till the date of audit report. The monthly revenue statements are not checked and certified by the concerned from the company. Thus, the final accounts are drawn on the strength of provisional unverified revenue. Further, as stated in Note 19(i)(d), all supporting evidences related to revenue booking are being controlled and managed by the SCR. As intimated to us, the same are not available with the company, hence, there is no basis to verify the same.</p> <p>Further, as referred by the management of the company vide Note 19(i) (c), the revenue is provisional and subject to pending decision of Arbitration w.r.t. revenue on account of terminal cost from SCR for past periods of operation from beginning also. Thus, operating revenue could not be verified and financial impact, if any, cannot be ascertained till finality of the same.</p>	<p>It is the practice of Railway Administration to furnish such statements, viz., Revenue or O&amp;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 (SCR).</p> <p>Revenue Statements are always checked by KRCL officers at Secunderabad. Copies of all revenue statements certified by CFO/KRCL and Expert (O&amp;C)/KRCL have been furnished to Audit team. A few examples of daily loading details as well as Monthly loading provided by SCR were shown to the Audit team and matched, which were found correct.</p> <p>Note 19 (i) (c) is a disclosure of facts. The matter is under arbitration and subjudice.</p>
2	<p>Despite of contractual obligation in terms of the Construction Agreement with Rail Vikas Nigam Limited ("RVNL"), the Company is neither paying nor providing towards departmental charges @ 5% without obtaining any waiver or concession in the agreed terms of agreement. The Company has estimated liability of ₹ 11411.82 lacs being 5% of total project cost which been considered as contingent liability (Refer Note-39c) in the financial statements. In view of no accounting treatment of said departmental charges, Other Intangible Assets and Other Financial Liabilities are understated to that extent. Further, had it been capitalized, the corresponding impact on Loss of the respective year due to amortisation cost of intangible assets, not considered.</p>	<p>In terms of Construction Agreement with Rail Vikas Nigam Limited, Departmental Charges are payable to RVNL on the basis of final cost of work. Since RVNL has not raised any invoice/claim in this regard, therefore this amount has been treated as "Contingent Liability" in the Books of Accounts.</p> <p>The Company has represented to RVNL for waiving off the Departmental Charges. Hence, it would be logical to retain the amount of Departmental Charges in Contingent Liability.</p>
3	The Company is neither paying nor providing	SCR is performing operations on KRCL

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<p>Goods and Service Tax (“GST”) on Operation &amp; Maintenance Cost (“O&amp;M”) under reverse charge mechanism on bills raised by SCR on the rationale that there is no service involved in these transactions (Refer Note 43). The current year’s impact of GST @ 18% of O&amp;M Charges comes to ₹ 398.40 lacs (excluding interest, if any). However, in view of uncertain amount of total GST, impact since inception cannot be determined.</p>	<p>Railway line which is a sovereign function of Indian Railways and SCR is charging cost of operations from KRCL in monthly O&amp;M bills.</p> <p>Maintenance of the Railway line is being done by the Company itself through contractors and the Company is paying GST on bills of maintenance contractors.</p> <p>Hence, the amount of O&amp;M Cost charged by SCR from KRCL is allocation of cost of operations between SCR and KRCL. As such there is no service provided by SCR to KRCL. Due to operations, whatever revenue is generated, GST is paid to Government by SCR.</p> <p>Since there is no service involved, therefore no GST is payable on O&amp;M bills of SCR.</p>
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Sl. No.	Auditor's Comments for Financial Year 2020-21	Management Reply
	<b>Emphasis of Matters</b>	
1	Note 4.5 to the accompanying financial statements, according to which, D&G charges being capitalised and amortised is subject to change based on outcome of actual final completion cost.	At present RVNL is claiming D&G Charges in accordance with provisions of Construction Agreement. On Completion of work, final accrual of D&G Charge will be calculated and actual impact will be taken in Financial Statements.
2	Note 4.7 to the accompanying financial statements in relation to incremental project cost, ongoing expenditure bills after commencement of operations and consequent impact on capitalization of Intangible Assets.	Statement of fact, hence, no comment required.
3	Note no 19 (i) (b) &(c) to the accompanying financial statements which describes impact of anticipated earnings on account of (a) length of about 14.45 KM section from Krishnapatnam Railway Station and (b) similar payment of terminal costs for past periods also. These issues are now pending under Arbitration and the revenue reported is subject to the outcome of Arbitration.	Statement of fact, hence, no comment required.
4	Note 21 (i) to the accompanying financial statements, which describes regarding recognition of O&M Expenses on the basis of provisional bills intimated by SCR.	It is the practice of Railway Administration to furnish such statements, viz., Revenue or O&M or any other amount paid to be marked as 'Provisional'. KRCL do not have any control over the practices followed by Railway Administration.
5	Note 34 to the accompanying financial statements which describes about pending review of capital commitment for project related assets.	Statement of fact, hence, no comment required.
6	Note 43 to the accompanying financial statements, which describes non-charging of GST on its revenue on the rationale that it is not supply but merely apportionment of earnings.	Revenue is collected by Indian Railway (IR). IR is paying the necessary GST to the Government of India. Hence, further GST is not required to be paid by KRCL.

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Sl. No.	Auditor's Comments for Financial Year 2020-21	Management Reply
<b>Internal Financial Control</b>		
1.	All supporting evidences related to revenue booking and O&M charges are being controlled & managed by SCR only. Working Sheets and collateral records neither supplied by the SCR nor maintained by the company. As a result, there is no basis to verify the same.	Every month reconciliation is being carried out with the Traffic Revenue Officer of SCR. RR wise reconciliation is done every month by KRCL Officers in order to arrive at correct revenue apportionment for the company. Also, systematic records are maintained. Revenue Statements and O&M Bills are always checked by KRCL officers at Secunderabad. Copies of all revenue statements and O&M Bills certified by CFO/KRCL and Expert (O&C)/KRCL have been furnished to Audit team. A few examples of daily loading details as well as Monthly loading provided by SCR were shown to the Auditors and matched, which were found correct.
2.	As informed to us, there is no methodology on the part of management to ensure the up to date accounting of expenditure on construction projects, including bills which are already incurred but not billed to the company and also which are awaited 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



लोकहितार्थं सत्यनिष्ठा  
Dedicated to Truth in Public Interest

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



सत्यमेव जयते

संख्या/पी.डी.ए/आर.सी/AA-KPRCL/48-33/2022-23/283

दिनांक: 21.09.2022

सेवा में,

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

महोदय,

विषय: 31 मार्च 2022 को समाप्त वर्ष के लिए कृष्णापटनम रेलवे कंपनी लिमिटेड के वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143 (6)(b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

मैं, कृष्णापटनम रेलवे कंपनी लिमिटेड के 31 मार्च 2022 को समाप्त वर्ष के वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143 (6) (b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अग्रेषित कर रहा हूँ।

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

भवदीय,

संलग्न: यथोपरि

विक्रम डी. मुरुगराज  
21.09.2022  
विक्रम डी. मुरुगराज  
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 2022.**

The preparation of financial statements of Krishnapatnam Railway Company Limited for the year ended 31 March 2022 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 28 June 2022.

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 year ended 31 March 2022 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 Auditor and is limited primarily to inquiries of the Statutory Auditor 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 matter under Section 143(6)(b) of the Act which have come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related Audit Report:

**A. Comments on Disclosure**

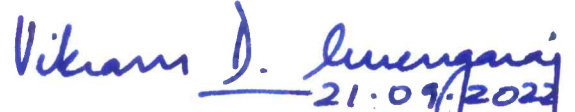
**Note – 19 (i)**

A reference is invited to Note-19(i) wherein it has been stated that the 'Company is anticipating earnings on length of about 14.45 Km section (Krishnapatnam Railway Station to Buffer end of Port Siding) and Terminal Cost from South Central Railway. This issue is under Arbitration'.



The Company had not disclosed that it has filed total claims of ₹ 3,227.74 crore against the Ministry of Railways (MoR) and MoR has filed counter claims of ₹ 5,556.53 crore.

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

  
21.09.2022  
Vikram D. Murugara  
Principal Director of Audit  
Railway Commercial, New Delhi

Place: New Delhi  
Dated: 21.09.2022



**Management Reply Comments of CAG under section 143 (6) (b) of companies Act, 2013 on Audited Financial Statements of KRCL for FY 2021-22**

S. No.	CAG Comment	Management Reply
1.	<p><b>A. Comments on Disclosure</b></p> <p><b>Note - 19 (i)</b></p> <p>A reference is invited to Note-19(i) wherein it has been stated that the Company is anticipating earnings on length of about 14.45 Km section (Krishnapatnam Railway Station to Buffer end of Port Siding) and Terminal Cost from South Central Railway. This issue is under Arbitration.</p> <p>The Company had not disclosed that it has filed total claims of Rs. 3,227.74 crore against the Ministry of Railways (MoR) and MoR has filed counter claims of Rs. 5,556.53 crore.</p>	<p>Figures of claims and counter claims made by KRCL and Ministry of Railways, respectively has not been disclosed consciously by KRCL, in Financial Statements considering the uncertainty in quantification of the same and also due to confidentiality Clause for Non-disclosure of details of Arbitral proceedings under The Arbitration and Conciliation Act, 1996.</p> <p>Since inflow and outflow of economic benefits/liabilities of the present Arbitration could not be measured reliably at this stage, therefore figures have not been disclosed to avoid any misleading indication in the Financial Statements of the likelihood income or expenditure.</p> <p><b>Financial Impact</b></p> <p>Disclosure/Non-disclosure of figures in Note 19(i) has no financial impact, on financial position of the Company.</p>

**SIVA PRASAD KASTURI**

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