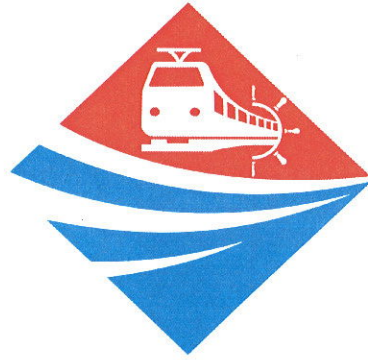




KRISHNAPATNAM RAILWAY COMPANY LIMITED

20TH ANNUAL REPORT

2025 -2026

CONTENTS

OVERVIEW:

BOARD OF DIRECTORS, MANAGEMENT & CORPORATE INFORMATION	01
NOTICE OF 20 TH ANNUAL GENERAL MEETING	03
DIRECTORS' REPORT	15

FINANCIAL STATEMENTS:

SECRETARIAL AUDIT REPORT	46
BALANCE SHEET & STATEMENT OF PROFIT AND LOSS	54
STATUTORY AUDIT REPORT	87
MANAGEMENT REPLY TO AUDIT COMMENTS	107

OTHERS:

C&AG REPORT*	118
--------------	-----

*will be circulated as available or during the meeting.



BOARD OF DIRECTORS, MANAGEMENT & CORPORATE INFORMATION

BOARD OF DIRECTORS AND MANAGEMENT

SH. —————(VACANT)
CHAIRMAN (NOMINEE OF MINISTRY OF RAILWAYS)

SH. AJIT SINGH
MANAGING DIRECTOR

SH. ANURAG
DIRECTOR (NOMINEE OF RAIL VIKAS NIGAM LTD.)

SH. SAROJ K. PATRA
DIRECTOR (NOMINEE OF RAIL VIKAS NIGAM LTD.)

SH. CHANDAN KUMAR VERMA
DIRECTOR (NOMINEE OF RAIL VIKAS NIGAM LTD.)

SH. MANOJ KUMAR PANDEY
DIRECTOR (NOMINEE OF RAIL VIKAS NIGAM LTD.)

SH. LVS SUDHAKAR BABU
DIRECTOR (NOMINEE OF SAGARMALA FINANCE CORP. LTD.)

SH. S. THIRUMALAI SELVAM
DIRECTOR (NOMINEE OF SAGARMALA FINANCE CORP. LTD.)

SH. ABHISHEK KUMAR
DIRECTOR (NOMINEE OF GOVT. OF ANDHRA PRADESH)

SH. JAGDISH NANJI PATEL
DIRECTOR (NOMINEE OF ADANI KRISHNAPATNAM PORT LTD.)

SH. SHAILENDRA KUMAR
DIRECTOR (NOMINEE OF ADANI KRISHNAPATNAM PORT LTD.)

SH. JOYDEEP DASGUPTA
DIRECTOR (NOMINEE OF NMDC LTD.)

SH. NIKHIL GARG
CHIEF FINANCIAL OFFICER

SH. TRILOK GARG
COMPANY SECRETARY

CORPORATE INFORMATION

REGISTERED OFFICE

3RD FLOOR, LEKHA BHAVAN
SOUTH CENTRAL RAILWAY,
OPP. SECUNDERABAD EAST METRO
STATION, SECUNDERABAD- 500025,
TELANGANA

CORPORATE OFFICE

503-504, 5TH FLOOR
PRAKASH DEEP BUILDING,
7, TOLSTOY MARG,
NEW DELHI- 110001

STATUTORY AUDITORS

M/S P. JAIN & COMPANY,
FIRM REGISTRATION NO. 000711C

INTERNAL AUDITORS

M/S ASHOK SHYAM & ASSOCIATES
FIRM REGISTRATION NO. 011223N

SECRETARIAL AUDITORS

M/S JANMEJAY SINGH RAJPUT &
ASSOCIATES
COMPANY SECRETARIES

LENDER BANK

PUNJAB NATIONAL BANK

C&AG OFFICE

PRINCIPAL DIRECTOR OF AUDIT
RAILWAY COMMERCIAL
NEW DELHI



NOTICE
OF
20TH ANNUAL GENERAL MEETING

KRISHNAPATNAM RAILWAY COMPANY LIMITED

Registered Office: 3rd Floor, Lekha Bhavan, South Central Railway, Opposite Secunderabad East Metro Station, Secunderabad-500025, Telangana Ph. No. 011-43086596, CIN:U45200TG2006PLC051378

NOTICE
of the 20th Annual General Meeting

Notice is hereby given that the 20th Annual General Meeting (AGM) of members of Krishnapatnam Railway Company Limited will be held on Tuesday, 29th September, 2026 at 15:00 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, 2026 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 Chandan Kumar Verma, (DIN No. 10298031), who retires by rotation and being eligible, offers himself for re-appointment.

3. Appointment of Director

To appoint a Director in place of Shri Anurag, (DIN No. 10153033), who retires by rotation and being eligible, offers himself for re-appointment.

4. Appointment of Director

To appoint a Director in place of Shri Jagdish Nanji Patel, (DIN No. 10098230), who retires by rotation and being eligible, offers himself for re-appointment.

**5. Appointment & Remuneration of Statutory Auditors
for the year 2026-27**

To consider fixation of remuneration for the year ending 31st March, 2027 payable to the Statutory Auditors and to authorize Board of Directors to fix such remuneration for the financial year 2026-27.

Pursuant to the provisions of Section 139 of the Companies Act, 2013, the appointment of Statutory Auditors, for the year 2026-27 will be made by the office of C&AG. Section 142 of the Companies Act, 2013 provides that general meeting of the Company is empowered to fix the remuneration in such manner as it may determine. Accordingly, the following resolution is placed before the shareholders for their approval:

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 the Accounts of the Company for financial year 2026-27.”

SPECIAL BUSINESS:

6. Appointment of Shri Ajit Singh as Director

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

“RESOLVED THAT Shri Ajit Singh (DIN 08076926) who was appointed by the BoD as an additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 read with applicable Rules (including any statutory modification or re-enactment thereof) and subject to the Articles of Association of the Company w.e.f. 01.09.2026 to hold office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing, from Shri Ajit Singh himself pursuant to the provisions of Section 160 (1) of the Companies Act, 2013, be and is hereby appointed as a Director of the Company (as per applicable provisions of Companies Act, 2013 and Articles of Association of the Company) and he shall not be liable to retire by rotation.”

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

7. Appointment and Remuneration of Managing Director

“RESOLVED THAT in accordance with the provisions of sections 196, 197, 198, 203 read with Schedule V of the Companies Act, 2013 and other applicable provisions, if any, including any statutory modifications or re-enactments thereof for the time being in force and subject to the limits prescribed under the Companies Act, 2013 and such other approvals as may be necessary in this regard, consent of the shareholders is be and hereby accorded to the appointment of Shri Ajit Singh (DIN 08076926), as Managing Director of the Company (KRCL) for a period of 3 (Three) years with effect from 1st September, 2026, extendable by (Two) 2 years, subject to maximum Age limit of 65 years, in the pay scale of Director of Schedule-‘A’ Company (CPSE) minus pension, with terms & conditions, perks and benefits detailed in explanatory statement attached hereto and which forms part of this resolution”

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

“RESOLVED FURTHER THAT the Board of Directors of the Company, hereinafter referred to as the ‘Board’ (which term shall be deemed to include any committee which the Board constitute to execute its powers, including powers conferred by this resolution), be and is hereby authorized to further vary and / increase the remuneration including salary, perquisites, allowances etc. within such prescribed ceiling limits of

the managerial remuneration, as prescribed under the Companies Act, 2013 read with Schedule V thereto and/or any guidelines prescribed by the Government from time to time or as may be suitably amended and to give effect to such modification, relaxation or variation without any further reference to the members of the Company in General Meeting.”

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

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

By Order of Board of Directors



**Trilok Garg
Company Secretary**

**Date: September 07, 2026
Place: New Delhi**

NOTES:

1. In continuation to the Circular No. 20/2020 dated 5th May 2020, General Circular No. 02/2022 dated May 05 2022, General Circular No. 10/2022 dated December 28, 2022, General Circular No. 09/2023 dated 25th September 2023, General Circular No. 09/2024 dated 19th September 2024 (collectively referred to as "MCA Circulars") the Ministry of Corporate Affairs vide General Circular No. 03/2025 dated 22nd September 2025 has permitted the Companies to hold their Annual General Meeting ("AGM") for the FY 2025-26, 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 20th 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 AT THEIR REGISTERED EMAIL ADDRESS WITH THE COMPANY.
2. As per aforementioned MCA circulars, the Company is allowed to send notice of the Meeting and other correspondences related thereto, through electronic mode i.e. emails. Accordingly, an electronic copy of the Notice of 20th Annual General Meeting of the Company along with Annual Report for the financial year ended 31st March, 2026 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 is being sent by the Company to any member.
3. If there is any change in the e-mail ID already registered with the Company, members are requested to immediately notify such change to the Company by sending a request on krcl.rail@gmail.com
4. Since the requirement of physical attendance of AGM by members has been dispensed with by Ministry of Corporate Affairs, there is no requirement for 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 on all working days, except Saturdays and Sundays, from 11:00 a.m. to 01:00 p.m. up to the date of the Annual General Meeting subject to receipt of request from member(s) to this effect on krcl.rail@gmail.com
7. The Notice for this Meeting along with requisite documents and the Annual Report for the financial year ended 2025-26 is available on the Company's website <http://krcl.org.in/>

8. Members are requested to contact the Authorized representative of the Company on Mob: 9045890079, e-mail: krcl.rail@gmail.com during Monday to Friday between 10:00 AM to 05:00 PM till the date of AGM for any assistance with using the Video Conference facility for attending the AGM or reply to their queries/ redressal of complaints, if any.
9. During the 20th AGM (being called through VC), where a poll on any item is required the members shall cast their vote(s) on the item(s) only by sending emails through their registered email address with the Company. The said emails shall only be sent to Company on its email: krcl.rail@gmail.com.
10. The facility of joining the meeting shall 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 20th 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: September 07, 2026
Place: New Delhi**

TO:

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

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

The following Statement sets out all material facts relating to Item-6 & 7 in the Special Business mentioned in the accompanying notice and forms an integral part of the resolutions proposed at Item No.-6 & 7:

Item No. 6 & 7

The MD Selection Committee nominated by the Board of Directors of the Company for Selection of Managing Director met the shortlisted candidates on 11th June 2026 and unanimously recommended the name of Shri Ajit Singh for the post of Managing Director of the Company. Subsequently, the Board of Directors in its 86th BoD meeting held on 25th June, 2026 accepted the recommendations of MD Selection Committee and approved the selection of Shri Ajit Singh (IRSE) as Managing Director of the Company for an initial tenure of three years extendable to five years. Shri Ajit Singh (DIN 08076926) joined his duties and took charge as Managing Director of the Company on September 01, 2026 (F/N).

He was appointed as an Additional Director of the Company with effect from 01.09.2026 by the Board of Directors under Section 161 (1) of the Companies Act, 2013 and Article 127 of the Articles of Association of the Company. In terms of Section 161 (1) of the Companies Act, 2013 Shri Ajit Singh holds office as an Additional Director upto the date of 20th Annual General Meeting but is eligible for appointment as a Director. The Company has received a notice in writing from Shri Ajit Singh himself pursuant to the provisions of Section 160 (1) of the Companies Act, 2013. He has also submitted his

consent to act as Director in Form- DIR-2 and intimation in Form DIR-8 to the effect that he is not disqualified to be appointed as Director.

Shri Ajit Singh, an IRSE of 1989 Batch, is a graduate in Civil Engineering with a Bachelors' Degree i.e. B.E. (from IIT Roorkee, University of Roorkee) and Masters' Degree i.e. M. Tech. (Applied Mechanics) from Indian Institute of Technology Delhi (IIT Delhi).

Shri Ajit Singh retired as Principle Executive Director (Corporate Co-ordination & Business Development) from Rail Vikas Nigam Limited, a Nav-Ratna PSU under Ministry of Railways on 31st August, 2026 after an illustrious service of more than 35 years to the Indian Railways & Rail Vikas Nigam Limited. During his service in Indian Railways he held various important and senior positions i.e. Chief Track Engineer (NR), Chief Engineer (NR), OSD to Member Engineering (RB), etc., before joining Rail Vikas Nigam Limited in 2021.

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

In terms of the Vacancy Notification for the post, the Managing Director was appointed in the scale of pay of a Director of Schedule- 'A' CPSE and the perks and benefits payable to Managing Director to be decided by the Company's Board minus pension, if any. Accordingly, the Board of Directors of the Company in its 87th Board meeting held on September 07, 2026 approved the remuneration, perks and all other entitlements of Shri Ajit Singh, Managing Director as reproduced below:

Pay and Perks of Managing Director/KRCL) :

Sl. No.	Particulars	Details
1.	Basic Pay	Rs. 2,75,720/- p.m. (In the pay band of INR 180000 - 340000 with annual increment of 3% [Three percent] subject to protection of basic pay).

2.	Dearness Allowance	As per the IDA rules, applicable from time to time								
3.	Contribution to Provident fund and NPS	As per Extant Guidelines applicable.								
4.	Provision of TADK in person or reimbursement of expenses on TADK	Provision of TADK in person or reimbursement of expenses on TADK Rs. 32,900/- p.m.								
5.	Cafeteria Allowance: (35% to be chosen from the following allowance: Prof. Updation- 15% Elec. Allowance 6% Recreation Allowance – 6% Special Personal Allowance – 4% House Upkeep Allowance – 4% Fitness Allowance – 6% Medical Allowance for Outdoor Treatment – 7%	35% of basic								
6.	House Rent Allowance (HRA)	House Rent Allowance: The classification of cities and the rate of HRA shall be as mentioned below. Accordingly, the details of the recommended HRA are mentioned below: <table><tr><th>Classification of cities</th><th>Rates of HRA</th></tr><tr><td>X – Class (Population of 50 lakhs & above)</td><td>30% of Basic Pay</td></tr><tr><td>Y – Class (Population of 5 lakhs to 50 lakhs)</td><td>20% of Basic Pay</td></tr><tr><td>Z – Class (Population below 5 lakhs)</td><td>10% of Basic Pay</td></tr></table> No office accommodation at the expense of the Company would be provided or arranged by the Company at his residence. However, facilities like machineries and equipment's which are required to facilitate him to discharge his official duties from residence will be provided, at company's cost. Repair and maintenance (including replacements) thereof shall also be borne by the Company.	Classification of cities	Rates of HRA	X – Class (Population of 50 lakhs & above)	30% of Basic Pay	Y – Class (Population of 5 lakhs to 50 lakhs)	20% of Basic Pay	Z – Class (Population below 5 lakhs)	10% of Basic Pay
Classification of cities	Rates of HRA									
X – Class (Population of 50 lakhs & above)	30% of Basic Pay									
Y – Class (Population of 5 lakhs to 50 lakhs)	20% of Basic Pay									
Z – Class (Population below 5 lakhs)	10% of Basic Pay									

7.	Lease Accommodation : Self Lease & Third Party Lease	In lieu of HRA the facility of Lease may be availed as per following ceiling: (a) <u>In case of Third Party lease:</u> Rs. 80,000 (X city rate), The officer posted in Delhi and Mumbai can avail lease facility in Delhi and Mumbai at the enhanced rate i.e., 25% higher than the above ceiling, after approval of Board. (b) <u>In case of Self Lease:</u> <table><tr><th>Classification of cities</th><th>Limit of Lease rental</th></tr><tr><td>X – Class (Population of 50 lakhs & above)</td><td>30% of Basic Pay</td></tr><tr><td>Y – Class (Population of 5 lakhs to 50 lakhs)</td><td>21% of Basic Pay</td></tr><tr><td>Z – Class (Population below 5 lakhs)</td><td>12% of Basic Pay</td></tr></table> Tax on housing perk value will be borne by KRCL @ average tax rates as per income tax rules.	Classification of cities	Limit of Lease rental	X – Class (Population of 50 lakhs & above)	30% of Basic Pay	Y – Class (Population of 5 lakhs to 50 lakhs)	21% of Basic Pay	Z – Class (Population below 5 lakhs)	12% of Basic Pay
Classification of cities	Limit of Lease rental									
X – Class (Population of 50 lakhs & above)	30% of Basic Pay									
Y – Class (Population of 5 lakhs to 50 lakhs)	21% of Basic Pay									
Z – Class (Population below 5 lakhs)	12% of Basic Pay									
8.	Hospitality	No Limit								
9.	Provision of Car with Driver	MD will be entitled to a Chauffer Driven Car for official and personal use.								
10.	Medical for self, Spouse and dependent family	As per extant guidelines of RVNL's HR Policy applicable to a Director of RVNL								
11.	Hard & Soft furnishing allowance	Towards various soft and hard furnishing at his residence, MD will be entitled for an allowance of Rs. 5 lakh (Rupees Five Lakhs), once during his tenure.								
12.	Travelling on tour	Business/Club class 1 st AC by train or Executive J class by flight and by Road – AC Car.								
13.	Daily Allowance	INR 3,500/- Daily allowance may be drawn for broken periods of a 'Day' on the following scales: <table><tr><td>For absence of less than 6 Hours</td><td>30% of per day allowance</td></tr><tr><td>For absence of 6 Hours and more but less than 12 Hours</td><td>70% of per day allowance</td></tr><tr><td>For absence of 12 Hours & above</td><td>100% of per day allowance</td></tr></table>	For absence of less than 6 Hours	30% of per day allowance	For absence of 6 Hours and more but less than 12 Hours	70% of per day allowance	For absence of 12 Hours & above	100% of per day allowance		
For absence of less than 6 Hours	30% of per day allowance									
For absence of 6 Hours and more but less than 12 Hours	70% of per day allowance									
For absence of 12 Hours & above	100% of per day allowance									
14.	Lodging – Hotel									

	Entitlement on official tour	X' Class Cities	Y' Class Cities	Z' Class Cities
		Upto the rent of a Suite in Hotel Ashoka, New Delhi.	90% of amount admissible for 'X' Class Cities	80% of amount admissible for 'X' Class Cities
		Note: - The above rates of accommodation are exclusive of service fees, taxes and surcharges. - Reimbursement of expenses towards own lodging arrangements - whenever such arrangements are made on his own in ORH or PSU Guest House, or anywhere else additional DA of one day for each such night stay will be admissible to MD/KRCL.		
15.	Leave in a Calendar Year:	Casual Leave – 12 Days + 2 RH per annum Sick leave/ LHAP - 10 days [20 half days] per annum LAP/ Earned Leave – 30 Days per annum At the time of final settlement, Encashment of both accumulated LAP/ Earned Leave and Sick leave/ LHAP calculated @ Basic Pay + DA (on the basis of last pay drawn) subject to maximum limit of 300 days		
16.	Leave Travel concession	As per extant guidelines of RVNL's HR Policy applicable to Director of RVNL		
17.	Club Membership	Upto Two clubs		
18.	Mobile Handset, Laptop, tablet etc.	MD shall be entitled to gadgets like Mobile Handset, Laptop, tablet etc. which are required to facilitate him to discharge his official duties at company's cost. Repair and maintenance (including replacements) thereof shall also be borne by the Company. Note - After the useful life of the asset is over as per the policy of the Company, MD can retain the asset by paying an amount equivalent to depreciated value of the asset.		
19.	Mobile, Telephone and Internet Expenditure	The Company shall bear the cost of his mobile expenditure, telephone & internet facility at home, etc.		
20.	Brief case	Rs. 18,000		
21.	Birthday Gift	Rs. 11,000		
22.	One Inverter with battery	Rs. 25,000		
23.	One AC with Stabilizer	Rs. 45,000		

Deductions:

1. Rs. 2000/- P.M. deduction for private use of official car.
2. 2.5% deduction for furnishing of house
3. 1% of basic pay shall be deducted towards the lease accommodation provided.

a) Gratuity and any other allowance shall be payable as per the provisions applicable to the Directors of RVNL.

b) Any future changes to Daily Allowance, TA/DK, Leave encashment, Leave entitlement and any other allowance shall be governed by the provisions applicable to the Directors of RVNL, as amended from time to time.

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

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

In accordance with the provisions of Sections 196, 197, 198, 203 & other applicable provisions of the Act, read with Schedule V to the said Act, the appointment and the terms of remuneration payable to Shri Ajit Singh/Managing Director requires the approval of members by Ordinary Resolution.

Hence, the Board recommends the Resolution at item No. 6 & 7 for approval of the shareholders as Ordinary Resolution.

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

By Order of Board of Directors

Date: September 07, 2026
Place: New Delhi


Trilok Garg
Company Secretary



DIRECTORS' REPORT

BOARD'S REPORT

To
The Members,

The Board of Directors take pleasure in presenting the 20th Annual Report on the working of your Company along with Audited Annual Accounts, for the Financial Year ended March 31, 2026.

1. Financial Performance: Summary of Financial Results

	Rs. in Lakhs	
Particulars	2025-26	2024-25
Revenue from Operations*	49775.67	50640.65
Other Income	1641.27	2157.13
Profit/Loss before Depreciation, Finance Costs, Exceptional Items and Tax Expense	51416.94	52797.78
Less: Depreciation / Amortisation / Impairment	9645.95	9523.22
Profit / Loss Before Finance Cost, Exceptional items and Tax Expense	41770.99	43274.56
Less: Finance Cost	8512.40	18504.80
Profit / Loss Before Exceptional items and Tax Expense	33258.59	24769.76
Less : Employees Benefit Expenses, O&M Expenses and Other Expenses	10957.73	9267.57
Profit / Loss Before Tax Expense	22300.86	15502.19
Less: Tax Expense (Deferred)	2172.87	7374.51
Profit / Loss for the Year (1)	20127.99	8127.68
Total Comprehensive Income (2)	-	-
Total (1+2)	20127.99	8127.68
Balance of Profit /Loss for the earlier Years	-	-
Less : Transfer to Debenture Redemption Reserve	-	-
Less : Transfer to Reserves	-	-
Less : Dividend paid on Equity Shares	-	-
Less : Dividend paid on Preference Shares	-	-
Less : Dividend Distribution Tax	-	-
Balance Carried Forward (PAT)	20127.99	8127.68
Earnings Per Share	3.22	1.30
- Basic	3.22	1.30

- Diluted	3.22	1.30

*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 costs are given at para 2 below.

2. Operations and Performance of the Company

During the FY 2025-26, 24.31 MT traffic was transported on KRCL line, whereas, during FY 2024-25, 22.68 MT traffic moved through the line. There was an increase of about 7% (Approx) in the movement of traffic volume on the KRCL Line during the period under report, compared to FY 2024-25.

During the year the Company earned Net operational earnings Rs. 388.18 Cr., (after defraying all O&M costs) in comparison to Rs. 413.73 Cr. for FY 2024-25 and there was a decrease of about 6.17% in net operational earnings.

Fundamentally, the movement of Traffic on the Railway Line of the Company depends on 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, being served through the SPV line. Additionally, the current disturbance in international shipping routes cause by Iran conflict has adversely impacted the traffic.

The current trend of traffic during FY 2026-27 is below normal and is expected to remain below by about 5 % over last year.

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 carry out the fixed 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 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.

4. Reserves

During the year the Company has not transferred any amount to any reserve.

5. Share Capital and Debt Structure

During the year under review, there was no change in the Capital Structure of the Company. Authorized share Capital of the Company is Rs. 650 Crore. Issued, subscribed and paid-up Equity Share capital of the Company on 31st March, 2026 is Rs. 625 Crore.

The Company obtained a Term Loan of Rs. 1074.97 Crore (sanctioned limit was Rs. 1083 Crore) from scheduled Banks/FI, to finance the construction of the project. The Principal Term loan was payable in 52 quarterly instalments starting from September, 2019. During the FY 2025-26 the Company has paid four quarterly instalments aggregating Rs. 88.66 Cr. against the total outstanding term Loan. The outstanding balance of the Term Loan as on 31st March, 2026 is Rs. 354.40 Crore.

6. Dividend

For the year under review the Board of Directors of the Company declared the following two interim dividends on the equity shares of the Company having a face value of Rs.10/- each:

Particulars	No. of Equity Shares	Dividend per Equity Share (Rs.)	Total Dividend (Rs.)
Interim Dividend-I	62.50 Crore	Rs. 0.80	Rs. 50.00 Crore
Interim Dividend-II	62.50 Crore	Rs. 0.20	Rs. 12.50 Crore
Total	62.50 Crore	Rs. 1.00	Rs. 62.50 Crore

The First Interim Dividend of Rs. 0.80 per equity share was declared by the Board of Directors at its 84th meeting held on March 20, 2026, aggregating to Rs.50.00 Crore.

The Second Interim Dividend of Rs. 0.20 per equity share was declared by the Board of Directors at its 86th meeting held on June 25, 2026, aggregating to Rs.12.50 Crore.

Out of the aforesaid interim dividends declared by the Company for the financial year 2025-26, an amount of Rs.2,37,60,000/- pertaining to the First Interim Dividend remained unpaid, which has been transferred to the Unpaid Dividend Account of the Company in accordance with the applicable provisions of the Companies Act, 2013.

Since the Company has already paid interim dividends aggregating to Rs. 62.50 Crore during the financial year 2025-26, the Board of Directors has decided not to recommend any final dividend for the financial year ended March 31, 2026. Accordingly, the total dividend for the financial year 2025-

26 shall be restricted to the interim dividends aggregating to Rs. 62.50 Crore already declared by the Company.

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, adversely affecting the financial position of the Company.

9. 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/>

10. Details of Board of Directors/Meetings

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

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

The strength of the Board as on March 31, 2026 was Eleven (11) Directors. They are as follows:

Sl. No.	Name	DIN Number	Designation
1	Sh. Devendra Kumar (MoR)	11212422	Chairperson
2	Sh. LVS Sudhakar Babu (SMFCL)	05346362	Nominee Director
3	Sh. Ananga Charan Nayak (SMFCL)	10057433	Nominee Director
4	Sh. Jagdish Patel (AKPL)	10098230	Nominee Director
5	Sh. Shailendra Kumar (AKPL)	06990949	Nominee Director
6	Sh. Anurag (RVNL)	10153033	Nominee Director
7	Sh. Saroj Kanta Patra (RVNL)	08550153	Nominee director
8	Sh. Abhishek Kumar (GoAP)	11374500	Nominee Director
9	Sh. Ajit Singh (RVNL)	08076926	Nominee Director
10	Sh. Joydeep Dasgupta (NMDC)	10837095	Nominee Director

11	Sh. Chandan Kumar Verma (RVNL)	10298031	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 financial year ended March 31, 2026, five (5) meetings of the Board of Directors of the Company were held and conducted through Video Conferencing/Other Audio-Visual Means (VC/OAVM), in accordance with the applicable provisions of the Companies Act, 2013 and the rules made thereunder.

During the financial year ended March 31, 2026, the Board of Directors met Five (5) times on 27th June, 2025, 25th September, 2025, 26th November, 2025, 20th March, 2026 and 23rd March, 2026.

10.2 Details of attendance of each Director in the Board meetings held during the period April 01, 2025 to March 31, 2026:

Sl. No	Name of the Director	Designation	Meetings Held during the tenure	Meetings Attended
1	Dr. Manoj Singh	Chairperson	1	1
2	Sh. Devendra Kumar	Chairperson	4	4
3	Sh. K Siva Prasad	Managing Director	5	4
4	Sh. D.K. Gupta	Nominee Director	1	1
5	Sh. LVS Sudhakar Babu	Nominee Director	3	3
6	Sh. Anurag	Nominee Director	5	5
7	Sh. Shailendra Kumar	Nominee Director	5	4
8	Sh. Chandan K. Verma	Nominee director	5	5
9	Sh. Ajit Singh	Nominee Director	5	5
10	Sh. B. K. Reddy	Nominee Director	3	2
11	Sh. Saroj K. Patra	Nominee Director	2	2
12	Sh. Jagdeesh Patel	Nominee Director	5	2
13	Sh. V. Suresh	Nominee Director	3	2
14	Sh. Joydeep Dasgupta	Nominee Director	2	2

15	Sh. A. C. Nayak	Nominee Director	5	4
16	Sh. Abhishek Kumar	Nominee Director	2	2
17	Sh. C V Praveen Adhithya	Nominee Director	3	0

***Cessation/ Appointment/Re-appointment of Directors during April 01, 2025 to March 31, 2026. Details are given under section 10.3 below.**

10.3 Changes in the Board during the period April 01, 2025 to March 31, 2026

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

Sl. No	Name of the Director	Designation	Appointment/Cessation/ Re-appointment and Change in Designation of Director
1	Sh. Mudit Mittal	Nominee Director	Cessation from April 07, 2025
2	Sh. Chandan Kumar Verma	Nominee Director	Appointment on April 07, 2025
3	Sh. M. P. Singh	Nominee Director	Cessation from April 23, 2025
4	Sh. Anurag	Nominee Director	Appointment on April 28, 2025
5	Sh. G. J. Rao	Nominee Director	Cessation from May 07, 2025
6	Sh. Jagdish Nanji Patel	Nominee Director	Appointment on May 07, 2025
7	Sh. KRK Reddy	Chairman	Cessation from June 13, 2025
8	Sh. Manoj Singh	Chairman	Appointment on June 13, 2025
9	Sh. Dilip Kumar Gupta	Nominee Director	Cessation from July 05, 2025
10	Sh. Manoj Singh	Chairman	Cessation from July 17, 2025
11	Sh. Devendra Kumar	Chairman	Appointment on July 25, 2025
12	Sh. LVS Sudhakar Babu	Nominee Director	Appointment on November 25, 2025
13	Sh. C V Praveen Adhithya	Nominee Director	Cessation from January 21, 2026
14	Sh. Vishwanath Suresh	Nominee Director	Cessation from January 27, 2026

15	Sh. Joydeep Dasgupta	Nominee Director	Appointment on February 27, 2026
16	Sh. Abhishek Kumar	Nominee Director	Appointment on March 05, 2026
17	Sh. B. K. Reddy	Nominee Director	Cessation from March 16, 2026
18	Sh. Saroj Kanta Patra	Nominee Director	Appointment on March 17, 2026
19	Sh. K. Siva Prasad	Managing Director	Cessation from March 25, 2026

10.4 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 as well as those which 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 discussions held in the Committee Meetings. The Minutes of all the Committee Meetings are placed before the Board for information.

During the Financial Year 2025-26 the Board was required to constitute only CSR Committee of Board of Directors as prescribed under provisions of Companies Act, 2013. During the financial year ended 31st March, 2026, the Corporate Social Responsibility Committee of the Company met once on 9th March, 2026.

11. Key Managerial Personnel (KMP)

During the financial year under review, there were the following changes in the Key Managerial Personnel ("KMP") of the Company:

- Shri T. Muni Prasad ceased to be the Chief Financial Officer (CFO) of the Company with effect from December 01, 2025, upon completion of his tenure on November 30, 2025.
- Shri K. Siva Prasad, IRTS (Retd.) ceased to be the Managing Director of the Company with effect from March 25, 2026, upon completion of his tenure on March 24, 2026.
- Shri K. Siva Prasad, IRTS (Retd.) was appointed as the Chief Executive Officer (CEO) of the Company with effect from March 25, 2026, for a

period of six months or until the assumption of charge by the Managing Director, whichever is earlier.

The Board places on record its sincere appreciation for the valuable services and contributions rendered by Shri T. Muni Prasad and Shri K. Siva Prasad, IRTS (Retd.) during their respective tenures with the Company.

Accordingly, as at March 31, 2026, the Key Managerial Personnel of the Company were as follows:

1. Shri K. Siva Prasad, IRTS (Retd.) – Chief Executive Officer (CEO); and
2. Shri Trilok Garg – Company Secretary.

Subsequent Change in KMP

Subsequent to the closure of the financial year, Shri Nikhil Garg was appointed as the Chief Financial Officer (CFO) of the Company with effect from May 04, 2026.

Accordingly, as on the date of this Report, the Key Managerial Personnel of the Company are:

1. Shri K. Siva Prasad, IRTS (Retd.) – Chief Executive Officer (CEO);
2. Shri Trilok Garg – Company Secretary; and
3. Shri Nikhil Garg – Chief Financial Officer (CFO).

12. Particulars of Employees and related Disclosures

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

13. Particulars of Loans, Guarantees or Investments under section 186

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

14. Particulars or Contracts with Related Party Transactions

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

15. Internal Financial Control

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

16. Statutory Auditors Report

M/s P. Jain & Company, Chartered Accountants, were appointed as the Statutory Auditors of the Company for the financial year 2025-26 by the Comptroller and Auditor General of India (CAG) in accordance with the applicable provisions of the Companies Act, 2013.

The Statutory Auditors' Report on the financial statements of the Company for the financial year ended March 31, 2026 has been received by the Company. The Auditors' Report, along with the audited financial statements, shall be circulated to the Members along with the Notice convening 20th Annual General Meeting of the Company.

17. Secretarial Audit Report

The Company appointed M/s. Janmejaya Singh Rajput & Associates, Company Secretaries, as Secretarial Auditor of the Company for FY 2025-26 pursuant to provisions of Section 204 of the Companies Act, 2013.

The Report of Secretarial Auditor for the Financial Year 2025-26 is received and shall be circulated to the Members along with the Notice convening 20th Annual General Meeting of the Company

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

Explanations/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-I**, and reply to the remarks of Secretarial Auditor of the Company is enclosed as **Annexure-II** to Directors report.

19. Risk Management Policy

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

rights of the Company to earn revenue from the operations of the project are protected by the concession agreement.

The volume and size of Company's earnings and profit largely depend 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.

20. Corporate Social Responsibility

The Company is committed to conduct its business in a socially responsible, ethical and environmentally friendly manner and to continuously work towards improving quality of life of the communities. The Company has constituted a CSR Committee, which is responsible for fulfilling the CSR Objectives of the Company. As on March 2026, the CSR Committee comprised of Shri Anurag, and Shri A. C. Nayak, Directors as its members. The Company spent Rs. 238.43 lakh by March 31, 2026, towards its CSR liability for the FY 2025-26.

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 22nd January, 2021 is appended as **Annexure III** to this Report.

21. Compliance with Secretarial Standards

The Board has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) and that such systems are adequate and operating effectively. The Company has complied with the applicable Secretarial Standards issued by the ICSI.

22. Corporate Governance

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

23. Subsidiary Companies, Joint Venture or Associate Companies

During the year under review, there were no companies which have become/ ceased to become a Subsidiary/ Joint Ventures/ Associate Companies of KRCL.

24. 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.

25. Orders Passed by Regulator or Courts or Tribunals

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

26. Directors Responsibility

Your directors would like to inform that the Audited accounts containing the Financial Statements for the year ended March 31, 2026 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 P. Jain & Company, Chartered Accountants

(appointed by CAG), reasonably present the Company's financial condition and results of operations, particularly considering the unique nature of operations of the company.

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

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

27. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo:

- a) The particulars required under Section 134(3)(m) of the Companies Act, 2013 read with the rule 8(3)(A) of the Companies (Accounts) Rules, 2014 regarding Energy Conservation do not apply.
- b) The Company uses relevant technologies in carrying out its office activities and maintenance of the 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.

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

The Company has zero tolerance towards sexual harassment at the workplace and is committed to providing a safe, secure and respectful working environment for all its employees. The Company has adopted appropriate measures for the prevention, prohibition and redressal of sexual harassment at the workplace in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder.

During the financial year under review, the Company did not have any woman employee and no complaint of sexual harassment was received by the Company during the financial year 2025-26. Accordingly, there were no complaints pending for disposal as at March 31, 2026.

The Company continues to remain committed to maintaining a workplace free from discrimination, harassment and inappropriate conduct.

29. 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.

30. 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.

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

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

32. 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 Shares 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. Further, as per the provisions of Rule 6 of Companies (Meetings of Board & its powers) Rules 2014 read with Rule 4 of the Companies (Appointment and qualification of Directors) Rules 2014, the Company is exempted from constituting a 'Nomination & Remuneration Committee' of the Board.

33. 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).

34. 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 was 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.

35. 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.

36. Compliance of the provisions relating to the Maternity Benefit Act 1961.

During the financial year under review, the Company did not have any woman employee on its rolls. Accordingly, the provisions of the Maternity Benefit Act, 1961, as applicable to the Company, were not attracted during the financial year 2025-26.

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 Bank, Auditors, C&AG, and all the shareholders of the Company. The Directors look forward to your continued support in the 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

LVS Sudhakar Babu
Director
(DIN: 05346362)

Chandan K. Verma
Director
(DIN:10298031)

Place: New Delhi
Date: June 25, 2026



ANNEXURE - I

KRISHNAPATNAM RAILWAY COMPANY LIMITED

Regd. office: 3rd Floor, Lekha Bhavan, South Central Railway, Opposite Secunderabad East
Metro Station Secunderabad - 500025, Telangana, CIN NO. U45200TG2006PLC051378
E-mail: registerofficekrcl@gmail.com

Management Replies to Statutory Audit observations on Audited Financial Statements for FY 2025-26

Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies
	Basis for Qualified Opinion:	
1.	Monthly freight/revenue collection and apportionment sheet are being received from South Central Railway ("SCR"), which are marked as "provisional". Difference arises, if any, are being accounted for in the period of identification. Thus, the financial statements are drawn on the strength of such provisional revenue. Further, as stated in Note 19(i)(d), all supporting evidences related to revenue booking are being controlled and managed by the SCR. The same are not available with the company for verification, hence, the same could not be verified. Hence the impact, if any, on financial statements could not be ascertained.	It is the practice of Zonal Railway Administration to furnish statements of Revenue or O&M or any other amount paid, to be marked as 'Provisional'. Thus, KRCL does not have any control over the practices followed by the Railway Administration (SCR). The supporting Documents for calculation of apportioned revenue are not provided by SCR to the Company. However, RR wise reconciliation is carried out every month by concerned Officers of KRCL with the Traffic Revenue Officer of SCR in order to arrive at correct revenue apportionment amount of KRCL. Also, systematic records are maintained by KRCL of daily and monthly loading. Revenue Statements are always checked by officers of KRCL at Secunderabad. Copies of all revenue statements certified by CFO/KRCL or Sr. Manager (Railway Accounts & Finance)/Expert/KRCL and Expert (O&C)/KRCL have been furnished to Audit team. A few examples of daily loading details as well as Monthly loading details provided by SCR were also shown to the Auditors and matched, which were found correct.
2.	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% of the project cost without obtaining any waiver or concession in the agreed terms of agreement. The company has estimated liability of Rs. 11461.26 lakhs being 5% of total project cost, which been considered as contingent liability (Refer Note- 38d) in the financial statements. In view of no accounting treatment of the said departmental charges, Other Intangible Assets and Other Financial Liabilities are understated to that extent. Further, had it been capitalized, the corresponding impact on profit/loss	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 had not raised any invoice or claim in this regard, therefore, this amount has been treated as "Contingent Liability" in the Books of Accounts. The company has estimated provisionally the liability of Rs. 11461.26 lacs, being 5% of total project cost, which has been considered as contingent liability. The Company has represented to RVNL for waiver of the Departmental Charges @5%. As on the date of adoption of the financial statements by the Board of Directors and signing of the Auditor's Report, i.e.,

Corporate office: 503-504, 5th Floor, Prakash Deep Building, 7, Tolstoy Marg, New Delhi - 110001
E-mail: krclrail@gmail.com, Web: www.krcl.org.in

Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies
	of the year due to amortization cost of intangible assets, not considered. The impact on financial statement is not ascertained by the Company.	25.06.2026, the issue was under consideration of RVNL. Hence, it was considered appropriate to retain the amount of Departmental Charges as Contingent Liability.
3.	(i) As per legal opinion obtained from legal counsel by Company on charging of compound interest by Rail Vikas Nigam Limited ("RVNL"), it is opined that as per construction agreement there is no clause enabling RVNL to charge compound interest and interest referred in clause no. 11.5 of the contract is simple interest leviable on the amount of expenditure incurred by RVNL out of its own fund for execution of project. The total interest unpaid as on 30-09-2024 is Rs. 88995.17 lakhs. From 01-10-2024 RVNL is charging interest on simple interest basis. No adjustment is made with regard to compound interest charged and accounted upto 30-09-2024 by the Company in its financial statements. The amount of compounding impact is not ascertained by the Company, hence the impact on financial statement cannot be ascertained.	(i) The issue of charging interest on interest, was taken up by KRCL with RVNL. Subsequently, RVNL has revised the methodology of charging interest from KRCL w.e.f. October 2024 and has started levying interest only on principal outstanding w.e.f. October 01, 2024. Impact of revised method of charging interest has already given by RVNL in its bill for the month of March 2025, and corresponding impact of the same is also taken in the books of accounts of KRCL. For revision of interest charged by RVNL upto 30.09.2024, on compounding basis, KRCL shall continue to dialogue/chase up with RVNL. However, a decision has not yet arrived at between KRCL & RVNL on this matter and the interest charged by RVNL from KRCL is booked in the books of accounts as per the bills and concept of prudence. Concept of prudence as defined in framework for preparation of financial statements states: Para 37: "Prudence is the inclusion of a degree of caution in the exercise of the judgements needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated." In view of above it is submitted that in accordance with concept of prudence KRCL has recognized interest to the extent agreed by counterparty, reversal of interest charged by RVNL shall be against the concept of prudence.

Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies
	(ii) As per clause no. 11.5 of construction agreement with RVNL interest to be charged " upto the date of actual payment is received from KRCL", however it is noticed that RVNL has excess charged interest amounting to Rs. 7.34 lakhs (Previous Year Rs. 20.53 lakhs) for the year after considering the revised calculation submitted by the Company. Hence interest expense for the year is overstated by Rs. 7.34 lakhs, amount payable to RVNL are over stated by Rs. 27.87 lakhs, profit for the year are understated by Rs. 7.34 lakhs and reserve and surplus are understated by Rs. 27.87 lakhs.	(ii) As per clause no. 11.5 of construction agreement executed between KRCL and RVNL, the interest is to be charged " upto the date of actual payment is received from KRCL", however it is noticed that RVNL is charging interest upto the last date of the month in which payments are made by KRCL. This issue has been taken up with RVNL for changing the existing practice and to adopt the practice as prescribed in the Construction Agreement and refund of the amount excess charged by RVNL and shall give appropriate accounting effect on final resolution of the matter between the parties. The amount involved is quantitatively insignificant in the context of the Company's overall financial position, being 0.011% of total assets, 0.034% of Net Worth, and 0.014% of Revenue from Operations (2025: 0.040%) and does not affect the true and fair view presented by the financial statements. Pending resolution of the matter, the Company has continued to recognise the interest liability as charged by RVNL in accordance with the principles of prudence and conservatism. Recognising a lower liability before acceptance by the counterparty would not be appropriate and could result in premature reversal of expenditure. Accordingly, the accounting treatment adopted by the Company is prudent, conservative and consistent with the applicable accounting principles.
4.	It is noticed that store items purchased are directly debited to repair & maintenance instead of when they are actually issued for repair nor the closing stock of stores existing as on 31.03.2026 is ascertained and accounted for as closing stock. Physical verification report of closing stock as on 31.03.2026 is not provided.	It is submitted that the amount of these inventory items is immaterial as compared to overall expenditure of the company. In order to have proper internal control, these items are documented and maintained in separate registers at Site office. However, considering materiality of these transactions and nature of business of KRCL, these items are charged to Profit and Loss in the year of purchase itself.




Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies														
	List of spares received from RVNL (contractor to the project), stock register maintained for these spares & physical verification report thereof is not provided. The impact of the above could not be ascertained on the financial statements.	RVNL handed over the entire assets of Project Railway on as is where is basis to the company. However, no separate list of spares/stores, etc. was prepared/submitted by RVNL.														
5.	The Company is incorporated as Special Purpose Vehicle (SPV), for development, operation and maintenance of rail infrastructure providing connectivity to Krishnapatnam Port as per the concession agreement dated 23.11.2007. The Company incurred following expenditure upto 31.03.2026 on the project – <table><tr><th>Head of Expenditure</th><th>Amount (in lakhs)</th></tr><tr><td>Land</td><td>12746.78</td></tr><tr><td>Permanent Way</td><td>40737.20</td></tr><tr><td>Formation</td><td>100877.25</td></tr><tr><td>Plant & Machinery</td><td>34154.70</td></tr><tr><td>Station & Buildings</td><td>105461.28</td></tr><tr><td>Total</td><td>293977.21</td></tr></table> According to Article 4.3(d) of the concession agreement dt. 23.11.2007, the Company is obligated <i>“to keep the project assets in a proper working condition, including making replacement in accordance with the standards laid down by Ministry of Railways (MOR), of all project assets whose lives have expired. Such replacement shall be carried out by the Company (KRCL) either by itself or through MOR, and the cost of such replacement shall be borne by the Company (KRCL)”</i> These contractual obligations to maintain or restore infrastructure, except for any upgrade element shall be recognized and measured in accordance with Ind AS – 37 i.e. at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period. To estimate the present obligation at the end of the reporting period, the Company constituted a four member internal technical committee. The committee vide its report	Head of Expenditure	Amount (in lakhs)	Land	12746.78	Permanent Way	40737.20	Formation	100877.25	Plant & Machinery	34154.70	Station & Buildings	105461.28	Total	293977.21	The Company, an SPV set up under the Concession Agreement dated 23.11.2007 with the Ministry of Railways for the Krishnapatnam Port rail connectivity project, is obligated under Article 4.3(d) of the Agreement to keep project assets in proper working condition including replacing, at its own cost, assets whose lives have expired, as per Ministry of Railways standards. This obligation falls within the scope of Ind AS 37, which requires recognition of a provision at the best estimate of the expenditure required to settle the present obligation as at the reporting date. Accordingly, the Company constituted a four-member Internal Technical Committee, which vide its report dated 14.04.2026 estimated the expenditure likely to be incurred during the remaining concession period at Rs. 27,407.84 lakh, and a provision has been recognised in the financial statements on this basis. The Management has considered each of the matters raised by the Auditors and sets out below its reply thereon. <u>(i) Assumptions, methods and source data underlying the estimate</u> The estimate has been prepared by the Internal Technical Committee having regard to the current physical condition of the assets, their codal and residual life, the renewal/replacement requirements anticipated during the remaining concession period, the applicable Schedule of Rates or rates latest available, an escalation assumption linked to the Consumer Price Index, and a contingency loading. It is submitted that several of these assumptions including the escalation rate, the discount rate applied in arriving at the present value of the
Head of Expenditure	Amount (in lakhs)															
Land	12746.78															
Permanent Way	40737.20															
Formation	100877.25															
Plant & Machinery	34154.70															
Station & Buildings	105461.28															
Total	293977.21															

Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies
	dt. 14.04.2026 has estimated a total expenditure during the remaining period of Rs. 27407.84 lakhs. On review of internal committee report provided by the Company following were observed :- (i) In the report submitted, the committee has not provided the details of assumptions made, methods used and the source data relied while estimating the liability. (ii) The total expenditure incurred on the project except land is Rs. 281230.43 lakhs, however committee has estimated repair cost of Rs. 27407.84 lakhs. The amount of expenditures not considered for restoration/maintenance by the committee and reasons thereof need to be explained. (iii) In one of the opinion given by The Institute of Chartered Accountants of India in case of similar SPV, the institute has noted that the additional facilities created by the company under the concession agreement are not part of its obligations to restore or maintain the facilities, hence there is no statutory obligations to maintain/restore as required under Ind AS-37. The committee has not commented thereon, which need to be explained and quantified. (iv) Considering the nature and magnitude of expenditure, it is required that the company should include independent outside expert in the committee to have a greater reliance thereon. In view of the above, we cannot comment on the adequacy of the provision made by the company towards re-surfacing as required by Ind As 37. The impact of the above on the financial statements could be ascertained.	obligation, and the contingency factor are already recorded in the Committee's report. Similarly, information pertaining to asset life and other relevant parameters is available in the detailed component-wise workings furnished. Certain other inputs related to the estimate, principally the quantum of work required and the extent of intervention needed for individual asset categories, are derived from on-site physical inspection and the technical judgement of the Committee members. Such judgements, being based on the members' professional experience and field assessment, have not been separately recorded in the report, being in the nature of professional judgement rather than a documentable input. <u>(ii) Comparison of estimated provision with total historical project expenditure</u> It is submitted that Ind AS 37 requires recognition of a provision at the best estimate of the expenditure required to settle the present obligation as at the reporting date, and it neither requires nor contemplates that such provision bear any fixed or determinable proportion to the historical cost of the underlying assets. The historical project cost of Rs. 281230.43 lakh (excluding land) comprises several components that do not, give rise to a future restoration or replacement obligation under Article 4.3(d) of the Concession Agreement. These include, inter alia, Interest During Construction; other Incidental Expenditure During Construction such as Design & General (D&G) charges and GST on non-recurring expenditures; establishment and project-implementation costs incurred during the construction phase; and the cost of long-life civil assets, including formation, embankments, station and building works, bridges and tunnels, which are engineered for service lives extending well beyond the concession period and are therefore, not subject to periodic replacement at historical cost.




Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies
		The KRCL is accordingly of the view that the historical project cost and the provision recognised under Ind AS 37 represent two distinct measurement bases, arrived at with reference to different objectives, and that the adequacy of the provision cannot be assessed by reference to its proportion to the total historical project cost alone. <u>(iii) Applicability of the ICAI Expert Advisory Committee opinion referred to by the Auditors</u> The opinion pertains to additional facilities created by a concessionaire over and above its core obligations, and the accounting treatment applicable thereto. The provision recognised by the Company relates to the restoration and replacement of the Company's existing project assets pursuant to its obligation under Article 4.3(d) of the Concession Agreement, which the Management considers to be factually distinguishable from the matter addressed in the said opinion. The Management confirms that the provision has been restricted to expenditure that the Company is presently obligated to incur to settle an obligation arising from a past event, in accordance with Ind AS 37, and does not extend to assets or facilities that do not give rise to such an obligation. The company will keep this matter under review, including obtaining external legal or accounting opinion if considered necessary. <u>(iv) Constitution of the Internal Technical Committee</u> Neither Ind AS 37 nor the applicable Standards on Auditing mandate that an accounting estimate of this nature be prepared or validated by an independent external expert. The preparation of such estimates remains a management responsibility, which may appropriately be discharged through competent internal technical expertise. The Internal Technical Committee constituted by the Company comprises senior officers possessing extensive experience in




Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies
		railway infrastructure construction, operation and maintenance, and is accordingly well placed to undertake such assessment. Based on the above, the KRCL is of the view that the provision recognised in the financial statements for the year ended 31st March, 2026 represents management's best estimate of the expenditure required to discharge the Company's obligation under Article 4.3(d) of the Concession Agreement, determined in accordance with Ind AS 37, on the basis of the information and technical assessment available as at the reporting date. KRCL has taken note of the Auditors' observations regarding documentation of assumptions and methodology, the basis of exclusion of certain expenditure categories, and the composition of the Technical Committee, and has put in place the corrective steps set out above to strengthen the process of estimation in future reporting periods.
6.	During the year the company has reclassified cash flows from interest paid to RVNL from financing activities to operating activities, since the interest paid is not in the nature of penal interest, the same need to be accounted for as cash flows from financing activities as replied by Institute of Chartered Accountants of India (ICAI) in its response to question no. 12 in the Educational Material on Indian Accounting Standard (Ind AS) 7 Statement of Cash Flows, hence to the extent of Rs. 4491.84 lakhs (Previous year Rs. 3586.19 lakhs) cash flows from operating activities are under stated and cash flows from financing activities are overstated.	KRCL submits that during the year it reclassified the cash flows relating to interest paid to RVNL from Financing Activities to Operating Activities based on the audit observation made by the Office of the Comptroller and Auditor General of India (CAG), the Principal Auditor of the Company, during the audit of the financial statements for the year ended 31 March 2025. The reclassification has not been made arbitrarily. It has been effected specifically to comply with the view expressed by the Office of the CAG during the course of audit and to ensure consistency with the observations of the Principal Auditor. In view of the above, the Company submits that the accounting treatment adopted is in conformity with the view expressed by the Office of the CAG.



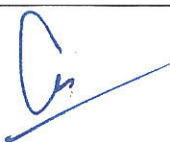

Management Replies to Statutory Audit observations on Audited Financial Statements for FY 2025-26

Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies
	Internal Financial Control	
1.	The company has not provided any purchase policy, work policy, HR policy, accounting manual and other related guidelines, for proper internal controls it is required that appropriate policy and guidelines be made in this regard.	All the purchases and works undertaken by the Company are carried out strictly as per business requirements and are subject to appropriate approvals of the Managing Director, Chief Executive Officer or the Board of Directors, as per the powers delegated by the Board. Procurement decisions are taken after inviting quotations/tenders, wherever considered necessary, on a case-to-case basis, thereby ensuring adequate authorization, transparency and control over such transactions. It may further be noted that purchases made during FY 2024-25 and FY 2025-26 constitute only 1.03% and 1.39%, respectively, of the total revenue earned by the Company. Similarly, the value of works undertaken by the Company is also very small. Considering the nature and scale of operations, the existing approval and authorization mechanisms have been found adequate and are operating effectively. However, HR policy is under preparation. Manual for accounting, the company is following IND-AS guidelines. Internal Financial Controls of a company should not be regarded as ineffective merely because certain work policy, accounting manual etc. are not there without identifying actual weakens in controls.
2.	It is suggested that considering the observations made in audit report, the scope of internal auditor be reviewed and extended accordingly.	The scope of Internal Audit has been determined after due consideration of the nature and size of the Company's operations, volume of transactions, risk profile, etc., and is considered adequate and commensurate with its business activities. The Internal Auditor conducts audits in accordance with the approved scope and reports observations to the Management periodically. The scope of internal audit is already extensive, and in view of management there is no need for revision of scope of internal audit.

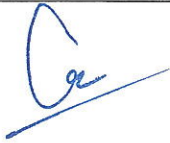



Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies
3.	It is noticed that store items purchased are directly debited to repair & maintenance instead of when they are actually issued for repair nor the closing stock of stores existing as on 31.03.2026 is ascertained and accounted for as closing stock. Physical verification report of closing stock as on 31.03.2026 is not provided. List of spares received from RVNL (contractor to the project), stock register maintained for these spares & physical verification report thereof is not provided.	It is submitted that the amount of these inventory items are immaterial as compared to overall expenditure of the company. In order to have proper internal control, these items are documented and maintained in separate registers at site office. However, considering materiality of these transactions and nature of business of KRCL, these items are charged to Profit and Loss in the year of purchase itself. RVNL handed over the entire assets of Project Railway on as is where is basis to the company. However, no separate list of spares/stores, etc. was prepared/submitted by RVNL.
4.	As per the concession agreement dt. 23.11.2007 on expiry the company will handover the existing assets, new assets and additional assets to Ministry of Railways, for proper control thereof it is required a details list of these assets be prepared and periodically physically verified by management and/or external agency.	As per the provisions of the Concession Agreement at the completion of concession period all the project assets shall be transferred to MoR. The methodology for transfer payment for the assets is also provided in the Concession Agreement. For handing over of the project assets to Ministry of Railways, the list of assets shall be prepared by KRCL at an appropriate time before completion of Concession Period. As far as the accounting transactions and financial statements of the Company are concerned, the Company has accounted for each and every asset for which payment/expenses are incurred by KRCL on its construction/ acquisition, as Intangible Assets.
5.	All supporting evidences related to revenue booking and O&M charges are being controlled & managed by the 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 in respect of revenue is being carried out with the Traffic Revenue Officer of SCR by the concerned Officers of KRCL. RR wise reconciliation is carried out every month by KRCL Officers in order to arrive at correct revenue apportionment amount. Also, systematic records are maintained by KRCL of daily and monthly loading. Revenue Statements and O&M Bills are always checked by officers of KRCL at Secunderabad. Copies of all revenue statements and O&M Bills checked and certified by CFO/KRCL or Sr. Manager (Railway Accounts & Finance)/Expert/KRCL and Expert (O&C)/KRCL have been furnished to Audit team. A few examples of daily loading details as well

Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies
		as Monthly loading details provided by SCR were also shown to the Auditors and matched. which were found correct.
6.	It is noticed that certain transactions are not processed through accounting software or any other integrated software as detailed in point no. 2 to audit report referred in Annexure-C above. The said transactions should be routed through accounting software or some other integrated software.	All accounting transactions of the Company are processed through the accounting software "Tally Prime Edit Log", which has audit trail functionality and provides adequate controls over recording, processing and reporting of financial transactions. The effectiveness of Internal Financial Controls is required to be assessed on whether transactions are properly authorized, accurately recorded, completely accounted for and reliably reported in the financial statements and not on whether every operational or engineering record is maintained through an integrated software system. The degree of automation adopted by an entity may reasonably vary with the size, nature and complexity of its operations, and the absence of an integrated software for a particular process cannot, by itself, be construed as a material weakness in Internal Financial Controls. Item-wise reply to the specific transactions referred to in the audit observation is as follows: 1. Stores/consumables: The cost of these inventory items is immaterial in relation to the Company's overall expenditure. Considering their materiality and the nature of KRCL's business, these items are charged to the Statement of Profit and Loss in the year of purchase itself, and accordingly, no opening or closing stock disclosure is required in the financial statements. For proper internal control, these items are documented and maintained in separate registers at the site offices, which is considered adequate and does not necessitate a dedicated software. 2. Transfer of assets at end of concession period: The major assets to be transferred at the end of the concession period comprise Permanent Way (including bridges, tunnels and station buildings), Overhead Equipment, and Signalling & Telecommunication systems. The detailed records of these items




Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies
		are already available in the field office. Given the nature of these assets, a dedicated software is not considered necessary for this purpose. 3. Revenue related documents maintained by Railways: Auditor in its main report as well as in Annexure-C has specified that relevant documents are maintained by Railways and KRCL does not have supporting documents. Therefore, it does not appear, there is any requirement of software for this purpose. Internal Financial Controls of a company should not be regarded as ineffective merely because certain records are not maintained through an integrated software system.





ANNEXURE – II



KRISHNAPATNAM RAILWAY COMPANY LIMITED

Regd. office: 3rd Floor, Lekha Bhavan, South Central Railway, Opposite Secunderabad East
Metro Station Secunderabad - 500025, Telangana, CIN NO. U45200TG2006PLC051378
E-mail: registerofficekrcl@gmail.com

Management Reply to Secretarial Audit observations for FY 2025-26

Sl. No.	Secretarial Auditor's Comments for Financial Year 2025-26	Management Reply
1	Para-3 (Pg.-6). Board of Directors <u>Composition of Board of Directors:</u> With respect to the Composition of the Board of Directors, the Company has fully complied with the requirements of Section 149 of the Companies Act, 2013 and the rules made there-under except appointment of Women Director which is required to be complied under Second Proviso of Sub section (b) of Section 149.	The composition of BoD of the Company is such that, except one 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 Shares Subscription Agreement. The Company has earlier requested its shareholders for nomination of a women as their representative Director to the BoD of the Company so that the compliance of Second Proviso to Sub section (b) of Section 149 regarding 'appointment of a Women Director' may be ensured. However, due to non receipt of a nomination from any shareholder the appointment of women director is pending. This issue shall be taken up again with the shareholders in order to appoint a 'Women Director' in KRCL.

(LVS Sudhakar Babu)
Director

(Chandan K. Verma)
Director

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 taken to add value in fulfilling CSR objectives through effective implementation of projects for sustainable developments.

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. Anurag	(Non Executive Director)	1 (One)	1
2.	Sh. B.K. Reddy	(Non Executive Director)		0
3.	Sh. A. C. Nayak	(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.	2025-26	Nil	Nil

6. Average net profit of the company as per Section 135 (5): **Rs. 11921.61 Lakh (approx.)**
7. (a) Two percent of average net profit of the company as per section 135(5): **Rs. 238,43,227.**
- (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): **Rs. 2,38,43,227/-**
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
2,38,43,227	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 (in Rs.)	Amount spent in the current financial Year (in Rs.)	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:

(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

01	Donation to PM cares Fund	Item (viii)- contribution to the Prime Minister's National Relief Fund or [Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or] any other fund set up by the Central Government	NA	NA	NA	2,38,43,227	NA	NA	NA
----	---------------------------	--	----	----	----	-------------	----	----	----

(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- **Rs. 2,38,43,227/-**
(8b+8c+8d+8e)

(g) Excess amount for Set off, if any- **NIL**

SI. No	Particulars	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	2,38,43,227/-
(ii)	Total amount spent for the Financial Year	2,38,43,227/-
(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.	2024-25	Nil	Nil	NA	NA	NA	NIL
2.	2023-24	Nil	Nil	NA	NA	NA	NIL
3.	2022-23	Nil	Nil	NA	NA	NA	NIL
	TOTAL						

(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)
Sl. 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**



(LVS Sudhakar Babu)
Director



(Chandan K. Verma)
Director

Date: 25.06.2026

Place: New Delhi



SECRETARIAL AUDIT REPORT



Form No. MR-3

SECRETARIAL AUDIT REPORT

(For the Financial Year ended 31.03.2026)

[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

CIN: U45200TG2006PLC051378

3rd Floor, Lekha Bhavan, South Central Railway,

Opposite Secunderabad East Metro Station,

Secunderabad, Telangana- 500025

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by "**Krishnapatnam Railway Company Limited**" (hereinafter referred to as "**Company**") having (CIN: **U45200TG2006PLC051378**) having registered office at 3rd Floor, Lekha Bhavan, South Central Railway, Opposite Secunderabad East Metro Station, Secunderabad, Telangana - 500025 for the Financial Year ended on **31st March, 2026**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

The maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

Based on our verification of the Company's books and papers, minutes, 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 covered that is from **01st April 2025 to 31st March 2026** (hereinafter referred as Audit Period), complied with the statutory provisions listed hereunder except as and

046



Page 1 | 8

where expressly stated and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. We have examined the books and papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended 31st March, 2026 according to the provisions of:

A. The Companies Act, 2013 ("the Act") and the Rules framed thereunder;

The books, papers, minute books, forms and other records as required to be maintained under the provisions of Companies Act, 2013 and according to the requirements of Secretarial Standards, have been maintained by the Company for the Financial Year ended on 31st March, 2026;

1. We report that the Company, in our opinion, subject to the observations/qualifications reported hereunder, has complied with the provisions of the Companies Act, 2013 (hereinafter referred to as 'Act'), to the extent Sections and Schedules notified and the Rules made thereunder including amendment, circulars, notifications and removal of difficulties Order issued by the Ministry of Corporate Affairs from time to time with regard to the following:

a) Filing of E-forms:

During the Financial Year 2025-26, the company filed the requisite E-forms with Registrar of Companies, Ministry of Corporate Affairs. However, it has been found that certain forms have been filed with delay filing fee.

b) Minutes Book and Registers:

S. No	Particulars	Remarks
1.	Board Meeting Minutes Books	The Company has maintained the Minutes Books of Board Meetings and General Meetings under the applicable provisions of the Companies Act, 2013 and Secretarial Standard-1 (SS-1).
2.	Annual General Meeting and other meeting Minutes Book	

3.	Statutory Registers as per Companies Act, 2013	As per representation given by the management, the Company has maintained Statutory registers during the audit period.
----	--	--

c) Adequate notices, agendas and detailed notes on agenda were sent to all the directors of the Board Meetings (via electronic means) at least 7 days in advance and there is an existing system for seeking and obtaining further information's and clarifications on agenda items before the meeting and for meaningful participations at the meeting.

d) Adequate practice in the Company to maintain records of attendance sheet and proof of dispatch of notice were followed during the reporting period.

2. Based on the representation given by the Management of the Company and our review of documents provided, we further report compliances by the Company in respect of the following matters:

- a) Maintenance of various statutory registers and documents and making necessary entries therein;
- b) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
- c) Service of documents by the Company on its Members, Auditors and the Registrar of Companies;
- d) Notice of Board meetings and applicable Committee meetings of Directors include passing of resolutions by circulation duly complied;
- e) Payment of remuneration to Directors and Key Managerial Personnel;
- f) Appointment and Remuneration of Auditors;
- g) The Company has declared and paid an Interim Dividend during the financial year in accordance with the applicable provisions of the Companies Act, 2013;



- h) Transfer of certain amounts as required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs; **Not applicable during the year under review;**
- i) The majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes;
- j) Directors' report;

3. Board of Directors

- Composition of Board of Directors:

With respect to the Composition of the Board of Directors, the Company has fully complied with the requirements of Section 149 of the Companies Act, 2013 and the rules made there-under *except appointment of Women Director* which is required to be complied under Second Proviso of Sub section (b) of Section 149.

As per management representation, the Company, being a Joint Venture, was exempt from the requirement to appoint Independent Directors during the period under review.

- Constitution of Committee

We further report that as per Section 177 & 178 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Company being a Joint Venture was not required to constitute Audit Committee, Nomination and Remuneration Committee and Stakeholder Relationship Committee. The Company has a Corporate Social Responsibility Committee in place.

- Secretarial Audit:

As per section 204(1) of Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company was required to obtain Secretarial Audit Report for the Financial Year 2025-26.



The Company has duly complied with the requirement of Secretarial Audit Report for the Financial Year 2025-2026.

B. SEBI AND FEMA COMPLIANCE

As per representation given by the management, the books, papers, minutes books, forms and returns and other records maintained by the Company for the financial year ended on 31st March, 2026 covering period (01st April 2025 to 31st March 2026) according to the following provisions:

- I. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder: **Not Applicable**
- II. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015: **Not Applicable**
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder: **Not Applicable**
- IV. The provisions of Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings are not applicable during the year under review: **Not Applicable**
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers), Regulations, 2011: **Not Applicable**
 - b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015: **Not Applicable**
 - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015: **Not Applicable**
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018: **Not Applicable**
 - e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999: **Not Applicable**

- f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: **Not Applicable**
- g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act: **Not Applicable**
- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021: **Not Applicable**
- i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018: **Not Applicable**

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

C. SECRETARIAL STANDARDS

In view of the Secretarial Standards issued by ICSI with regard to the Meeting of Board of Directors (SS-1) and General Meeting (SS-2), we hereby report that the aforesaid Secretarial Standards have been complied by the Company.

D. OTHER LAWS INCLUDING SECTOR SPECIFIC LAWS

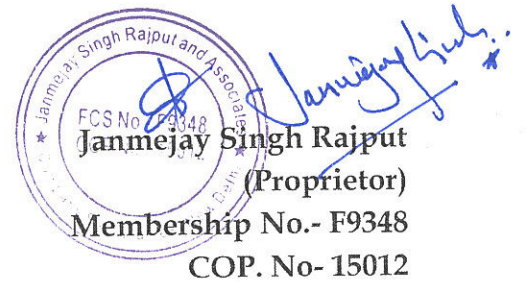
1. We further report that based on the information received, explanations given, process explained, and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, including Sector Specific laws, rules, regulations and guidelines. The company has confirmed compliance with all those laws.
2. We further report that the Compliance by the Company of applicable financial laws like direct and indirect tax laws has not been reviewed in this audit since the same has been subject to review by statutory auditor and other designated professionals and for the same we have relied on Reports given by the Internal as well as the Statutory Auditors of the Company.
3. We recommend the company to adopt POSH policy as per the industry practices.
4. The Company is recommended to take necessary steps for appointment of a Women Director on its Board at the earliest, in compliance with Section 149 of the Companies Act, 2013.



On the basis of representation given by the management, we further report that:

- a) There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, and Rules framed under these Acts against /on the Company, its directors and Officers.
 - b) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;
2. We further report that based on the information received and records maintained there are adequate systems and processes in the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For Janmejy Singh Rajput and Associates
Company Secretaries**



Peer Review Certificate No. 1590/2021
UDIN :- F009348H000685091

Date: 25.06.2026

Place: New Delhi

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms integral part of this secretarial audit report

Annexure -A

To,

The Members

Krishnapatnam Railway Company Limited

CIN: U45200TG2006PLC051378

3rd Floor, Lekha Bhavan, South Central Railway Opposite

Secunderabad East Metro Station, Secunderabad, Telangana 500025

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

1. Maintenance of secretarial records 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 auditing standard as prescribed by ICSI in CSAS 1 to CSAS- 4.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of the financial records and Books of Accounts of the company.
5. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on a test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Janmejay Singh Rajput and Associates
Company Secretaries**



**Janmejay Singh Rajput
(Proprietor)**

Membership No.- F9348

COP. No- 15012

Peer Review Certificate- No. 1590/2021

UDIN:- F009348H000685091

Date: 25.06.2026

Place: New Delhi



BALANCE SHEET
AND
STATEMENT OF PROFIT & LOSS

KRISHNAPATNAM RAILWAY COMPANY LIMITED

Balance Sheet as at 31st March 2026

(₹ in Lakhs)

Particulars	Note No	As at 31st March 2026		As at 31st March 2025	
I. ASSETS					
1 Non-Current Assets					
(a) Property, Plant and Equipment	3	11.33		180.52	
(b) Right of use Asset	4	63.36		-	
(c) Other Intangible Assets	5	2,16,923.83		2,26,368.07	
(d) Financial Assets					
(i) Others	6.1	1,320.63		1,151.57	
(e) Deferred Tax Asset (Net)	16	-	2,18,319.15	-	2,27,700.16
2 Current Assets					
(a) Financial Assets					
(i) Trade Receivables	7.1	8,540.26		8,672.89	
(ii) Cash and Cash Equivalents	7.2	7,128.61		11,361.03	
(iii) Bank Balances other than (ii) above	7.3	1,629.94		2,725.40	
(iv) Others	7.4	6,848.77		6,618.10	
(b) Current Tax Assets (Net)	8	2,634.81		111.46	
(c) Other Current Assets	9	341.74	27,124.13	200.72	29,689.60
3 Non Current Asset Held for Sale	10	164.47	164.47	-	-
TOTAL ASSETS			2,45,607.75		2,57,389.76
II. EQUITY AND LIABILITIES					
1 Equity					
(a) Equity Share Capital	11	62,500.00		62,500.00	
(b) Other Equity	12	17,493.22	79,993.22	2,365.23	64,865.23
2 Liabilities					
(i) Non-Current Liabilities					
(a) Financial Liabilities					
(i) Borrowing	13.1	26,576.21		35,442.19	
(ii) Lease Liability	13.2	30.13		-	
(iii) Other Financial Liabilities	14	9.42		135.61	
(b) Provisions	15	5,106.02		-	
(c) Deferred Tax Liabilities (Net)	16	5,990.82	37,712.60	1,109.41	36,687.21
(ii) Current liabilities					
(a) Financial Liabilities					
(i) Borrowing	17.1	8,872.16		8,863.78	
(ii) Lease Liability	17.2	29.91		-	
(iii) Trade Payables	17.3				
a) Total outstanding dues of micro enterprises and small enterprises		105.93		82.14	
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		77.16		56.08	
(iv) Other financial liabilities	17.4	1,18,756.75		1,42,711.07	
(b) Provisions	15	15.77		3,847.03	
(c) Other Current liabilities	18	44.25		111.20	
(d) Current Tax Liability (Net)	8	-	1,27,901.93	166.02	1,55,837.32
TOTAL EQUITY AND LIABILITIES			2,45,607.75		2,57,389.76
III. Material Accounting Policy Information	2				
IV. The accompanying notes 1-44 form an integral part of these financial statements					

As per our Report of even date

For P. Jain & Company

Chartered Accountants

FRN : 000711C

Pankaj Jain
Partner

M No. 097279

Place : New Delhi
Date : June 25, 2026

For and on behalf of Board of Directors

LVS Sudhakar Babu
Director
DIN : 05346362Trilok Garg
Company Secretary
M No. 12145KASTURI SIVA
PRASADK. Siva Prasad
Chief Executive Officer
DIN : 09124374Digitally signed by
KASTURI SIVA
PRASAD
Date: 2026.06.25
14:07:30 +05'30'Chandan Kumar Verma
Director
DIN : 10298031Nikhil Garg
Chief Financial Officer
M No. 444241

KRISHNAPATNAM RAILWAY COMPANY LIMITED
Statement of Profit & Loss for the Year ended 31st March 2026

(₹ in Lakhs except EPS)

Particulars		Note No	For the year ended 31st March 2026	For the year ended 31st March 2025
I.	Revenue :			
II.	Revenue from Operations	19	49,775.67	50,640.65
III.	Other Income	20	1,641.27	2,157.13
	Total Income (I + II)		51,416.94	52,797.78
IV.	Expenses:			
	Operation & Maintenance Expense	21	9,968.46	8,484.78
	Employee Benefits Expenses	22	316.84	286.30
	Finance Costs	23	8,512.40	18,504.80
	Depreciation and Amortisation	24	9,645.95	9,523.22
	Other Expenses	25	672.43	496.49
	Total Expenses (IV)		29,116.08	37,295.59
V.	Profit before exceptional items and Tax (III - IV)		22,300.86	15,502.19
VI.	Exceptional Items		-	-
VII.	Profit before tax (V - VI)		22,300.86	15,502.19
VIII.	Tax Expense:			
	(1) Current Tax			
	- For the year		-	2,708.54
	- For earlier year		(2,708.54)	-
	(2) Deferred Tax (Net)		4,881.41	4,665.97
	Total Tax Expense (VIII)	26	2,172.87	7,374.51
IX.	Profit for the year from continuing operation (VII - VIII)		20,127.99	8,127.68
X.	Profit/(loss) from discontinued operations		-	-
XI.	Tax Expense of discontinued operations		-	-
XII.	Profit/(loss) from discontinued operations (after tax) (X-XI)		-	-
XIII.	Profit for the year (IX+XII)		20,127.99	8,127.68
XIV.	Other Comprehensive Income			
	A. (i) Items that will not be reclassified to profit and loss		-	-
	(ii) Income Tax relating to Items that will not be reclassified to profit and loss		-	-
	B. (i) Items that will be reclassified to profit and loss		-	-
	(ii) Income Tax relating to Items that will be reclassified to profit and loss		-	-
XV.	Total Comprehensive Income for the year (XIII +XIV) (Comprising profit/(Loss) and Other Comprehensive income for the year)		20,127.99	8,127.68
XVI.	Earnings Per Equity Share:			
	(For Continuing Operation)			
	(1) Basic (Face Value of Share ₹ 10/-) (In ₹)	27	3.22	1.30
	(2) Diluted (Face Value of Share ₹ 10/-) (In ₹)	27	3.22	1.30
XVII.	Earnings Per Equity Share:			
	(For Discontinuing Operation)			
	(1) Basic (Face Value of Share ₹ 10/-) (In ₹)	27	-	-
	(2) Diluted (Face Value of Share ₹ 10/-) (In ₹)	27	-	-
XVIII.	Earnings Per Equity Share:			
	(For Continuing and Discontinuing Operation)			
	(1) Basic (Face Value of Share ₹ 10/-) (In ₹)	27	3.22	1.30
	(2) Diluted (Face Value of Share ₹ 10/-) (In ₹)	27	3.22	1.30

The accompanying notes 1-44 form an integral part of these financial statements

As per our Report of even date
For P. Jain & Company
Chartered Accountants
FRN : 000711C

Pankaj Jain
Partner
M No. 097279



Place : New Delhi
Date : June 25, 2026

For and on behalf of Board of Directors

LVS Sudhakar Babu
Director
DIN : 05346362

Trilok Garg
Company Secretary
M No. 12145

KASTURI
SIVA PRASAD
K. Siva Prasad
Chief Executive Officer
DIN : 09124374

Chandan Kumar Verma
Director
DIN : 10298031

Nikhil Garg
Chief Financial Officer
M No. 444241

KRISHNAPATNAM RAILWAY COMPANY LIMITED
Statement of Cash Flow for the year ended 31st March 2026

Particulars		For the year ended 31st March 2026	For the year ended 31st March 2025
(₹ in Lakhs)			
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before taxation		22,300.86	15,502.19
Adjustment for :			
Depreciation, amortisation and impairment		9,645.95	9,523.22
Interest income on Bank FDR		(1,293.50)	(2,036.14)
Interest Expenses on Term Loan		3,651.64	5,010.91
Provision for resurfacing		1,274.76	-
Trade receivable written off		8.73	-
Unwinding of discount-receivable from SCR		(137.27)	(120.99)
Unwinding of discount on security deposit paid to lessor		(0.17)	-
Interest on Lease Liability		1.55	-
Operating Profit before operating capital changes	(1)	35,452.55	27,879.19
Adjustment for :-			
Decrease / (Increase) in Trade Receivables		123.90	3,407.85
Decrease / (Increase) in Other Financial current Assets		(5.97)	(0.03)
Decrease / (Increase) in Other current Assets		(141.02)	12.23
Decrease / (Increase) in Other Non Current Financial Assets		(33.01)	(3.94)
Decrease / (Increase) in Other Bank Balances		(135.29)	6,790.76
(Decrease) / Increase in Current Trade Payables		44.87	(24.54)
(Decrease) / Increase in Other Financial Liability		(24,318.11)	(7,946.05)
(Decrease) / Increase in Other Current Liability		(66.95)	27.47
(Decrease) / Increase in Provisions		-	(1,152.97)
Cash generated from operation	(2)	(24,531.58)	1,110.78
Income Tax Paid (Net of Refund)	(1+2)	10,920.97	28,989.97
		19.17	(2,572.22)
NET CASH FROM OPERATING ACTIVITIES	(A)	10,940.14	26,417.75
CASH FLOW FROM INVESTING ACTIVITIES			
Capital Expenditure on Property, Plant & Equipment and Intangible Assets (Net of Sale proceeds)		(191.26)	(126.71)
(Increase) / Decrease in Capital Advances		-	400.00
Decrease in deposits having original maturity of more than three months		1,230.75	9,666.26
Increase in term Deposit in Scheduled Bank (Original Maturity more than 12 months)		(224.70)	-
Interest Income		1,293.50	2,036.14
NET CASH FROM INVESTING ACTIVITIES	(B)	2,108.29	11,975.69
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Term Loan		(8,865.98)	(22,021.53)
Interest Expenses on Term Loan		(3,643.26)	(5,010.91)
Lease liability paid during the year		(7.66)	-
Interest on Lease Liability		(1.55)	-
Dividend		(4,762.40)	-
NET CASH FROM FINANCING ACTIVITIES	(C)	(17,280.85)	(27,032.44)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT	(A+B+C)	(4,232.42)	11,361.00
CASH AND CASH EQUIVALENT (OPENING)	(D)	11,361.03	0.03
Balances with Banks-Current Account		23.79	0.03
Deposits with Bank with less than 3 months maturity		11,337.24	-
CASH AND CASH EQUIVALENT (CLOSING)	(E)	7,128.61	11,361.03
Balances with Banks-Current Account		218.62	23.79
Deposits with Bank with less than 3 months maturity		6,909.99	11,337.24
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT	(E-D)	(4,232.42)	11,361.00

Reconciliation of Liabilities arising from financing activities as on 31st March 2026 are as follows

Particulars	Borrowings	Dividend Payable	Lease Liabilities
Balance at 1st April, 2025	44,305.97	-	-
Cash Flows:-			
-Repayment/Payments	(8,865.98)	(4,762.40)	(9.21)
Non-Cash:-			
- Accrued/ Additions during the year	-	5,000.00	67.70
- Fair Value	-	-	1.55
Balance at 31 March, 2026	35,439.99	237.60	60.04

Reconciliation of Liabilities arising from financing activities as on 31st March 2025 are as follows

Particulars	Borrowings	Dividend Payable	Lease Liabilities
Balance at 1st April, 2024	66,327.50	-	-
Cash Flows:-			
-Repayment/Payments	(22,021.53)	-	-
Non-Cash:-			
- Accrued/ Additions during the year	-	-	-
Balance at 31 March, 2025	44,305.97	-	-

As per our Report of even date

For P. Jain & Company

Chartered Accountants

FRN : 000711C

Pankaj Jain

Partner

M No. 097279

Place : New Delhi

Date : June 25, 2026



For and on behalf of Board of Directors

LVS Sudhakar Babu

Director

DIN : 05346362

Trilok Garg

Company Secretary

M No. 12145

KASTURI SIVA PRASAD
Digitally signed by KASTURI SIVA PRASAD
Date: 2026.06.25 14:08:20 +05'30'

K. Siva Prasad

Chief Executive Officer

DIN : 09124374

Chandan Kumar Verma

Director

DIN : 10298031

Nikhil Garg

Chief Financial Officer

M No. 444241

STATEMENT OF CHANGES IN EQUITY
KRISHNAPATNAM RAILWAY COMPANY LIMITED
Statement of changes in equity for the year ended 31st March 2026

A. Equity Share Capital
As at 31st March 2026

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

As at 31st March 2025

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

B. Other Equity

(₹ in Lakhs)

Particulars	Reserve & Surplus	Total
	Retained Earnings	
Balance as at April 1, 2024	(4,703.26)	(4,703.26)
Restatement of Prior Period	(1,059.19)	(1,059.19)
Restated Balance as at April 1, 2024	(5,762.45)	(5,762.45)
Profit for the year	8,127.68	8,127.68
Other Comprehensive Income for the year (net of income tax)	-	-
Total Comprehensive Income for the year	8,127.68	8,127.68
Dividends paid	-	-
Balance at March 31, 2025	2,365.23	2,365.23
Balance as at April 1, 2025	2,365.23	2,365.23
Profit for the year	20,127.99	20,127.99
Other Comprehensive Income for the year (net of income tax)	-	-
Total Comprehensive Income for the year	20,127.99	20,127.99
Interim Dividend declared	(5,000.00)	(5,000.00)
Balance at March 31, 2026	17,493.22	17,493.22

As per our Report of even date
For P. Jain & Company
Chartered Accountants
FRN : 000711C



Place : New Delhi
Date : June 25, 2026

For and on behalf of Board of Directors

LVS Sudhakar Babu
Director
DIN : 05346362

Chandan Kumar Verma
Director
DIN : 10298031

Trilok Garg
Company Secretary
M No. 12145

KASTURI
SIVA
PRASAD
K. Siva Prasad

Chief Executive Officer
DIN : 09124374

Digitally signed by
KASTURI SIVA
PRASAD
Date: 2026.06.25
14:09:19 +05'30'

Nikhil Garg
Chief Financial Officer
M No. 444241

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, Adani Krishnapatnam Port Limited, NMDC Limited, Government of Andhra Pradesh, Bramhani Industries Limited and Sagarmala Finance Corporation Limited. The registered office of the company is located at 3rd Floor, Lekha Bhavan, South Central Railway, Opposite Secunderabad East Metro Station, Secunderabad-500025, Telangana, India.

The Company has entered into a Concession Agreement with Ministry of Railways (MoR), Government of India dated November 23, 2007 in terms of which the Ministry of Railways (Concessioning 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 Operations of the Project Railway is being conducted by South Central Railway (SCR) under Operations 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 and is required to pass-on the apportioned revenue and Operation & Maintenance cost to Krishnapatnam Railway Company Limited. The maintenance of S&T, OHE, Electrical general and P.Way assets of the Project Railway is the responsibility of KRCL as per Operations & Maintenance Agreement and the same is being carried out by 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 23-11-2007) has been completed and commercial traffic is being operated on the same with effect from November 15, 2008.

Phase-2 of the Project involving the laying of Railway line of 85.4 Km from Venkatachalam to Obulavaripalle (as per concession agreement signed on 23-11-2007) has been completed and commercial traffic is being operated on the same with effect from July 03, 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 with effect from March 02, 2014.

The financial statements are authorised for issue in accordance with a resolution of the board of directors on June 25, 2026.

Note: - 2 Basis of Preparation and Summary of Material Accounting Policies:

2.1 Statement of Compliance

The financial statements as at and for the year ended March 31, 2026 have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under section 133 of the Companies Act 2013, as per the 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 the 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 certain financial assets and liabilities measured at fair value as required by the relevant Ind-AS (also refer note no. 6.1)

2.3 Use of estimates and judgment

The preparation of financial statements in conformity with Ind AS, which 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 as 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, provisions. 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.

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.

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

2.6 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 & 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 Schedule II of Companies Act 2013, except Mobile and Tablet PC. In both the categories of these assets Management has estimated the useful life after taking into consideration the economic benefits embodied in these assets and other factors such as technical obsolescence and wear and tear etc.

(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
Mobile and Tablet PC	2

(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.

(e) Depreciation on individual assets acquired for ₹ 5,000/- or less is depreciated 100% in the year of purchase.

(f) Residual value of Assets is considered as 5% of cost of assets.

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 proportionate 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 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 assets under development:

- Interest earned on the mobilization advances given in respect of the project execution.
- Amount received on sale of tender.
- Interest received on FD created out of borrowed fund, which was taken for exclusively project expenditure.

2.9 Non Current Assets Held for Sale

Non-current assets (or disposal groups) 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, investment property and intangible assets are not depreciated or amortised once classified as held for sale. Assets classified as held for sale/distribution are presented separately in the balance sheet.

If the criteria stated by IND AS 105 "Non-current Assets Held for Sale" 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.

The depreciation reversal adjustment related property, plant and equipment, investment property and intangible assets is charged to statement of profit and loss in the period when non-current assets held for sale criteria are no longer met.

2.10 Provisions, Contingent Liabilities and Contingent Assets

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

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

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.

(b) Contingent Liabilities are disclosed in either of the following cases:

- 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
- A reliable estimate of the present obligation cannot be made; or
- A possible obligation, unless the probability of outflow of resource is remote.

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

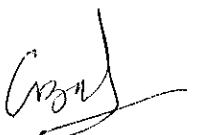
(d) Contingent Liability and Provisions needed against Contingent Liability and Contingent Assets are reviewed at each reporting date.

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



KASTURI SIVA
PRASAD

Digitally signed by
KASTURI SIVA PRASAD
Date: 2026.06.25 14:13:04
+05'30'



2.11 Revenue Recognition

a) Revenue from contracts with customers:

The Company recognises the revenue from the contracts with customers in accordance with Ind AS 115- "Revenue from Contracts with Customers". In recognition of the Contract Revenue, five-step approach is followed as under:

- Step 1: Identify the contract(s) with a customer(s),
- Step 2: Identify the performance obligation in contract,
- Step 3: Determine the transaction price,
- Step 4: Allocate the transaction price to the performance obligations in the contract and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Company recognises the following revenues from the contract with customer(s) as per Ind AS 115:

b) Contract Revenue from Operations: - Under the Concession agreement with MOR, the Company receives share of freight earnings from Railways generated from the freight train operations on Project Railway. Share of freight earnings as accrued to the Company under terms of the Concession agreement for freight operations on the Project Railway is recognised by the Company as Contract Revenue from operation in accordance with Ind AS 115. The Company recognises Contract revenue on satisfaction of performance obligations related to freight operations. Contract revenue is measured at transaction price i.e. actual freight collected by Railways as per tariff notified by MOR, and apportioned to the Company under the terms of the Concession Agreement.

c) Contract Revenue from Construction or upgrading Project Railway line: - The Company recognises contract revenue from Construction or upgrading of Project Railway line in accordance with Ind AS 115 in respect of development activities carried out or new facilities created resulting in capacity enhancement or up-gradation of the Project Railway, which results in the income to the Company. The Company recognises the revenue on satisfaction of the performance obligation as and when the control over asset is obtained by MOR over the time. The revenue is recognized over the time to the extent of the performance obligations are satisfied. The Company measures revenue from construction or upgrading of Project Railway line and recognises the same at cost of work reckoning as transaction price which the Company expects to be entitled.

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.

2.12 Leases

(i) The Company Recognizes a right-of-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.

(ii) The right-of-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. In addition, the right-to-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(iii) 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.

(iv) 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.

(v) 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.

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

(a) Short term employee benefits

The undiscounted amount of short term employee benefits expected to be paid for the services rendered are recognized as an expense during the period when the employees render the services. Contribution to provident fund is defined contribution plan and liability of company is restricted to the amount of contribution to regional provident fund.

(b) Post employment benefits

Currently there are no post employment benefits defined for employees of company.

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 Other Comprehensive Income (OCI) Item are recognized in OCI.

b) Deferred Tax

(i) Deferred income tax assets and liabilities are recognized for temporary differences which is computed using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

(ii) Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

(iii) The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

(iv) Deferred tax related to OCI Item are recognized in 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.

KASTURI SIVA
PRASAD

Digitally signed by
KASTURI SIVA PRASAD
Date: 2026.06.25
14:14:47 +05'30'

2.16 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.

2.17 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.

2.18 Financial Instruments:-

(a) Initial Recognition and Measurement

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

(b) Subsequent Measurement

Financial Assets

Financial Assets are classified in following categories:

(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 statement of profit & loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit & loss. 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 statement of profit & loss.

KASTURI SIVA
PRASAD

Digitally signed by
KASTURI SIVA PRASAD
Date: 2026.06.25
14:15:26 +05'30'

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.

(e) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.19 Operating Segment

Operating segments are reported in the manner consistent with the internal reporting provided by the Chief Operating Decision Maker (CODM). Managing Director/Chief Executive Officer of the company has been identified as CODM. Company has identified only one reportable segment i.e. "Apportioned Revenue from Railway Operations".

2.20 Recent Accounting Pronouncements/ Amendments and Other Changes effective April 1, 2025 or thereafter

Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules, from time to time. Below is a summary of key amendments that are effective for the first time for periods commencing on or after 1 April 2025:

1. Ind AS 1 – Presentation of Financial Statements

Nature of Change: Amendments relating to classification of liabilities as current or non-current, including clarification on the role of covenants and the entity's right to defer settlement.

Effective Date: 1 April 2025 (with certain provisions effective from 1 April 2026).

Impact: The amendments may affect the classification of certain borrowings; however, they do not have a material impact on the Company's financial statements.

2. Ind AS 7- Statement of Cash Flows and Ind AS 107- Financial Instruments: Disclosures

Nature of Change: Introduction of disclosure requirements for supplier finance arrangements.

Effective Date: 1 April 2025.

Impact: The amendments require additional disclosures in the financial statements; however, they do not affect recognition or measurement.

3. Ind AS 12-Income Taxes

Nature of Change: Introduction of disclosures relating to the OECD Pillar Two global minimum tax rules.

Effective Date: 1 April 2025.

Impact: The amendments require additional disclosures regarding potential tax exposure. There is no material impact on current tax expense as at the reporting date.

4. Ind AS 101- First-time Adoption of Indian Accounting Standards & Ind AS 116- Leases

Nature of Change: Relief to first-time adopters for lease classification based on facts and circumstances at the date of transition.

Effective Date: 1 April 2025.

Impact: Not applicable to the Company as it is not a first-time adopter.

5. Ind AS 21- The Effects of Changes in Foreign Exchange Rates

Nature of Change: Amendments relating to determination of exchange rates when a currency is not exchangeable and related disclosure requirements.

Effective Date: 1 April 2025.

Impact: Not applicable to the Company.

6. Other Amendments (Ind AS 115, 108, 109, 28, 10)

Nature of Change: Minor amendments, including alignment of references, clarification of guidance, and terminology updates.

Effective Date: 1 April 2025.

Impact: These amendments do not have a material impact on the Company's financial statements

KASTURI
SIVA
PRASAD

Digitally signed by
KASTURI SIVA
PRASAD
Date: 2026.06.25
14:15:52 +05'30'

2.21 New Standard issued but not yet effective

Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules, from time to time. Below is a summary of the new standards that are effective for the first time for periods commencing on or after 1 April 2025:

1. Ind AS 118 Presentation and Disclosure in Financial Statements

Nature of change: This standard introduces new requirements for presentation and disclosure in financial statements. It replaces certain aspects of Ind AS 1 Presentation of Financial Statements and introduces defined categories of income and expenses (operating, investing, financing), mandates presentation of operating profit, and enhances disclosures relating to management-defined performance measures.

Effective date: Applicable for annual periods beginning on or after 1 April 2027.

Impact: The Company is currently evaluating the impact of this standard on the presentation and disclosure of its financial statements. The standard is expected to primarily affect presentation and disclosure, with no significant impact on recognition and measurement of transactions.

2. Ind AS 119 Subsidiaries without Public Accountability

Nature of change: This standard permit eligible subsidiaries without public accountability to apply reduced disclosure requirements while continuing to follow Ind AS recognition and measurement principles.

Effective date: Applicable for annual periods beginning on or after 1 April 2027.

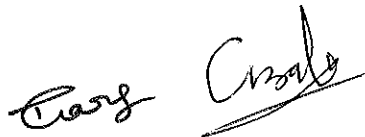
Impact: The Company is evaluating the impact; however, no significant impact is expected.

3. Ind AS 117 Insurance Contracts

Nature of change: This standard establishes principles for recognition, measurement, presentation and disclosure of insurance contracts. It introduces a current value measurement model (including fulfilment cash flows and contractual service margin) and requires more transparent and consistent reporting of insurance obligations.

Effective date: Applicable for annual periods beginning on or after 1 April 2027.

Impact: The Company is evaluating the applicability of this standard. Since the Company is not engaged in insurance business, the standard is not expected to have any impact on its financial statements.



KASTURI
SIVA PRASAD

Digitally signed by
KASTURI SIVA PRASAD
Date: 2026.06.25
14:16:18 +05'30'

Note 3: Property, Plant and Equipment

	(₹ in Lakhs)				
Particulars	Office Building	Furniture & Fixtures	Office Equipments	EDP Assets	Total
At Cost or Deemed Cost					
At 1st April 2024					
Additions	456.74	2.14	5.76	6.31	470.95
Disposals/Adjustments	-	5.13	2.30	4.52	11.95
At 31st March 2025	456.74	-	(1.13)	(2.54)	(3.67)
Additions	-	7.27	6.93	8.29	479.23
Reclassified to Asset Held for Sale	-	1.42	1.51	4.29	7.22
Disposals/Adjustments	(456.74)	-	-	-	(456.74)
At 31st March 2026	-	(0.40)	(1.18)	(2.35)	(3.93)
	-	8.29	7.26	10.23	25.78
Accumulated Depreciation					
At 1st April 2024					
Depreciation charge for the year	270.74	0.74	3.92	4.51	279.91
Disposals/Adjustments	17.67	1.02	1.48	2.11	22.28
At 31st March 2025	-	-	(1.07)	(2.41)	(3.48)
Depreciation charge for the year	288.41	1.76	4.33	4.21	298.71
Reclassified to Asset Held for Sale	3.86	2.05	1.94	3.19	11.04
Disposals/Adjustments	(292.27)	-	-	-	(292.27)
At 31st March 2026	-	(0.35)	(0.88)	(1.80)	(3.03)
	-	3.46	5.39	5.60	14.45
Net carrying amount					
At 31st March 2026	-	4.83	1.87	4.63	11.33
At 31st March 2025	168.33	5.51	2.60	4.08	180.52

Note 3.1 The company has purchased a property for the purpose of administration office in the year 2014, which is lying vacant till date. During the year, management decided to dispose of the property and, accordingly, it has been reclassified as a Non-Current Asset Held for Sale. The carrying amount of the asset as at 31 March 2026 is Nil (31 March 2025: ₹168.33 lakhs).

Note 3.2 Property, plant & equipment with a carrying amount of ₹ 11.33 Lakhs as at 31st March 2026 (as at 31st March 2025: ₹ 180.52 Lakhs) are charged with secured Company's loans. The property plant and equipment having gross carrying amount of ₹ 13.55 Lakhs as at 31st March 2026 (₹ 14.09 Lakhs as at 31st March 2025) are held in the name of Employees.

Note 3.3 In compliance with Ind AS 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 During the previous year, the Company revised its accounting policy regarding the useful life of mobile phones and tablet PCs, reducing the estimated useful life to two years. The change was applied prospectively and did not have a material impact on the financial statements for the reporting period in which it was implemented.

Note 4: Right of Use Asset

	(₹ in Lakhs)	
Particulars	Office Building	Total
At Cost or Deemed Cost		
At 1st April 2024		
Additions	-	-
Disposals/Adjustments	-	-
At 31st March 2025	-	-
Additions	72.41	72.41
Disposals/Adjustments	-	-
At 31st March 2026	72.41	72.41
Accumulated Depreciation		
At 1st April 2024		
Depreciation charge for the year	-	-
Impairment	-	-
Disposals/Adjustments	-	-
At 31st March 2025	-	-
Depreciation charge for the year	9.05	9.05
Impairment	-	-
Disposals/Adjustments	-	-
At 31st March 2026	9.05	9.05
Net carrying amount		
At 31st March 2026	63.36	63.36
At 31st March 2025	-	-

Handwritten signature: KASTURI SIVA PRASAD

KASTURI
SIVA PRASAD

Digitally signed by
KASTURI SIVA PRASAD
Date: 2026.06.25
14:16:50 +05'30'

Note 5: Other Intangible Assets

(₹ in Lakhs)		
Particulars	Revenue Sharing Right	Total
Cost		
At 1st April 2024		
Additions	283,911.29	283,911.29
Disposals/Adjustments	114.95	114.95
At 31st March 2025	-	-
Additions	284,026.24	284,026.24
Disposals/Adjustments	181.62	181.62
At 31st March 2026	-	-
	284,207.86	284,207.86
Amortisation		
At 1st April 2024		
Amortisation for the year	48,157.23	48,157.23
Disposals/Adjustments	9,500.94	9,500.94
At 31st March 2025	-	-
Amortisation for the year	57,658.17	57,658.17
Disposals/Adjustments	9,625.86	9,625.86
At 31st March 2026	-	-
	67,284.03	67,284.03
Net carrying amount		
At 31st March 2026	216,923.83	216,923.83
At 31st March 2025	226,368.07	226,368.07

Note 5.1 Amortisation on other intangible assets are included in Note no. 24 of Depreciation and Amortisation.

Note 5.2 All Intangible with a carrying amount of ₹ 2,16,923.83 Lakhs as at 31st March 2026 (as at 31st March 2025: ₹ 2,26,368.07 Lakhs) are charged with company's secured loans.

Note 5.3 In compliance with Ind AS 101, the company has restated the gross block of Intangible Assets by reducing accumulated amortisation reserve by ₹ 9,626.84 Lakhs at the time of transition to Ind AS.

Note 5.4 Title of leasehold land represents land acquired for project, which 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 5.5 Intangible Assets includes expenditure on account of Directional & General Charges (D&G charges) amounting to ₹ 13.74 Lakhs (Previous Year ₹ 6.89 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 2026 is ₹19,433.73 Lakhs (Previous Year ₹ 19,419.99 Lakhs) is subject to change.

Note 5.6 There is no change in value of intangible assets due to revaluation.

Note 5.7 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.



KASTURI SIVA
PRASAD

Digitally signed by
KASTURI SIVA
PRASAD
Date: 2026.06.25
14:17:14 +05'30'

Notes 6: Financial Assets - Non Current

Note 6.1: Others

Particulars	₹ in Lakhs	
	As at 31st March 2026	As at 31st March 2025
At Amortised cost		
Security deposit(FA)	8.74	1.50
Receivable from South Central Railway under Service Concession Arrangement (Value of land) (Refer Note-28)	1,311.89	1,150.07
Total	1,320.63	1,151.57

Note 7: Financial Assets - Current

Note 7.1: Trade Receivables

Particulars	₹ in Lakhs	
	As at 31st March 2026	As at 31st March 2025
Trade Receivables		
Unsecured, considered good		
- Trade receivables	8,540.26	8,672.89
Total	8,540.26	8,672.89

7.1.1 Ageing Schedule of Trade receivable
As at 31st March 2026

Particulars	Not Due	Outstanding for following periods from due date of payment						Unbilled Revenue	Total
		Less than 6 months	6 months to 1 year	1 year to 2 years	2 year to 3 years	More than 3 years			
(i) Undisputed Trade receivables – considered good	5,070.30	3,469.96	-	-	-	-	-	-	8,540.26
(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	-	-	-	-	-	-	-	-	-
Total	5,070.30	3,469.96	-	-	-	-	-	-	8,540.26

As at 31st March 2025

Particulars	Not Due	Outstanding for following periods from due date of payment						Unbilled Revenue	Total
		Less than 6 months	6 months to 1 year	1 year to 2 years	2 year to 3 years	More than 3 years			
(i) Undisputed Trade receivables – considered good	8,672.89	-	-	-	-	-	-	-	8,672.89
(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	-	-	-	-	-	-	-	-	-
Total	8,672.89	-	-	-	-	-	-	-	8,672.89

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 ₹ 8,540.26 lakhs (previous year ₹ 8,672.89 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 45 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 trade or other receivable are due from any firm or private companies respectively in which any director is a partner, a director or member.

Note 7.2: Cash and Cash Equivalents

Particulars	₹ in Lakhs	
	As at 31st March 2026	As at 31st March 2025
Balances with banks:		
-- On current account	218.62	23.79
-- Term Deposits with original maturity of three months or less	6,909.99	11,337.24
Total	7,128.61	11,361.03

066

Prasanna

KASTURI SIVA
PRASAD

Digitally signed by
KASTURI SIVA PRASAD
Date: 2026.06.25
14:18:22 +05'30'

Note 7.3: Bank Balances other than Cash and Cash Equivalent

Particulars	₹ in Lakhs	
	As at 31st March 2026	As at 31st March 2025
Balances with banks:		
– Term Deposit in Scheduled Bank (Original Maturity more than 3 Months but less than 12 months)	1,000.29	2,231.04
– On Escrow account, earmarked balance	392.05	494.36
– On Dividend Account, earmarked balance	237.60	-
Total	1,629.94	2,725.40

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

Note 7.3.2 The balance lying in the Dividend Account can be utilized only for the payment of outstanding dividends. As at 31 March 2026, the Dividend Account includes an amount of ₹237.60 lakhs (31 March 2025: ₹ Nil) payable to Bramhani Industries Limited (BIL). The dividend could not be remitted due to pending documentation and related formalities to be completed by Bramhani Industries Limited (BIL).

Note 7.4: Other Financial Assets-Current

Particulars	₹ in Lakhs	
	As at 31st March 2026	As at 31st March 2025
Term Deposit in Scheduled Bank (Original Maturity more than 12 months)	6,842.77	6,618.07
Security Deposit	8.00	-
Others	-	0.03
Total	6,848.77	6,618.10

Note 8: Current Tax Assets/Liability

Particulars	₹ in Lakhs	
	As at 31st March 2026	As at 31st March 2025
Current Tax Assets		
Income Tax Refundable Previous Years	169.35	111.46
Advance Tax Paid / Tax Deducted at Source for FY 2025-26	2,465.46	-
	2,634.81	111.46
Current Tax Liability		
Provision for Income Tax for FY 2024-25	-	2,708.54
Advance Tax Paid / Tax Deducted at Source	-	(2,542.52)
Total	-	166.02

Note 9: Other Current Assets

Particulars	₹ in Lakhs	
	As at 31st March 2026	As at 31st March 2025
a) Other than Capital Advances		
Other Advances	180.49	26.59
b) Others		
Prepaid Expenses	161.25	174.13
Total	341.74	200.72

Note 10: Non-Current Asset Held For Sale

Particulars	₹ in Lakhs	
	As at 31st March 2026	As at 31st March 2025
Building [Refer Note 10.1]	164.47	-
Total	164.47	-

Note 10.1 Building Held For Sale

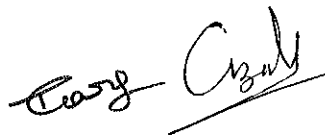
a) The Company owns a property located in the Okhla Phase I Industrial Area, which was previously held for administrative purposes. During the year, the management decided to dispose of this property and has initiated active measures to complete the sale. Accordingly, as at the reporting date, the property meets the criteria for classification as a "Non-current Asset Held for Sale" under Ind AS 105 and has therefore been reclassified from Property, Plant and Equipment.

On the date of reclassification, the carrying amount of the building was ₹164.47 lakhs. In accordance with the requirements of Ind AS 105, the Company compared the carrying amount of the asset with its fair value less costs to sell. Since the fair value less costs to sell exceeded the carrying amount, the asset has been recognized and measured at its carrying amount of ₹164.47 lakhs on the date of reclassification.

b) These assets are expected to be disposed off within the next twelve months.

c) The Company has not reclassified any of the assets classified as held for sale as Property, plant and equipment during the year as well as in the previous year.

d) The title deed of immovable property i.e., building is held in the name of the Company.



KASTURI SIVA PRASAD
Digitally signed by
KASTURI SIVA PRASAD
Date: 2026.06.25
14:18:54 +05'30'

Note 11: Equity Share capital

Particulars	₹ in Lakhs	
	As at 31st March 2026	As at 31st March 2025
11.1 Authorized Share Capital		
65,00,00,000 Equity Share of ₹ 10 each	65,000.00	65,000.00
(March 31, 2025: 65,00,00,000 Equity Share of ₹ 10 each)		
	65,000.00	65,000.00
11.2 Issued/Subscribed and Paid up Capital		
62,50,00,000 Equity Share of ₹ 10 each	62,500.00	62,500.00
(March 31, 2025: 62,50,00,000 Equity Share of ₹ 10 each)		
	62,500.00	62,500.00

Particulars	₹ in Lakhs			
	As at 31st March 2026		As at 31st March 2025	
	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	6,250.00	62,500.00	6,250.00	62,500.00
Changes in Equity Share Capital during the current year	-	-	-	-
Issued/Subscribed and Paid up equity Capital outstanding at the end of the year	6,250.00	62,500.00	6,250.00	62,500.00

Terms/Rights attached to Equity Shares

The company has only one class of equity shares having par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share and also to dividends in Indian Rupees.

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.

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

Name of the Shareholder	As at 31st March 2026		As at 31st March 2025	
	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 Adani Krishnapatnam Port Limited (AKPL)	810.00	12.96%	810.00	12.96%
3 NMDC Limited (NMDCL)	400.00	6.40%	400.00	6.40%
4 Government 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 Finance Corporation Limited (SMFCL)	1,250.00	20.00%	1,250.00	20.00%
Total	6,250.00	100.00%	6,250.00	100.00%

11.5 Aggregate number of Shares issued for consideration other than cash , Bonus Shares issued and Shares bought back during the year:-

Particulars	As at 31st March 2026	As at 31st March 2025	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Equity Shares issued for consideration other than cash	-	-	-	-	-
Equity Shares issued as fully paid up bonus shares	-	-	-	-	-
Equity Shares bought back	-	-	-	-	-
Total	-	-	-	-	-

11.6 Details of Shares held by Promoters

Name of Promoters	As at 31st March 2026			As at 31st March 2025		
	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 Adani Krishnapatnam Port Limited (AKPL)	810.00	12.96%	-	810.00	12.96%	-
3 NMDC Limited (NMDCL)	400.00	6.40%	-	400.00	6.40%	-
4 Government 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 Finance Corporation Limited (SMFCL)	1,250.00	20.00%	-	1,250.00	20.00%	-
Total	6,250.00	100.00%	-	6,250.00	100.00%	-

Note 12: Other Equity

Particulars	₹ in Lakhs	
	As at 31st March 2026	As at 31st March 2025
Retained Earnings (Refer Note 12.1)	17,493.22	2,365.23
Total	17,493.22	2,365.23

Note 12.1 Retained Earnings

Particulars	₹ in Lakhs	
	As at 31st March 2026	As at 31st March 2025
Opening Balance	2,365.23	(4,703.26)
Restatement of Prior Period	-	(1,059.19)
Restated Balance as on 1st April of the year	2,365.23	(5,762.45)
Add: Total Comprehensive Income/(Loss) for the year	20,127.99	8,127.68
Less: Dividend (interim) Rs. 0.80 per share	(5,000.00)	-
Total	17,493.22	2,365.23

Note 12.1.1 Dividend Distribution made and proposed

Dividend on Equity Shares declared and paid

Particulars	₹ in Lakhs	
	As at 31st March 2026	As at 31st March 2025
Interim Dividend paid during FY 2025-26: Rs. 0.80 per share	5,000.00	-
	5,000.00	-

Proposed Dividend on Equity Shares

Particulars	₹ in Lakhs	
	As at 31st March 2026	As at 31st March 2025
Proposed Dividend for the period	-	-
	-	-

Note 12.1.2 -- Events Occurring After the Balance Sheet Date

Subsequent to the year ended 31st March 2026, the Board of Directors at its meeting held on June 25 2026 declared an interim dividend of ₹ 0.20 per equity share of ₹ 10/- each (fully paid up) on 62,50,00,000 equity shares, aggregating to ₹ 1,250 Lakhs. In accordance with Ind AS 10, Events after the Reporting Period, this has not been recognised as a liability in the financial statements for the year ended March 31 2026, as the obligation arose after the reporting date.

Note 13: Financial Liability-Non Current

Note 13.1: Borrowings

Particulars	₹ in Lakhs	
	As at 31st March 2026	As at 31st March 2025
Secured- At Amortised Cost		
Term Loans		
From Banks	35,439.99	44,305.97
Total	35,439.99	44,305.97
Less: Current Maturities of long term debt (Refer Note 17.1)	(8,863.78)	(8,863.78)
Total	26,576.21	35,442.19

Note 13.1.1 Summary of Borrowing Arrangement

i) A Term Loan has been taken from Punjab National Bank.

Note 13.1.2 Terms of Security for Loan are as follows:

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

- a first mortgage and charge on all the borrower's immovable properties, both present and future (save and except Project Site);(see note-3 and 5)
- a first charge on all the borrower's tangible movable 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)
- a first charge on all bank accounts of the borrower, including but not limited to the Escrow Account and other Accounts, or any account in substitution thereof established and opened pursuant to the provisions of the Term Loan Agreements 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 Escrow 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-5)

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

g) a first charge/assignment of the security interest:

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

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

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

Note 13.1.3 Terms of Repayment**Punjab National Bank**

Term loan is repayable in 36 structured Quarterly instalments, commencing from 30 September 2023 and last instalment falls due on 30 June 2032.

Note 13.1.4 Interest Terms

The rate of interest applicable to the loan is 6 Month MCLR + 0.10% Spread, i.e., 8.70% as on 31st March, 2026. In case of any change in 6 month MCLR, spread shall be adjusted accordingly to keep the effective rate at 8.70%.

Note 13.2: Lease Liability

Particulars	(₹ in Lakhs)	
	As at 31st March 2026	As at 31st March 2025
Lease liabilities (Refer Note 35)	30.13	-
Total	30.13	-

Note 14: Other Financial Liabilities

Particulars	(₹ in Lakhs)	
	As at 31st March 2026	As at 31st March 2025
Security deposits	9.42	135.61
Total	9.42	135.61
Total Non Current Financial Liabilities	26,615.76	35,577.80

Note 15: Provisions**15.1 Non Current**

Particulars	(₹ in Lakhs)	
	As at 31st March 2026	As at 31st March 2025
Provisions for Re-Surfacing Cost	5,106.02	-
Total	5,106.02	-

15.2 Current

Particulars	(₹ in Lakhs)	
	As at 31st March 2026	As at 31st March 2025
Provisions for Re-Surfacing Cost	15.77	3,847.03
	15.77	3,847.03

Note 15.3 As per Clause 4.3(d) of the Concession Agreement executed between Krishnapatnam Railway Company Limited (KRCL) and the Ministry of Railways (MoR), the Company is contractually obligated to keep the Project Assets in proper working condition, including making replacement in accordance with the standard laid down by MoR, of all Project Assets whose useful lives have expired. The costs of such replacements are required to be borne by KRCL. In accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers, read with the principles of Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, the Company is required to recognise a provision representing the best estimate of expenditure required to fulfil the aforesaid replacement and restoration obligations arising over the remaining Concession Period.

Accordingly, during the financial year 2025-26, the Company has recognised a Provision for Resurfacing Cost amounting to ₹ 1,274.76 Lakhs (including unwinding of interest), to keep the project assets in working condition at the end of concession period. The Resurfacing cost provision for upcoming financial year will be recognised accordingly.

Note 15.4 Movement in Resurfacing Cost during the year is as follows:**As at 31st March 2026**

Particular	Opening Balance as on 01.04.2025	Additions during the year/Provision Made during the year	Amount used/incurred/ reversed during the year	Closing Balance as on 31.03.2026
Provision for Resurfacing Cost	3,847.03	1,274.76	-	5,121.79

As at 31st March 2025

Particular	Opening Balance as on 01.04.2024	Additions during the year/Provision Made during the year	Amount used/incurred/ reversed during the year	Closing Balance as on 31.03.2025
Provision for Resurfacing Cost	5,000.00	-	1,152.97	3,847.03



KASTURI SIVA
PRASAD

Digitally signed by
KASTURI SIVA PRASAD
Date: 2026.06.25
14:20:37 +05'30'

Note 16: Deferred Tax

Deferred Tax Assets/Deferred Tax Liabilities (Net)

(₹ in Lakhs)

Particulars	As at 31st March 2026	As at 31st March 2025
Deferred tax liabilities	20,768.75	27,792.80
Deferred tax assets	(14,777.93)	(26,683.39)
Deferred tax liabilities (Net of deferred tax assets)	<u>5,990.82</u>	<u>1,109.41</u>
The balance comprises to temporary differences attributable to:		
Deferred Tax Assets		
Unabsorbed Depreciation	13,488.88	25,339.08
Provision for re-surfacing Cost	1,289.05	1,344.31
	<u>14,777.93</u>	<u>26,683.39</u>
Deferred Tax Liabilities		
Property, Plant and Equipment & Intangible Assets	20,768.22	27,792.80
ROU Assets	0.53	-
	<u>20,768.75</u>	<u>27,792.80</u>
Deferred Tax Assets /(Liabilities)	<u>(5,990.82)</u>	<u>(1,109.41)</u>

Note 17: Financial Liability-Current

Note 17.1: Borrowings

(₹ in Lakhs)

Particulars	As at 31st March 2026	As at 31st March 2025
Current Maturities of long term debt (Refer Note 13.1)	8,863.78	8,863.78
Interest accrued but not due	8.38	-
Total	<u>8,872.16</u>	<u>8,863.78</u>

Note 17.2: Lease Liability

(₹ in Lakhs)

Particulars	As at 31st March 2026	As at 31st March 2025
Lease liability (Refer Note 35)	29.91	-
Total	<u>29.91</u>	<u>-</u>

Note 17.3: Trade Payables

(₹ in Lakhs)

Particulars	As at 31st March 2026	As at 31st March 2025
a) Total outstanding due to micro enterprises and small enterprises	105.93	82.14
b) Total outstanding due to creditors other than micro enterprises and small enterprises	77.16	56.08
Total	<u>183.09</u>	<u>138.22</u>

Note 17.3.1 Micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

Particular	As at 31st March 2026	As at 31st March 2025
(i) Principal amount remaining unpaid	105.93	82.14
(ii) Interest due thereon	-	-
(iii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(v) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

Kasturi Siva Prasad

**KASTURI
SIVA
PRASAD**

Digitally signed by
KASTURI SIVA
PRASAD
Date: 2026.06.25
14:22:08 +05'30'

Note 17.3.2 Ageing Schedule
As at 31st March 2026

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*	120.71	19.35	32.30	-	-	-	172.36
(ii) Others	9.99	-	0.74	-	-	-	10.73
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	130.70	19.35	33.04	-	-	-	183.09

* This amount includes an amount of ₹ 105.93 lakhs towards micro & small enterprises and an amount of ₹ 66.43 lakhs towards medium enterprises.

As at 31st March 2025

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**	95.90	26.52	0.02	-	-	-	122.44
(ii) Others	10.82	4.94	0.02	-	-	-	15.78
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	106.72	31.46	0.05	-	-	-	138.22

** This amount includes an amount of ₹ 82.14 lakhs towards micro & small enterprises and an amount of ₹ 40.30 lakhs towards medium enterprises.

Note 17.4: Other Financial Liabilities

Particulars	(₹ in Lakhs)	
	As at 31st March 2026	As at 31st March 2025
Audit Fees Payable	4.54	4.16
Rail Vikas Nigam Limited [Refer Note 17.4.1]	1,11,682.85	1,35,480.38
Accrued GST on Interest Payable	6,626.30	7,172.40
Expenses Payable	15.80	38.03
Security Deposit	189.66	16.10
Dividend payable [Refer Note 17.4.2]	237.60	-
	1,18,756.75	1,42,711.07
Total Current Financial Liability	1,27,841.91	1,51,713.07

Note 17.4.1 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 17.4.2 Dividend Payable

As at 31 March 2026, an amount of ₹237.60 lakhs pertaining to the interim dividend for the financial year 2025–26, payable to Bramhani Industries Limited (BIL), remained unpaid. Accordingly, the Dividend Account was redesignated as an Unpaid Dividend Account on 21 April 2026 in accordance with the provisions of the Companies Act, 2013. The unpaid dividend will be remitted to the shareholder's designated bank account within the statutory timeline prescribed under the Act and the applicable rules thereunder. Any amount remaining unpaid beyond the prescribed period shall be transferred to the Investor Education and Protection Fund (IEPF) in accordance with applicable legal requirements.

Note 18: Other Current Liabilities

Particulars	(₹ in Lakhs)	
	As at 31st March 2026	As at 31st March 2025
Statutory liabilities		
TDS payable	32.62	101.18
GST Payable	8.19	6.77
Labour Cess	2.51	2.26
Provident Fund payable	0.93	0.99
Total	44.25	111.20

[Signature]

KASTURI SIVA PRASAD
Digitally signed by KASTURI SIVA PRASAD
Date: 2026.05.25
10:22:37 +05'30'

Note 19: Revenue from Operations

(₹ in Lakhs)		
Particulars	For the year ended 31st March 2026	For the year ended 31st March 2025
a) Revenue from Contract with Customer:		
i) Apportionment of Railway Freight	49,584.97	50,516.74
ii) Construction Contract Revenue under SCA (Refer Note 28)	181.62	114.95
Total	49,766.59	50,631.69
b) Other Operating Revenue:		
i) Income from Sale of Scrap	8.73	8.89
ii) Miscellaneous Income	0.35	0.07
Total	9.08	8.96
Grand Total	49,775.67	50,640.65

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 Operations and Maintenance Agreement signed detailing the modalities of revenue and cost sharing between the company and SCR. Phase-III 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) 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. However, MoR is not agreeing to same. Therefore, revenue for same is not recognised. This issue is under dispute before Hon'ble District Civil Court (for Commercial dispute) at Hyderabad and the revenue reported is subject to the same.

c) KRCL has been receiving revenue on account of terminal cost (per tonne) from 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. However, MoR is not agreeing to same. Therefore, revenue for same is not recognised. This issue is under dispute before Hon'ble District Civil Court (for Commercial dispute) at Hyderabad and 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 31st March 2026	For the year ended 31st March 2025
Interest income on Bank FDR	1,293.50	2,036.14
Interest income on Income Tax Refund	210.33	-
Unwinding of discount on receivable from South Central Railway under SCA	137.27	120.99
Unwinding of discount on security deposit paid to lessor	0.17	-
Total	1,641.27	2,157.13



KASTURI
SIVA
PRASAD

Digitally signed by
KASTURI SIVA
PRASAD
Date: 2026.06.25
14:23:15 +05'30'

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

(₹ in Lakhs)		
Particulars	For the year ended 31st March 2026	For the year ended 31st March 2025
Operation & Maintenance Expenses	8,446.64	7,960.84
Overhead Cost	416.81	408.99
Construction Contract Cost under SCA (Refer Note 28)	181.62	114.95
Re-surfacing Cost [Refer Note v]	923.39	-
Total	9,968.46	8,484.78

Note (i) : Operation & Maintenance Expenses related to SCR are recognized in current year as intimated by SCR 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 SCR for 119.895 km railway line from Obulavaripalle to Krishnapatnam.

Note (iii) : Operation & Maintenance expenses includes lease rent of ₹ 1 p.a. 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 (v) Re-surfacing Cost Provision

A provision of Rs. 1,274.76 lakhs (including interest) has been recognized during the financial year 2025-26 towards re-surfacing costs. This cost includes Permanent Way (P-Way) materials, elastic fittings, etc. This provision is made in accordance with the estimate of Resurfacing costs expected to be incurred until the end of the concession period, and in compliance in terms of Clause 4.3(d) of the Concession Agreement between KRCL and the Ministry of Railways (MoR), which mandates maintaining the project assets in proper working condition.

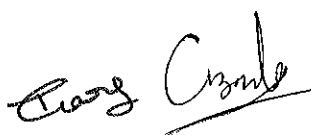
Note (vi) : Actual expense incurred relating to resurfacing cost includes ₹ Nil as at 31st March 2026 (as at 31st March 2025: ₹ 1152.97 Lakhs)

Note 22 : Employee Benefit Expenses

(₹ in Lakhs)		
Particulars	For the year ended 31st March 2026	For the year ended 31st March 2025
Salary & Wages	302.56	276.48
Contribution to Provident and Other funds	6.25	5.58
Staff Welfare Expenses	8.03	4.24
Total	316.84	286.30

Note 23 : Finance Costs

(₹ in Lakhs)		
Particulars	For the year ended 31st March 2026	For the year ended 31st March 2025
Interest on Banks and RVNL cost:		
Interest Expenses on Term Loan	3,651.64	5,010.91
Interest Expenses on RVNL Bills	4,507.83	13,445.32
Other Finance Cost:		
Unwinding of interest cost on Provision for Re-Surfacing	351.37	-
Interest on Lease Liability	1.55	-
Other Interest	0.01	48.57
Total	8,512.40	18,504.80



**KASTURI SIVA
PRASAD**

Digitally signed by
KASTURI SIVA PRASAD
Date: 2026.06.25
14:23:44 +05'30'

Note 24 : Depreciation and amortization

Particulars	(₹ in Lakhs)	
	For the year ended 31st March 2026	For the year ended 31st March 2025
Depreciation on Property, Plant and Equipment (Note 3)	11.04	22.28
Depreciation on Right of Use Asset (Note 4)	9.05	-
Amortisation of Intangible Assets (Note 5)	9,625.86	9,500.94
Total	9,645.95	9,523.22

Note 25 : Other Expenses

Particulars	(₹ in Lakhs)	
	For the year ended 31st March 2026	For the year ended 31st March 2025
(a) Legal & Professional Fees	88.73	76.18
(b) Travelling and Conveyance	94.83	78.39
(c) Remuneration to the Auditor as		
(i) Statutory Audit	3.89	3.84
(ii) Tax Audit	1.12	1.00
(iii) Reimbursement of expenses	-	0.26
(d) Communication Expenses	3.75	3.36
(e) Printing & Stationery	0.63	0.69
(f) Insurance Expenses	219.74	257.95
(g) Membership & Subscription Charges	1.53	1.53
(h) Repair & Maintenance	4.99	5.03
(i) ROC Filing	0.17	0.17
(j) Advertisement Expenses	6.62	-
(k) Miscellaneous Expenses	5.50	3.05
(l) Rent	1.81	-
(m) Power & Fuel	0.32	-
(n) Housekeeping Expenses	0.37	-
(o) CSR Expenses	238.43	65.04
Total	672.43	496.49



KASTURI
SIVA PRASAD

Digitally signed by
KASTURI SIVA PRASAD
Date: 2026.06.25
14:24:21 +05'30'

Note 26 : Income Tax Expense**Note 26.1 Income Tax Recognised in Statement of Profit and Loss**

Particulars	(₹ in Lakhs)	
	As at 31st March 2026	As at 31st March 2025
Current Income Tax:		
Current Income Tax charge	-	2,708.54
Adjustments in respect of current income tax of previous year	(2,708.54)	-
Deferred tax:		
In respect of the current year	4,881.41	4,665.97
Total	2,172.87	7,374.51

Note 26.2 Reconciliation between Tax Expense and the Accounting Profit :

Particulars	(₹ in Lakhs)	
	As at 31st March 2026	As at 31st March 2025
Accounting profit before tax from continuing operations	22,300.86	15,502.19
Accounting Profit before Income Tax	22,300.86	15,502.19
At India's statutory income tax rate of 25.17% (31st March 2025: 17.472%)	5,612.68	2,708.54
Adjustments		
Deferred Tax recognised (Reversed)	-	4,665.97
Impact of Tax rate change	(310.36)	-
Receivable from SCR	(480.92)	-
Adjustments in respect of current income tax of previous year	(2,708.54)	-
Permanent Differences	60.01	-
Total Tax Expense	2,172.87	7,374.51
Income tax expense reported in the statement of profit and loss (relating to continuing operations)	2,172.87	7,374.51
Effective Income Tax Rate	9.74%	47.57%

Note : The Company adopted the new tax regime by filing Form 10-IC on 28 October 2025. Accordingly, the tax rate applicable from FY 2024-25 has changed. Earlier tax provisions were made under the old tax regime and have been adjusted based on the revised applicable tax rate.

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

Particulars	(₹ in Lakhs)			
	Property, Plant and Intangible Equipment and ROU	Unabsorbed Depreciation	Provision for Resurfacing cost	Total
Opening balance as at 1st April 2024	18,572.59	(20,829.15)	(1,300.00)	(3,556.56)
Charged/(credited) during the period				
To Statement of Profit and Loss	9,220.21	(4,509.93)	(44.31)	4,665.97
To Other comprehensive Income	-	-	-	-
Closing balance as at 31st March 2025	27,792.80	(25,339.08)	(1,344.31)	1,109.41
Charged/(credited) during the period				
To Statement of Profit and Loss	(7,024.05)	11,850.20	55.26	4,881.41
To Other comprehensive Income	-	-	-	-
Closing balance as at 31st March 2026	20,768.75	(13,488.88)	(1,289.05)	5,990.82

Note 26.3.1 : KRCL has recognised deferred tax asset on unabsorbed depreciation. As per provisions of Income Tax Act unabsorbed depreciation can be carried forward to indefinite period. KRCL has sufficient period upto end of concession period and revenue of company is gradually increasing, it is expected that company would earn profits in future and unabsorbed depreciation would be adjusted against the same. Accordingly deferred tax asset on unabsorbed depreciation has been recognised in financial statements.

Note 27: Earnings Per Share (EPS)

Particulars	Year ended 31st March 2026	Year ended 31st March 2025
	(₹ per share)	(₹ per share)
Basic EPS		
From continuing operation	3.22	1.30
From discontinuing operation	-	-
Diluted EPS		
From continuing operation	3.22	1.30
From discontinuing operation	-	-

27.1 Basic Earning per Share

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

	(₹ in Lakhs)	
Particulars	Year ended 31st March 2026	Year ended 31st March 2025
Profit attributable to equity holders of the company:		
Continuing operations	20,127.99	8,127.68
Discontinuing operations	-	-
Earnings used in calculation of Basic Earning Per Share	20,127.99	8,127.68
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 earning per share:

	(₹ in Lakhs)	
Particulars	Year ended 31st March 2026	Year ended 31st March 2025
Profit attributable to equity holders of the company:		
Continuing operations	20,127.99	8,127.68
Discontinuing operations	-	-
Earnings used in calculation of diluted Earning Per Share from continuing operations	20,127.99	8,127.68

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:

	(Number of shares in Lakhs)	
Particulars	Year ended 31st March 2026	Year ended 31st March 2025
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

Pras *Prasad*

**KASTURI SIVA
PRASAD**

Digitally signed by
KASTURI SIVA PRASAD
Date: 2026.06.25
14:25:31 +05'30'

Note: 28 Service Concession Arrangements

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

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

If both of the above conditions are met simultaneously, an intangible asset is recognized to the extent that the operator receives the right to charge users of the public service, provided that these charges are conditional on the degree to which the service is used. These intangible assets are initially recognized at cost, which is understood as the fair value of the service provided plus other direct costs directly attributable to the operation. They are then amortized over the term of the concession.

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

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

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

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

Upon Expiry/Termination, the Project Assets shall be handed over by the KRCL to MoR. Provided however that, if MoR opts to grant a fresh Concession in respect of the Project Railway, the KRCL shall, all other things being comparable and performance of the KRCL being satisfactory, have the first right to be awarded the new Concession.

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 Operations of the Project Railway is being conducted by South Central Railway (SCR) under Operations 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 and is required to pass-on the apportioned revenue and Operation & Maintenance cost to Krishnapatnam Railway Company Limited. The maintenance of S&T, OHE, Electrical general and P.Way assets of the Project Railway is the responsibility of KRCL as per Operations & Maintenance Agreement and the same is being carried out by KRCL.

The above project is covered in three phase :

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

Phase-2 of the Project involving the laying of Railway line of 95.4 Km from Venkatachalam to Obulavaripalle (as per concession agreement signed on 23-11-2007) has been completed and commercial traffic is being operated on the same with effect 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 with effect from March 2nd, 2014.

For the period ended 31st March 2026, the company has recognized revenue of ₹ 49,775.67 Lakhs (for the year ended 31st March 2025: ₹ 50,640.65 Lakhs), consisting of ₹ 181.62 Lakhs (for the year ended : 31st March 2025: ₹ 114.95 Lakhs) on construction of intangible assets under service concession arrangement and ₹ 49,594.05 Lakhs (for the year ended 31st March 2025: ₹ 50,525.7 Lakhs) towards Operations other than Service concession Arrangement.

Company has recognized profit of ₹ 22,300.86 Lakhs for the period ended 31st March 2026 (Profit for the year ended 31st March 2025: ₹ 15,502.19 Lakhs), consisting of a nil profit on construction of intangible assets under service concession arrangement and a profit of ₹ 22,300.86 Lakhs for the period ended 31st March 2026 (Profit for the year ended 31st March 2025: ₹ 15,502.19 Lakhs) towards Operations other than Service concession Arrangement.

The revenue recognized in relation to construction of intangible assets under service concession arrangement in the period ended 31st March 2026 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 2026 of ₹ 1,311.89 Lakhs (at 31st March 2025 : ₹ 1,150.07 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.

The company has recognized an intangible asset of ₹ 181.62 lakhs (31st March 2025: ₹ 114.95 lakhs) during the year, out of total intangible assets during the year company has amortised ₹ 9,625.86 Lakhs (31st March 2025 : ₹ 9,500.94 Lakhs). The intangible asset represents the freight sharing rights to receive freight traffic earnings under service concession agreement.



KASTURI SIVA
PRASAD

Digitally signed by
KASTURI SIVA PRASAD
Date: 2026.06.25
14:26:07 +05'30'

Note 28.1: Disaggregation of Revenue

Particulars	₹ in Lakhs	
	As at 31st March 2026	As at 31st March 2025
Construction Contract Revenue under SCA	181.62	114.95
Sale/Rendering of services	49,584.97	50,516.74
	49,766.59	50,631.69

Note 28.2: Contract Balances

Particulars	₹ in Lakhs	
	As at 31st March 2026	As at 31st March 2025
Trade receivables	8,540.26	8,672.89
Contract assets	-	-
Contract liabilities	-	-

Note 28.3: Contract Assets

Particulars	₹ in Lakhs	
	As at 31st March 2026	As at 31st March 2025
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 2026	As at 31st March 2025
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	
	As at 31st March 2026	As at 31st March 2025
Borrowing (Note No. 13.1 & 17.1)	35,448.37	44,305.97
Net debt	35,448.37	44,305.97
Equity (Note No. 11)	62,500.00	62,500.00
Other equity (Note No. 12)	17,493.22	2,365.23
Total equity	79,993.22	64,865.23
Net Debt to equity ratio	3:7	4:6

There are no changes made in the objectives, policies or processes for managing capital during the year ended 31.03.2026

Note 30 :Fair Value Measurements**(i) Financial Instruments by Category**

Particulars	As at 31st March 2026			As at 31st March 2025		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets						
(i) Trade Receivables	-	-	8,540.26	-	-	8,672.89
(ii) Cash and Cash Equivalents	-	-	7,128.61	-	-	11,361.03
(iii) Bank Balances other than (ii) above	-	-	1,629.94	-	-	2,725.40
(iv) Receivable from Railways under SCA	-	-	1,311.89	-	-	1,150.07
(v) Other Financial Assets/Receivable	-	-	8,857.51	-	-	6,619.60
Total Financial Assets	-	-	25,468.21	-	-	30,528.99
Financial Liabilities						
(i) Borrowings	-	-	35,448.37	-	-	44,305.97
(ii) Lease Liabilities	-	-	60.04	-	-	-
(iii) Trade payables	-	-	183.09	-	-	138.22
(iv) Capital Creditors	-	-	1,18,309.15	-	-	1,42,652.78
(v) Other payables	-	-	457.02	-	-	193.90
Total Financial Liabilities	-	-	1,54,457.67	-	-	1,87,290.87



**KASTURI
SIVA
PRASAD**

Digitally signed by
KASTURI SIVA
PRASAD
Date: 2026.06.25
14:27:00 +05'30'

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

Particulars	As at 31st March 2026		As at 31st March 2025	
	Carrying Value	Fair value	Carrying Value	Fair value
Financial Assets				
Receivable from Railways under SCA	1,311.89	2,248.60	1,150.07	1,946.41
Total Financial Assets	1,311.89	2,248.60	1,150.07	1,946.41
Financial Liabilities				
Over Head Cost Payables	-	-	-	-
Total Financial Liabilities	-	-	-	-

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 31-03-2026

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at Amortised Cost				
Receivable from Railways under SCA	-	-	2,248.60	2,248.60
	-	-	2,248.60	2,248.60

Fair Value Hierarchy as on 31-03-2026

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

Fair Value Hierarchy as on 31-03-2025

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at Amortised Cost				
Receivable from Railways under SCA	-	-	1,946.41	1,946.41
	-	-	1,946.41	1,946.41

Fair Value Hierarchy as on 31-03-2025

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

(iii) Financial Risk management

The Company's principal financial liabilities comprises Bank Borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the company's operations and to provide guarantees to support its operation including acquisition of assets. 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.

Henry *Chub*

**KASTURI
SIVA
PRASAD**

Digitally signed
by KASTURI SIVA
PRASAD
Date: 2026.06.25
14:27:36 +05'30'

d) Liquidity risk

Ultimate responsibility of Liquidity Risk management rests with the Board of Directors of the company. It manages in maintaining adequate Bank Finance facilities, reserves, borrowing facilities by continuous monitoring, forecast and actual adequate cash flows and by matching the maturities of financial liabilities. As on Balance Sheet date of the company has major financial liabilities towards EPC construction contractor and bank borrowings. On the basis of future forecast, although company is not in a position to pay entire outstanding of the EPC construction contractor within next twelve months based on available current financial assets with company as on Balance Sheet date. However, on the basis of future forecast, the company is confident that it will make payment to its EPC construction contractor in due course.

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)
	Less than 1 Year	Between 1 to 3 Years	Between 3 to 5 years	5 years and above	Total	
31st March 2026						
Borrowings	8,872.16	17,727.56	8,848.65	-	35,448.37	
31st March 2025						
Borrowings	8,863.78	18,613.93	13,960.45	2,867.81	44,305.97	

Other Financial Liability						(₹ in Lakhs)
	Less than 1 Year	Between 1 to 3 Years	Between 3 to 5 years	5 years and above	Total	
31st March 2026						
	1,18,969.75	39.55	-	-	1,19,009.30	
31st March 2025						
	1,42,849.29	135.61	-	-	1,42,984.90	

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 life 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. As on reporting date there is no conclusive evidence which determines that NPV as stated in agreement will be achieved before the end of 30 years. Therefore, amortization has been provided as considering useful lives of intangible assets under service concession arrangement as 30 years.

If there will be any change in above estimation the same will be accounted for as change in estimates as described under Ind AS 8.

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.

d) Property plants and equipments

Determination of useful life of property, plant and equipments requires use of significant assumptions.

e) Provisions

The provision in respect of resurfacing obligation requires uses of estimate and provided based on best available information.

f) Revenue from Operations

Recognition of revenue in respect of service concession arrangement requires use of judgments and depends on various factors with Railways.

Note : 32 Application of Ind AS on Material Items

The Prior Period Items and changes in accounting policies 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:-

(₹ in Lakhs)		
Particulars	During the year ended 31st March 2026	During the year ended 31st March 2025
Contract revenue recognised	181.62	114.95
Aggregate amount of costs incurred and recognized in profit/Loss	181.62	114.95

Handwritten signature

KASTURI SIVA PRASAD
Digitally signed by KASTURI SIVA PRASAD
Date: 2026.06.25 14:28:07 +05'30'

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 2026	As at 31st March 2025
Capital commitment for project related assets (Refer Note 5.7)	-	-
During the year no material foreseeable losses incurred on any Long term contracts.	-	-
Total	-	-

Note : 35 Leases Disclosures

(i) The Company has lease contracts for its office Buildings. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases except for short-term leases. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

(ii) Right of Use Assets

The carrying amounts of right-of-use assets recognised and the movements during the year are disclosed in Note 4.

(iii) Lease Liabilities

Particulars	₹ in Lakhs	
	As at 31st March 2026	As at 31st March 2025
Opening Balance as to the beginning of the year	-	-
Additions/adjustments during the year	67.70	-
Interest recognised during the year	1.55	-
Payment made during the year/total cash outflow for the leases	(9.21)	-
Closing Balance as on the end of the year	60.04	-
Current	29.91	-
Non-current	30.13	-

(iv) The details of the Contractual Maturities of the Lease Liabilities as at 31st March 2026 and 31st March 2025 on undiscounted basis are as follows:

As at 31st March 2026

Particulars	₹ in Lakhs			
	Less than 1 Year	1-2 Years	2-5 Years	5 years and above
Lease Liabilities	33.97	31.42	-	-

As at 31st March 2025

Particulars	₹ in Lakhs			
	Less than 1 Year	1-2 Years	2-5 Years	5 years and above
Lease Liabilities	-	-	-	-

(v) Amounts recognised in Statement of Profit and Loss

Particulars	₹ in Lakhs	
	For the period ended 31st March 2026	For the period ended 31st March 2025
Depreciation expense of right-of-use assets	9.05	-
Interest expense on lease liabilities	1.55	-
	10.60	-

Gain/ loss from sale and leaseback transactions is not applicable to the Company.

(vi) Leased Assets from South Central Railways (SCR)

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 SCR 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. No amount has been claimed by SCR towards lease rent for existing assets and in the absence of clear directions from MoR amount can not be determined.

During the year ended March 2026, ₹ 1/- have been recognised as lease expense.

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

As rent payable is dependent on the extant policy of Ministry of Railways which changes from time to time, therefore it is not possible for the company to determine and present the future minimum lease rentals payable.



**KASTURI
SIVA
PRASAD** Digitally signed
by KASTURI SIVA
PRASAD
Date: 2026.06.25
14:28:48 +05'30'

Note 36 : Related Party Disclosures**36.1 Related Parties****A- Related Parties held Equity of Company**

Name	Relationship	As at 31st March 2026		As at 31st March 2025	
		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	311,000,000.00	49.76%	311,000,000.00	49.76%
Adani Krishnapatnam Port Limited	Parties to Joint Venture Agreement	81,000,000.00	12.96%	81,000,000.00	12.96%
Government of Andhra Pradesh	Parties to Joint Venture Agreement	35,000,000.00	5.60%	35,000,000.00	5.60%
NMDC Limited	Parties to Joint Venture Agreement	40,000,000.00	6.40%	40,000,000.00	6.40%
Bramhani Industries Limited	Parties to Joint Venture Agreement	33,000,000.00	5.28%	33,000,000.00	5.28%
Sagarmala Finance Corporation Limited	Parties to Joint Venture Agreement	125,000,000.00	20.00%	125,000,000.00	20.00%

36.2 Key Managerial Personnel of the Entity

Name	Position
Raveen Kumar Reddy Kunati (ceased 13/06/2025)	Chairman
Manoj Singh (w.e.f 13/06/2025 to 17/07/2025)	Chairman
Devendra Kumar (w.e.f 25/07/2025)	Chairman
Kasturi Siva Prasad (ceased 25/03/2026)	Managing Director
Kasturi Siva Prasad (w.e.f 25/03/2026)	Chief Executive Officer
Ananga Charan Nayak	Director
Ajit Singh	Director
Dilip Kumar Gupta (ceased 05/07/2025)	Director
LVS Sudhakar Babu (w.e.f 25/11/2025)	Director
Shailendra Kumar	Director
Mritunjay Pratap Singh (ceased 23/04/2025)	Director
Anurag (w.e.f 28/04/2025)	Director
Boyareddigari Kamalakara Reddy (ceased 16/03/2026)	Director
Saroj Kanta Patra (w.e.f 17/03/2026)	Director
Gudena Jagannadha Rao (ceased 07/05/2025)	Director
Jagdish Nanji Patel (w.e.f 07/05/2025)	Director
Vishwanath Suresh (ceased 27/01/2026)	Director
Joydeep Dasgupta (w.e.f 27/02/2026)	Director
Mudit Mittal (ceased 07/04/2026)	Director
Chandan Kumar Verma (w.e.f 07/04/2025)	Director
C V Praveen Adhithya (ceased 21/01/2026)	Director
Abhishek Kumar (w.e.f 05/03/2026)	Director
Trilok Garg	Company Secretary
Muni Prasad Tripurasetty (ceased 01/12/2025)	Chief Financial Officer
Nikhil Garg (w.e.f 04/05/2026)	Chief Financial Officer

36.3 Disclosure of Transaction with Related Parties:**(i) Joint Venture:**

Particulars	Transactions		Outstanding Amount Payable/ (Receivable)	
	Year ended 31st March 2026	Year ended 31 March 2025	Year ended 31st March 2026	Year ended 31 March 2025
			Unsecured	Unsecured
RVNL				
Expenditure towards project	193.84	92.31	111,682.85	135,480.38
Interest Charged by RVNL	3,820.20	11,394.33	-	-
Payment for project expenditure including TDS	(29,045.31)	(21,513.14)	-	-
Advance given for Materials	112.74	-	112.74	-
GST on Interest Charged by RVNL	1,233.73	-	-	-

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

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

(ii) Compensation of Key Management Personnel:

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

Particulars	Year ended 31st March 2026		Year ended 31 March 2025	
Short-term benefits	81.15		78.07	
Contribution to Provident fund	1.72		1.63	
	82.87		79.70	

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.

083 

KASTURI SIVA
PRASAD

Digitally signed by
KASTURI SIVA PRASAD
Date: 2026.06.25
14:29:22 +05'30'

Note 38: Contingent Liability

a) Department has raised demand in respect of alleged offence of evasion of Service Tax amounting to ₹ 757.53 Lakhs (as at 31st March 2025 ₹ 757.53 Lakhs) and ₹ 285.98 Lakhs (as at 31st March 2025 ₹ 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 ₹ 1,341.80 Lakhs (as at 31st March 2025 ₹ 1,341.80 Lakhs). In case of similar companies on same matter department has moved to Hon'ble Supreme court in this case.

b) Income Tax department has raised demand of ₹ 271.88 Lakhs (as at 31st March 2025 ₹ 271.88 Lakhs) for AY 2011-12, the matter is pending before commissioner of income tax appeal. Therefore liability for the case has not been recorded in the books of accounts.

c) The Arbitral Tribunal delivered Award on July 16, 2024 in partly favour of KRCL, in respect of its Terminal Cost claim including interest thereon. Other claims of KRCL as well as all the counter claims of MoR were rejected by the Tribunal. Being dissatisfied with different portion of the Award, both the parties have filed appeals towards the rejected items under Section 34 of the Arbitration & Conciliation Act, 1996. The amount of KRCL's total Claim was ₹ 3,18,476.41 lakhs including interest, and total Counter claim of MoR was ₹ 5,55,653.69 Lakhs including interest.

Consequently, post Arbitration appeal proceedings between KRCL and MoR are underway in the Hon'ble District Civil Court (for Commercial dispute) at Hyderabad.

d) Contingent liability in respect of departmental charges not claimed by RVNL @ 5% of project cost is estimated at ₹ 11,461.26 Lakhs (as at 31st March 2025 ₹ 11,453.05 Lakhs).

e) 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.

In accordance with agreement, company shall pay to the lessor, an annual lease rentals @ ₹ 1/- per annum in respect of the new land acquired by SCR and for original land leased to the company as per the extant policy of 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.

No demand or claim has been raised by SCR towards lease rentals for the existing assets. Further, in the absence of specific guidance or determination by the Ministry of Railways regarding the applicable lease rental for such assets, the amount of the obligation cannot presently be measured with reasonable certainty. Accordingly, no liability has been recognized in the financial statements in respect of such lease rentals, and the matter has been disclosed as a contingent liability.

Note 39 : 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 no impairment indicators exists as on balance sheet date therefore 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 40 : 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, details of CSR expenditure for company are as follow:

Particulars	(₹ in Lakhs)	
	As at 31st March 2026	As at 31st March 2025
(i) Amount required to be spent by the company during the year	238.43	65.04
(ii) Amount of expenditure incurred on:-		
(a) Construction / acquisition of any asset	-	-
(b) On purposes other than (a) above	-	-
Health	-	47.13
(c) Contribution to four funds as mentioned in Schedule VII of the Companies Act, 2013	-	17.91
(d) Contribution towards PM CARES Fund	238.43	-
(iii) Shortfall at the end of the year	-	-
(iv) Total of previous years shortfall	-	-
(v) Reasons for shortfall	NA	NA
(vi) Nature of CSR activities	NA	Medical Camp
(vi) Details of related party transactions	Nil	Nil

e) Amount related to the Other than Ongoing Projects are as follows:-

(₹ in Lakhs)				
Unspent amount Other than Ongoing Projects at 31st March 2026				
Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	238.43	238.43	-

(₹ in Lakhs)				
Unspent amount Other than Ongoing Projects at 31st March 2025				
Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	65.04	65.04	-

Note 41 : Various Ratios as per the Schedule-III of the Companies Act 2013

Ratio	Numerator	Denominator	As at 31st March 2026	As at 31st March 2025	% Variance	Reason for Variance
Current Ratio (Times)	Current Assets	Current Liabilities	0.21	0.19	10.53%	NA
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.44	0.68	(35.29%)	The Company has repaid its Debt due which resulted in decline in debts of company, further there is increase in profitability during the year which resulted in increase in equity as on balance sheet date. Therefore there is better position of debt equity as on 31st March 2026.
Debt Service Coverage Ratio	Earnings available for Debt Service	Debt Service	2.77	0.84	229.76%	Reason same as above
Return on Equity Ratio (Percentage)	Net Profits after Taxes – Preference Dividend (if any)	Average Shareholder's Equity	28.00%	13.00%	115.38%	There is a increase in profit margin due to decline in finance cost during the financial year 2025-26 as compared to previous year result. Resultly increase in ratio
Inventory Turnover Ratio	Cost of Goods sold or Sales	Average Inventory	NA			
Trade Receivables Turnover Ratio (Times)	Net Credit Sales	Average Accounts Receivable	5.78	4.88	18.44%	NA
Trade Payables Turnover Ratio (Times)	Net Credit Purchases	Average Trade Payables	56.30	56.38	(0.14%)	NA
Net Capital Turnover Ratio (Times)	Net Sales	Working Capital	(0.44)	(0.40)	10.00%	NA
Net Profit Ratio (Percentage)	Net Profit	Net Sales	40.00%	16.00%	150.00%	There is a increase in net profit margin primarily due to decline in finance cost & a change in current tax expense (refer note 26) during the financial year 2025-26 as compared to previous year, resulting in an improvement in the ratio.
Return on Capital Employed (Percentage)	Earning before Interest and Taxes	Capital Employed	22.00%	19.00%	15.79%	NA
Return on Investment	Net return on Investment	Total Investment	NA			

Note 42 : Other Disclosures

- (i) The Company has no transactions with companies struck off under section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the period.
- (ii) The Company has not traded or invested in Crypto Currency or Virtual Currency during the period.
- (iii) The Company do not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.
- (iv) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding 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) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) 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) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (vii) The Company does not have any loans and advances in the nature of loans to promoters, directors, KMP and other related parties.
- (viii) The Company does not have any transaction which is not recorded in the books of accounts that has been subsequently surrendered or disclosed as income during the year as part of the on going tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (ix) The Company has not been declared as wilful defaulter by any bank or financial institution or government or any government authority.
- (x) The Company has complied with the number of layers prescribed under the Companies Act, 2013.
- (xi) The Company do not have any title deeds of immovable properties not held in name of the company.
- (xii) The Company does not have any investment property.
- (xiii) Company is not required to submit statement of current assets with the bank and therefore reconciliation of the statement filed by the company with bank and the books of accounts is not applicable.
- (xiv) The Company has not revalued any item of property, plant and equipment and Intangible Assets.
- (xv) The Company does not have any transactions where the company has not used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date
- (xvi) The Company have not entered into any scheme(s) of arrangements during the financial year.
- (xvii) The Company has no loans and advances which are either repayable on demand or are without specifying any terms or period of repayment.
- (xviii) The realisable value of financial assets of the company is not lower than value disclosed in financial statements.

085

Kasturi Siva Prasad

**KASTURI
SIVA
PRASAD** Digitally signed
by KASTURI SIVA
PRASAD
Date: 2026.06.25
14:30:48 +05'30'

Note 43 : Reclassifications

Certain reclassifications have been made to the comparative period's financial statements to enhance comparability with the current year financial statement. As a result, certain line items have been reclassified in the statement of cash flow the details of which are as under:

Sl. No.	Particulars	Before reclassification	Reclassification	After reclassification	Reason for reclassification
1	Cash flow from Operating Activities	30,003.94	(3,586.19)	26,417.75	RVNL Interest classified as Operating Activity
2	Cash from Investing Activities	11,975.69	-	11,975.69	
3	Cash from Financing Activities	(30,618.63)	3,586.19	(27,032.44)	RVNL Interest classified as Operating Activity

Note 44 : Approval of Financial Statement

The financial statements were approved for issue by the Board of Directors on June 25, 2026.

As per our Report of even date
For P. Jain & Company
Chartered Accountants
FRN : 000711C



Place : New Delhi
Date : June 25, 2026

For and on behalf of Board of Directors

[Signature]

LVS Sudhakar Babu
Director
DIN : 05346362

[Signature]

Trilok Garg
Company Secretary
M No. 12145

KASTURI
SIVA
PRASAD
K. Siva Prasad
Chief Executive Officer
DIN : 09124374

Digitally signed
by KASTURI SIVA
PRASAD
Date: 2026.06.25
14:31:16 +05'30'

[Signature]
Chandan Kumar Verma
Director
DIN : 10298031

[Signature]
Nikhil Garg
Chief Financial Officer
M No. 444241



STATUTORY AUDIT REPORT

P.JAIN & COMPANY CHARTERED ACCOUNTANTS

HO- 210 ARUNACHAL BHAWAN, 2ND FLOOR, 19 BARAKHAMBA ROAD NEW DELHI 110001
BO- 6, NAVYUG MARKET, 1ST FLOOR, GHAZIABAD 201001, Email: p.jainandco@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 2026, 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 material 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 2026 and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.
3. **Basis for Qualified Opinion**
 - (a) Monthly freight/revenue collection and apportionment sheet are being received from South Central Railway ("SCR"), which are marked as "provisional". Difference arises, if any, are being accounted for in the period of identification. Thus, the financial statements are drawn on the strength of such provisional revenue. Further, as stated in Note 19(i)(d), all supporting evidences related to revenue booking are being controlled and managed by the SCR. The same are not available with the company for verification, hence, the same could not be verified. Hence the impact, if any, on financial statements could not be ascertained.
 - (b) 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% of the project cost without obtaining any waiver or concession in the agreed terms of agreement. The company has estimated liability of Rs. 11461.26 lakhs being 5% of total project cost, which been considered as contingent liability (Refer Note- 38d) in the financial statements. In view of no accounting treatment of the said

Contd.....



087

departmental charges, Other Intangible Assets and Other Financial Liabilities are understated to that extent. Further, had it been capitalized, the corresponding impact on profit/loss of the year due to amortization cost of intangible assets, not considered. The impact on financial statement is not ascertained by the Company.

- (c) (i) As per legal opinion obtained from legal counsel by Company on charging of compound interest by Rail Vikas Nigam Limited ("RVNL"), it is opined that as per construction agreement there is no clause enabling RVNL to charge compound interest and interest referred in clause no. 11.5 of the contract is simple interest leviable on the amount of expenditure incurred by RVNL out of its own fund for execution of project. The total interest unpaid as on 30-09-2024 is Rs. 88995.17 lakhs. From 01-10-2024 RVNL is charging interest on simple interest basis. No adjustment is made with regard to compound interest charged and accounted upto 30-09-2024 by the Company in its financial statements. The amount of compounding impact is not ascertained by the Company, hence the impact on financial statement cannot be ascertained.
- (ii) As per clause no. 11.5 of construction agreement with RVNL interest to be charged "... upto the date of actual payment is received from KRCL", however it is noticed that RVNL has excess charged interest amounting to Rs. 7.34 lakhs (Previous Year Rs. 20.53 lakhs) for the year after considering the revised calculation submitted by the Company. Hence interest expense for the year is overstated by Rs. 7.34 lakhs, amount payable to RVNL are over stated by Rs. 27.87 lakhs, profit for the year are understated by Rs. 7.34 lakhs and reserve and surplus are understated by Rs. 27.87 lakhs.
- (d) It is noticed that store items purchased are directly debited to repair & maintenance instead of when they are actually issued for repair nor the closing stock of stores existing as on 31.03.2026 is ascertained and accounted for as closing stock. Physical verification report of closing stock as on 31.03.2026 is not provided.

List of spares received from RVNL (contractor to the project), stock register maintained for these spares & physical verification report thereof is not provided.

The impact of the above could not be ascertained on the financial statements.

- (e) The Company is incorporated as Special Purpose Vehicle (SPV), for development, operation and maintenance of rail infrastructure providing connectivity to Krishnapatnam Port as per the concession agreement dated 23.11.2007. The Company incurred following expenditure upto 31.03.2026 on the project -

Head of Expenditure	Amount (in lakhs)
Land	12746.78
Permanent Way	40737.20
Formation	100877.25
Plant & Machinery	34154.70
Station & Buildings	105461.28
Total	293977.21

Contd.....



According to Article 4.3(d) of the concession agreement dt. 23.11.2007, the Company is obligated

"to keep the project assets in a proper working condition, including making replacement in accordance with the standards laid down by Ministry of Railways (MOR), of all project assets whose lives have expired. Such replacement shall be carried out by the Company (KRCL) either by itself or through MOR, and the cost of such replacement shall be borne by the Company (KRCL)"

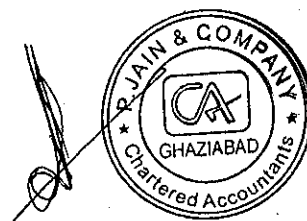
These contractual obligations to maintain or restore infrastructure, except for any upgrade element shall be recognized and measured in accordance with Ind AS - 37 i.e. at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period. To estimate the present obligation at the end of the reporting period, the Company constituted a four member internal technical committee. The committee vide its report dt. 14.04.2026 has estimated a total expenditure during the remaining period of Rs. 27407.84 lakhs.

On review of internal committee report provided by the Company following were observed -

- (i) In the report submitted, the committee has not provided the details of assumptions made, methods used and the source data relied while estimating the liability.
 - (ii) The total expenditure incurred on the project except land is Rs. 281230.43 lakhs, however committee has estimated repair cost of Rs. 27407.84 lakhs. The amount of expenditures not considered for restoration/maintenance by the committee and reasons thereof need to be explained.
 - (iii) In one of the opinion given by The Institute of Chartered Accountants of India in case of similar SPV, the institute has noted that the additional facilities created by the company under the concession agreement are not part of its obligations to restore or maintain the facilities, hence there is no statutory obligations to maintain/restore as required under Ind AS-37. The committee has not commented thereon, which need to be explained and quantified.
 - (iv) Considering the nature and magnitude of expenditure, it is required that the company should include independent outside expert in the committee to have a greater reliance thereon.
In view of the above, we cannot comment on the adequacy of the provision made by the company towards re-surfacing as required by Ind-As-37. The impact of the above on the financial statements could not be ascertained.
- (f) During the year the company has reclassified cash flows from interest paid to RVNL from financing activities to operating activities, since the interest paid is not in the nature of penal interest, the same need to be accounted for as cash flows from financing activities as replied by Institute of Chartered Accountants of India (ICAI) in its response to question no. 12 in the Educational Material on Indian Accounting Standard (Ind AS) 7 Statement of Cash Flows, hence to the extent of Rs. 4491.84 lakhs (Previous year Rs. 3586.19 lakhs) cash flows from operating activities are under stated and cash flows from financing activities are overstated.

Contd.....

089

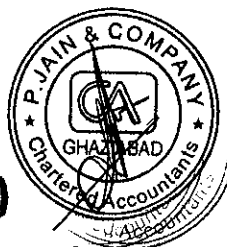


4. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent 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

5. We draw attention to:
- (i) Note 5.5 to the accompanying financial statements stating that Directional & General ("D&G") Charges are subject to change as per the agreement. Impact, if any, due to change in D&G charges will have corresponding impact on the value of capitalization of Intangible Assets and amortization thereupon.
 - (ii) Note 5.7 to the accompanying financial statements in relation to project cost, the cost is subject to change till the completion certificate issued by RVNL. Impact, if any, will have corresponding impact on the value of capitalization of Intangible Assets and amortization thereupon.
 - (iii) Note no 19 (i) (b) &(c) to the accompanying financial statements in relation to impact of anticipated earnings on account of (a) apportioned revenue for length of about 14.45 KM section from Krishnapatnam Railway Station and (b) payment of terminal costs for past periods. These issues are pending under litigation and the revenue is subject to the outcome of litigation proceedings.
 - (iv) Note 21(i) to the accompanying financial statements in relation to recognition of O&M expenses on the basis of provisional bills intimated by SCR.
 - (v) Note 38(c) to the accompanying financial statements in relation to ongoing appeal proceedings before the Hon'ble District Civil Court (for Commercial Dispute) Hyderabad between the company and Ministry of Railways.
 - (vi) Referring to note no. 35(vi), as per para 4.1 of schedule 1 to concession agreement dt. 23.11.2007, details of amount payable to South Central Railways ("SCR") as lease rent for existing assets is not ascertained and provided for in financial statements. In this regard it is explained that the amount is not provided by South Central Railways, Ministry of Railways and in absence of clear directions from Ministry of Railways the amount can not be determined and hence the same is not accounted for.
 - (vii) Referring to Note No. 28 of the financial statements, the company has considered the concession period of 30 years with effect from the date of start of operation or till the time the NPV payback equal to equity investment is reached, whichever is earlier, considering the definition of concession period under para 1.1 and priority of various components of this agreement as per para 1.4 of the concession agreement dated 23.11.2007 (hereinafter referred to as agreement). However, as per the definition of "Expiry" and "Operation Period" under clause 1.1, clauses 4.6.3 and 8.1 of the agreement regarding handover of the project to the Ministry of Railways, the concession period is referred as 30 years from appointed date or such extended period as provided under this agreement. The above ambiguity in the agreement may have impact of the financial statements.

Contd.....



- (viii) Note 30(d) to the accompanying financial statements in relation to short term liquidity risk of paying the outstanding current liabilities within next twelve months.

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

Key Audit Matters

6. 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

7. The company's board of directors is 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 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. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

8. The company's board of directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance (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.
9. In preparing the financial statements, Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, 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.

Contd.....



10. 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

11. 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.
12. 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.
13. 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.
14. 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.

Contd.....



15. 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

16. 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.
17. As required by Section 143(5) of the Act, we have considered the direction issued by the Comptroller & Auditor General of India. We give our report in the attached "Annexure B".
18. 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;
 - (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, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on 31st March 2026 and taken on record by the board of directors, none of the directors is disqualified as on 31 March 2026 from being appointed as a director in terms of section 164(2) of the Act;
 - (f) The observation 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.

Contd.....



- (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. The company has disclosed the impact of pending litigations on its financial position in its financial statements, refer Note No. 38. However, in view of uncertainty of the outcome of pending litigations, the impact of pending litigations on its financial position cannot be fully ascertained;
 - ii. Subject to observation made in para-3 'Basis for qualified opinion' and information provided, the company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2026.
 - 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 its 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. The interim dividend declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.

As stated in note no. 12.1.2 to Financial Statements, the Board of Directors of the Company has declared second interim dividend for the year. Such dividend proposed is in accordance with Section 123 of the Act, as applicable.



Contd.....

- vi. The Company has maintained its books of accounts in compliance with Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 using accounting software which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature been tampered with and the audit trail has been preserved by the Company as per the statutory requirement for record retention.

For P. Jain & Company

Chartered Accountants

(Firm Regn. No. 000711C)



(Signature)
Pankaj Jain)
Partner

M. No. 097279

UDIN: 26097279QEAPYK4043

Place: New Delhi

Date: 25.06.2026

P.JAIN & COMPANY CHARTERED ACCOUNTANTS

HO- 210 ARUNACHAL BHAWAN, 2ND FLOOR, 19 BARAKHAMBHA ROAD NEW DELHI 110001

BO- 6, NAVYUG MARKET, 1ST FLOOR, GHAZIABAD 201001, Email: p.jainandco@gmail.com

ANNEXURE A' to Independent Auditors' Report

(Referred to in para 16 under 'Report on Other Legal and Regulatory 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").
(B) Subject to observations made in para-3 of main report and para 2 of Annexure-B, the company has maintained records showing 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, except that no instructions, working papers and policies made in this regard is provided by the company.
- (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, 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 PPE 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 2026 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) Subject to observations made in para-3 of main report, the company has debited the expenses for the inventory purchased at the time of purchase and no closing stock is ascertained and considered in the financial statements. The company has not provided the list of inventories and their valuation as on 31.03.2026 nor any physical verification report thereof was provided.
- (b) The company has not been sanctioned working capital limits in excess of Rs. 500 lakhs, 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. The Company has not granted any loans to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013; and therefore paragraph 3(iii) of the Order is not applicable.
- iv. The company has not granted loans, made investments and provided guarantees and securities, therefore paragraph 3(iv) of the Order is not applicable.

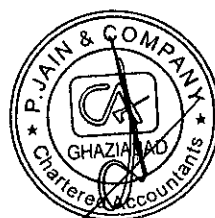
Contd.....



- v. There are no amounts outstanding which are in the nature of deposits as on March 31, 2026 and the Company has not accepted any deposits during the year. Therefore paragraph 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 Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the order is not applicable to the Company.
- vii. According to the information and explanations given to us in respect of statutory dues:
- (a) The 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 2026 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 2026 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	271.88	AY 2011-12	CIT (Appeals)

- 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) The company has not raised any funds on short term basis during the year.
- (e) 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. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans. Hence, reporting under clause 3 (x) of the order is not applicable.



Contd.....

- xi. To the best of our knowledge and according to the information and explanations given to us,
- (a) No fraud by the Company and no fraud 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 Companies Act has been filed by the Auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules 2014, with the Central Government.
 - (c) As represented to us by the management, no whistle-blower complaints were received by the Company during the course of audit. Accordingly, the provisions stated in paragraph 3(xi)(c) of the Order is not applicable to company.
- 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 internal audit system commensurate with the size and the nature of its business, however it is suggested that the areas referred in report on internal financial control (Annexure C) to the main report be covered under internal audit.
- (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 and accordingly, the provisions stated in paragraph clause 3 (xvi)(a), (b) and (c) of the Order are not applicable to the Company.
- (b) According the information and explanation provided to us during the course of audit there are no group companies, accordingly reporting under clause 3 (xvi) (d) is not applicable.
- xvii. The company has not incurred cash losses during the financial year covered by our audit.
- 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 2026 [as mentioned in Note-30(d)] 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.



Contd.....

(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 P. Jain & Company

Chartered Accountants

(Firm's Registration No. 000711C)

(Pankaj Jain)

Partner

M. No. 097279

UDIN: 26097279QEAPYK4043



Place: New Delhi

Date: 25.06.2026

P.JAIN & COMPANY CHARTERED ACCOUNTANTS

HO- 210 ARUNACHAL BHAWAN, 2ND FLOOR, 19 BARAKHAMBA ROAD NEW DELHI 110001

BO- 6, NAVYUG MARKET, 1ST FLOOR, GHAZIABAD 201001, Email: p.jainandco@gmail.com

ANNEXURE B' to Independent Auditors' Report

(Referred to in para 17 under 'Report on Other Legal and Regulatory 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 2026 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 P. Jain & Company

Chartered Accountants

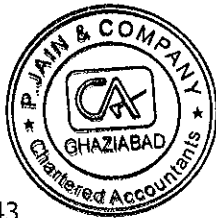
(Firm's Registration No. 000711C)

(Pankaj Jain)

Partner

M. No. 097279

UDIN: 26097279QEAPYK4043



Place: New Delhi

Date: 25.06.2026

Enclosed: Direction u/s 143(5)

**Independent Auditors' Report of Krishnapatnam Railway Company Limited for the year
2025 -2026 pursuant to Directions under Section 143(5) of the Companies Act, 2013**

- 1. Assess the fair valuation of all the investments, both quoted and unquoted, made directly by the Company or through Trusts, for Post retirement benefits of the employees. This includes verifying valuation methodologies, ensuring consistency with Ind AS and reviewing supporting documentation. The auditor shall provide a brief note on the valuation approach, its reasonability, and compliance with applicable regulations, reporting any material deviations or misstatements.**

The company does not holds any investments except fixed deposits, hence the above directions are not applicable in the case of Company.

- 2. Whether the company has a system in place to process all the accounting transaction through IT system? If yes, whether review of this system and controls that are significant to the Companies' financial reporting process as well as cyber security has been done by Information Security Auditing Organization empanelled by Cert-In at a minimum frequency of once in a year and material discrepancies found, if any, have been suitably reported? The implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications may also be reported.**

The company has system in place to process the accounting transactions through IT System except for

- (a) Inventories purchased which are directly debited to expenses at the time of purchase and no closing stock of inventories is ascertained and considered in financial statements. As explained the said inventories are maintained in manual register at the site by the staff for which no physical verification report and valuation is provided. Suitable integrated software be introduced for the inventory.
- (b) As per the concession agreement dt. 23.11.2007 on expiry the company will handover the existing assets, new assets and additional assets to Ministry of Railways, for proper control and considering the nature of assets, it is required that the said assets be entered in an integrated software in details.
- (c) With respect to freight/revenue collection, it is explained that
“(i) As per the practices of Indian Railways (IR)/ South Central Railway (SCR), all such transactions (freight/revenue determinations/calculations) are treated as “Provisional”. The Company does not have any say in this matter, because in the process of calculations of Apportionment of Revenue, which is based on the instruments, KRCL is not a party. Thus, the supporting Documents are not provided to the Company by SCR.

(ii) However, every month officials of KRCL reconcile the apportioned revenue with SCR and our records.”

Considering the numerous transactions and complexity of reconciliation, the said records and reconciliation be maintained in an integrated software for proper control.

The impact of the above could not be ascertained on the financial statements.

Contd.....



The security audit (VAPT) for provided respective IT infrastructure i.e. Internal Network Components established at the company was conducted by External IT Auditor and the auditors vide its certificate dt. 18.06.2026 has observed medium risk as SMB Signing not required and the same was subsequently got resolved by the IT Auditor. The IT Auditors has recommended Implementation of patch management program and regular security audit and assessments.

3. Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for as per the applicable accounting standards or norms and whether the received funds were utilized as per its term and conditions? Whether accounting of interest earned on grants received has been done as per terms and conditions of the grant. 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.

4. Whether the Company has identified the key Risk areas? If yes, whether the Company has formulated any Risk Management Policy to mitigate these risks? If yes, (a) whether the Risk Management Policy has been formulated considering global best practices? (b) whether the Company has identified its data assets and whether it has been valued appropriately?

(a) As regards key risk areas, the company has informed that –

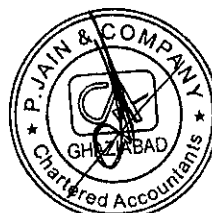
(i) The Company got a mandate to execute the Obulavaripalle-Krishnapatnam New BG Rail Line project on built, own, operate and transfer basis for a period of 30 years or on attainment of NPV payback at a discount rate of 14% (whichever is earlier), under a concession agreement signed by the Company with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

The volume and size of Company's earnings and profit largely depend 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, 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.

Contd.....



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.

(ii) As regards short term liquidity risk, the company has explained

The ultimate responsibility of liquidity risk management rests with the Board of Directors of the company. It manages in maintaining adequate Bank Finance facilities, reserves, borrowing facilities by continuous monitoring, forecast and actual adequate cash flows and by matching the maturities of financial liabilities. As on Balance Sheet date, the company has major financial liabilities towards EPC construction contractor and bank borrowings. On the basis of future forecast, although company is not in a position to pay entire outstanding of the EPC construction contractor within next twelve months based on available resources with company as on Balance Sheet date. However, on the basis of future forecast, the company is confident that it will make payment to its EPC construction contractor in due course.

The Company has not formulated a separate Risk Management policy with respect to above as informed.

(b) As informed by the company, there are no substantial data assets of company.

5. Whether the Company is complying with the Securities and Exchange Board of India (SEBI) (Listing Obligation and Disclosure Requirements) Regulations, 2015, and other applicable rules and regulations of SEBI, Department of Investment and Public Asset Management, Ministry of Corporate Affairs, Department of Public Enterprises, Reserve Bank of India, Telecom Regulatory Authority of India, CERT-IN, Ministry of Electronics and Information Technology and National Payments Corporation of India wherever applicable? If not, the cases of deviation may be highlighted

Based on our audit procedure and information and explanations received,

- (a) Regulations related to Ministry of Corporate Affairs are applicable to company, as per latest Secretarial Audit Report received there are no observation of Secretarial Auditor except appointment of Woman Director on Board.
- (b) Regulations related to SEBI, DIPAM, DPE, RBI, TRAI, CERT-IN, MEIT and NPCI etc. are not applicable.

For P. Jain & Company

Chartered Accountants

(Firm's Registration No. 000711C)

Pankaj Jain

(Partner)

M. No. 097279

UDIN: 26097279QEAPYK4043



Place: New Delhi

Date: 25.06.2026

P.JAIN & COMPANY CHARTERED ACCOUNTANTS

HO- 210 ARUNACHAL BHAWAN, 2ND FLOOR, 19 BARAKHAMBA ROAD NEW DELHI 110001
BO- 6, NAVYUG MARKET, 1ST FLOOR, GHAZIABAD 201001, Email: p.jainandco@gmail.com

'ANNEXURE C' to Independent Auditors' Report

(Referred to in para 18(g) under 'Report on Other Legal and Regulatory 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 2026 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 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.

Contd.....



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 2026:

- a) The company has not provided any purchase policy, work policy, HR policy, accounting manual and other related guidelines, for proper internal controls it is required that appropriate policy and guidelines be made in this regard.
- b) It is suggested that considering the observations made in audit report, the scope of internal auditor be reviewed and extended accordingly.
- c) It is noticed that store items purchased are directly debited to repair & maintenance instead of when they are actually issued for repair nor the closing stock of stores existing as on 31.03.2026 is ascertained and accounted for as closing stock. Physical verification report of closing stock as on 31.03.2026 is not provided.

List of spares received from RVNL (contractor to the project), stock register maintained for these spares & physical verification report thereof is not provided.



Contd.....

- d) As per the concession agreement dt. 23.11.2007 on expiry the company will handover the existing assets, new assets and additional assets to Ministry of Railways, for proper control thereof it is required a details list of these assets be prepared and periodically physically verified by management and/or external agency.
- e) All supporting evidences related to revenue booking and O&M charges are being controlled & managed by the 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.
- f) It is noticed that certain transactions are not processed through accounting software or any other integrated software as detailed in point no. 2 to audit report referred in Annexure-C above. The said transactions should be routed through accounting software or some other integrated software.

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 2026, 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 P. Jain & Company

Chartered Accountants

(Firm's Registration No. 000711C)


Pankaj Jain

(Partner)

M. No. 097279

UDIN: 26097279QEAPYK4043



Place: New Delhi

Date: 25.06.2026



MANAGEMENT REPLY
To
AUDIT COMMENTS



KRISHNAPATNAM RAILWAY COMPANY LIMITED

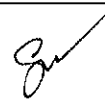
Regd. office: 3rd Floor, Lekha Bhavan, South Central Railway, Opposite Secunderabad East Metro Station Secunderabad - 500025, Telangana, CIN NO. U45200TG2006PLC051378
E-mail: registerofficekrcl@gmail.com

Management Replies to Statutory Audit observations on Audited Financial Statements for FY 2025-26

Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies
	Basis for Qualified Opinion:	
1.	Monthly freight/revenue collection and apportionment sheet are being received from South Central Railway ("SCR"), which are marked as "provisional". Difference arises, if any, are being accounted for in the period of identification. Thus, the financial statements are drawn on the strength of such provisional revenue. Further, as stated in Note 19(i)(d), all supporting evidences related to revenue booking are being controlled and managed by the SCR. The same are not available with the company for verification, hence, the same could not be verified. Hence the impact, if any, on financial statements could not be ascertained.	It is the practice of Zonal Railway Administration to furnish statements of Revenue or O&M or any other amount paid, to be marked as 'Provisional'. Thus, KRCL does not have any control over the practices followed by the Railway Administration (SCR). The supporting Documents for calculation of apportioned revenue are not provided by SCR to the Company. However, RR wise reconciliation is carried out every month by concerned Officers of KRCL with the Traffic Revenue Officer of SCR in order to arrive at correct revenue apportionment amount of KRCL. Also, systematic records are maintained by KRCL of daily and monthly loading. Revenue Statements are always checked by officers of KRCL at Secunderabad. Copies of all revenue statements certified by CFO/KRCL or Sr. Manager (Railway Accounts & Finance)/Expert/KRCL and Expert (O&C)/KRCL have been furnished to Audit team. A few examples of daily loading details as well as Monthly loading details provided by SCR were also shown to the Auditors and matched, which were found correct.
2.	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% of the project cost without obtaining any waiver or concession in the agreed terms of agreement. The company has estimated liability of Rs. 11461.26 lakhs being 5% of total project cost, which been considered as contingent liability (Refer Note- 38d) in the financial statements. In view of no accounting treatment of the said departmental charges, Other Intangible Assets and Other Financial Liabilities are understated to that extent. Further, had it been capitalized, the corresponding impact on profit/loss	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 had not raised any invoice or claim in this regard, therefore, this amount has been treated as "Contingent Liability" in the Books of Accounts. The company has estimated provisionally the liability of Rs. 11461.26 lacs, being 5% of total project cost, which has been considered as contingent liability. The Company has represented to RVNL for waiver of the Departmental Charges @5%. As on the date of adoption of the financial statements by the Board of Directors and signing of the Auditor's Report, i.e.,

Corporate office: 503-504, 5th Floor, Prakash Deep Building, 7, Tolstoy Marg, New Delhi - 110001
E-mail: krclrail@gmail.com, Web: www.krcl.org.in

Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies
	of the year due to amortization cost of intangible assets, not considered. The impact on financial statement is not ascertained by the Company.	25.06.2026, the issue was under consideration of RVNL. Hence, it was considered appropriate to retain the amount of Departmental Charges as Contingent Liability.
3.	(i) As per legal opinion obtained from legal counsel by Company on charging of compound interest by Rail Vikas Nigam Limited ("RVNL"), it is opined that as per construction agreement there is no clause enabling RVNL to charge compound interest and interest referred in clause no. 11.5 of the contract is simple interest leviable on the amount of expenditure incurred by RVNL out of its own fund for execution of project. The total interest unpaid as on 30-09-2024 is Rs. 88995.17 lakhs. From 01-10-2024 RVNL is charging interest on simple interest basis. No adjustment is made with regard to compound interest charged and accounted upto 30-09-2024 by the Company in its financial statements. The amount of compounding impact is not ascertained by the Company, hence the impact on financial statement cannot be ascertained.	(i) The issue of charging interest on interest, was taken up by KRCL with RVNL. Subsequently, RVNL has revised the methodology of charging interest from KRCL w.e.f. October 2024 and has started levying interest only on principal outstanding w.e.f. October 01, 2024. Impact of revised method of charging interest has already given by RVNL in its bill for the month of March 2025, and corresponding impact of the same is also taken in the books of accounts of KRCL. For revision of interest charged by RVNL upto 30.09.2024, on compounding basis, KRCL shall continue to dialogue/chase up with RVNL. However, a decision has not yet arrived at between KRCL & RVNL on this matter and the interest charged by RVNL from KRCL is booked in the books of accounts as per the bills and concept of prudence. Concept of prudence as defined in framework for preparation of financial statements states: Para 37: "Prudence is the inclusion of a degree of caution in the exercise of the judgements needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated." In view of above it is submitted that in accordance with concept of prudence KRCL has recognized interest to the extent agreed by counterparty, reversal of interest charged by RVNL shall be against the concept of prudence.

Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies
	(ii) As per clause no. 11.5 of construction agreement with RVNL interest to be charged " upto the date of actual payment is received from KRCL", however it is noticed that RVNL has excess charged interest amounting to Rs. 7.34 lakhs (Previous Year Rs. 20.53 lakhs) for the year after considering the revised calculation submitted by the Company. Hence interest expense for the year is overstated by Rs. 7.34 lakhs, amount payable to RVNL are over stated by Rs. 27.87 lakhs, profit for the year are understated by Rs. 7.34 lakhs and reserve and surplus are understated by Rs. 27.87 lakhs.	(ii) As per clause no. 11.5 of construction agreement executed between KRCL and RVNL, the interest is to be charged " upto the date of actual payment is received from KRCL", however it is noticed that RVNL is charging interest upto the last date of the month in which payments are made by KRCL. This issue has been taken up with RVNL for changing the existing practice and to adopt the practice as prescribed in the Construction Agreement and refund of the amount excess charged by RVNL and shall give appropriate accounting effect on final resolution of the matter between the parties. The amount involved is quantitatively insignificant in the context of the Company's overall financial position, being 0.011% of total assets, 0.034% of Net Worth, and 0.014% of Revenue from Operations (2025: 0.040%) and does not affect the true and fair view presented by the financial statements. Pending resolution of the matter, the Company has continued to recognise the interest liability as charged by RVNL in accordance with the principles of prudence and conservatism. Recognising a lower liability before acceptance by the counterparty would not be appropriate and could result in premature reversal of expenditure. Accordingly, the accounting treatment adopted by the Company is prudent, conservative and consistent with the applicable accounting principles.
4.	It is noticed that store items purchased are directly debited to repair & maintenance instead of when they are actually issued for repair nor the closing stock of stores existing as on 31.03.2026 is ascertained and accounted for as closing stock. Physical verification report of closing stock as on 31.03.2026 is not provided.	It is submitted that the amount of these inventory items is immaterial as compared to overall expenditure of the company. In order to have proper internal control, these items are documented and maintained in separate registers at Site office. However, considering materiality of these transactions and nature of business of KRCL, these items are charged to Profit and Loss in the year of purchase itself.




Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies														
	List of spares received from RVNL (contractor to the project), stock register maintained for these spares & physical verification report thereof is not provided. The impact of the above could not be ascertained on the financial statements.	RVNL handed over the entire assets of Project Railway on as is where is basis to the company. However, no separate list of spares/stores, etc. was prepared/submitted by RVNL.														
5.	The Company is incorporated as Special Purpose Vehicle (SPV), for development, operation and maintenance of rail infrastructure providing connectivity to Krishnapatnam Port as per the concession agreement dated 23.11.2007. The Company incurred following expenditure upto 31.03.2026 on the project – <table border="1"><thead><tr><th>Head of Expenditure</th><th>Amount (in lakhs)</th></tr></thead><tbody><tr><td>Land</td><td>12746.78</td></tr><tr><td>Permanent Way</td><td>40737.20</td></tr><tr><td>Formation</td><td>100877.25</td></tr><tr><td>Plant & Machinery</td><td>34154.70</td></tr><tr><td>Station & Buildings</td><td>105461.28</td></tr><tr><td>Total</td><td>293977.21</td></tr></tbody></table> According to Article 4.3(d) of the concession agreement dt. 23.11.2007, the Company is obligated <i>"to keep the project assets in a proper working condition, including making replacement in accordance with the standards laid down by Ministry of Railways (MOR), of all project assets whose lives have expired. Such replacement shall be carried out by the Company (KRCL) either by itself or through MOR, and the cost of such replacement shall be borne by the Company (KRCL)"</i> These contractual obligations to maintain or restore infrastructure, except for any upgrade element shall be recognized and measured in accordance with Ind AS – 37 i.e. at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period. To estimate the present obligation at the end of the reporting period, the Company constituted a four member internal technical committee. The committee vide its report	Head of Expenditure	Amount (in lakhs)	Land	12746.78	Permanent Way	40737.20	Formation	100877.25	Plant & Machinery	34154.70	Station & Buildings	105461.28	Total	293977.21	The Company, an SPV set up under the Concession Agreement dated 23.11.2007 with the Ministry of Railways for the Krishnapatnam Port rail connectivity project, is obligated under Article 4.3(d) of the Agreement to keep project assets in proper working condition including replacing, at its own cost, assets whose lives have expired, as per Ministry of Railways standards. This obligation falls within the scope of Ind AS 37, which requires recognition of a provision at the best estimate of the expenditure required to settle the present obligation as at the reporting date. Accordingly, the Company constituted a four-member Internal Technical Committee, which vide its report dated 14.04.2026 estimated the expenditure likely to be incurred during the remaining concession period at Rs. 27,407.84 lakh, and a provision has been recognised in the financial statements on this basis. The Management has considered each of the matters raised by the Auditors and sets out below its reply thereon. <u>(i) Assumptions, methods and source data underlying the estimate</u> The estimate has been prepared by the Internal Technical Committee having regard to the current physical condition of the assets, their codal and residual life, the renewal/replacement requirements anticipated during the remaining concession period, the applicable Schedule of Rates or rates latest available, an escalation assumption linked to the Consumer Price Index, and a contingency loading. It is submitted that several of these assumptions including the escalation rate, the discount rate applied in arriving at the present value of the
Head of Expenditure	Amount (in lakhs)															
Land	12746.78															
Permanent Way	40737.20															
Formation	100877.25															
Plant & Machinery	34154.70															
Station & Buildings	105461.28															
Total	293977.21															

Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies
	dt. 14.04.2026 has estimated a total expenditure during the remaining period of Rs. 27407.84 lakhs. On review of internal committee report provided by the Company following were observed :— (i) In the report submitted, the committee has not provided the details of assumptions made, methods used and the source data relied while estimating the liability. (ii) The total expenditure incurred on the project except land is Rs. 281230.43 lakhs, however committee has estimated repair cost of Rs. 27407.84 lakhs. The amount of expenditures not considered for restoration/maintenance by the committee and reasons thereof need to be explained. (iii) In one of the opinion given by The Institute of Chartered Accountants of India in case of similar SPV, the institute has noted that the additional facilities created by the company under the concession agreement are not part of its obligations to restore or maintain the facilities, hence there is no statutory obligations to maintain/restore as required under Ind AS-37. The committee has not commented thereon, which need to be explained and quantified. (iv) Considering the nature and magnitude of expenditure, it is required that the company should include independent outside expert in the committee to have a greater reliance thereon. In view of the above, we cannot comment on the adequacy of the provision made by the company towards re-surfacing as required by Ind As 37. The impact of the above on the financial statements could be ascertained.	obligation, and the contingency factor are already recorded in the Committee's report. Similarly, information pertaining to asset life and other relevant parameters is available in the detailed component-wise workings furnished. Certain other inputs related to the estimate, principally the quantum of work required and the extent of intervention needed for individual asset categories, are derived from on-site physical inspection and the technical judgement of the Committee members. Such judgements, being based on the members' professional experience and field assessment, have not been separately recorded in the report, being in the nature of professional judgement rather than a documentable input. <u>(ii) Comparison of estimated provision with total historical project expenditure</u> It is submitted that Ind AS 37 requires recognition of a provision at the best estimate of the expenditure required to settle the present obligation as at the reporting date, and it neither requires nor contemplates that such provision bear any fixed or determinable proportion to the historical cost of the underlying assets. The historical project cost of Rs. 281230.43 lakh (excluding land) comprises several components that do not, give rise to a future restoration or replacement obligation under Article 4.3(d) of the Concession Agreement. These include, inter alia, Interest During Construction; other Incidental Expenditure During Construction such as Design & General (D&G) charges and GST on non-recurring expenditures; establishment and project-implementation costs incurred during the construction phase; and the cost of long-life civil assets, including formation, embankments, station and building works, bridges and tunnels, which are engineered for service lives extending well beyond the concession period and are therefore, not subject to periodic replacement at historical cost.




Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies
		The KRCL is accordingly of the view that the historical project cost and the provision recognised under Ind AS 37 represent two distinct measurement bases, arrived at with reference to different objectives, and that the adequacy of the provision cannot be assessed by reference to its proportion to the total historical project cost alone. <u>(iii) Applicability of the ICAI Expert Advisory Committee opinion referred to by the Auditors</u> The opinion pertains to additional facilities created by a concessionaire over and above its core obligations, and the accounting treatment applicable thereto. The provision recognised by the Company relates to the restoration and replacement of the Company's existing project assets pursuant to its obligation under Article 4.3(d) of the Concession Agreement, which the Management considers to be factually distinguishable from the matter addressed in the said opinion. The Management confirms that the provision has been restricted to expenditure that the Company is presently obligated to incur to settle an obligation arising from a past event, in accordance with Ind AS 37, and does not extend to assets or facilities that do not give rise to such an obligation. The company will keep this matter under review, including obtaining external legal or accounting opinion if considered necessary. <u>(iv) Constitution of the Internal Technical Committee</u> Neither Ind AS 37 nor the applicable Standards on Auditing mandate that an accounting estimate of this nature be prepared or validated by an independent external expert. The preparation of such estimates remains a management responsibility, which may appropriately be discharged through competent internal technical expertise. The Internal Technical Committee constituted by the Company comprises senior officers possessing extensive experience in




Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies
		railway infrastructure construction, operation and maintenance, and is accordingly well placed to undertake such assessment. Based on the above, the KRCL is of the view that the provision recognised in the financial statements for the year ended 31st March, 2026 represents management's best estimate of the expenditure required to discharge the Company's obligation under Article 4.3(d) of the Concession Agreement, determined in accordance with Ind AS 37, on the basis of the information and technical assessment available as at the reporting date. KRCL has taken note of the Auditors' observations regarding documentation of assumptions and methodology, the basis of exclusion of certain expenditure categories, and the composition of the Technical Committee, and has put in place the corrective steps set out above to strengthen the process of estimation in future reporting periods.
6.	During the year the company has reclassified cash flows from interest paid to RVNL from financing activities to operating activities, since the interest paid is not in the nature of penal interest, the same need to be accounted for as cash flows from financing activities as replied by Institute of Chartered Accountants of India (ICAI) in its response to question no. 12 in the Educational Material on Indian Accounting Standard (Ind AS) 7 Statement of Cash Flows, hence to the extent of Rs. 4491.84 lakhs (Previous year Rs. 3586.19 lakhs) cash flows from operating activities are under stated and cash flows from financing activities are overstated.	KRCL submits that during the year it reclassified the cash flows relating to interest paid to RVNL from Financing Activities to Operating Activities based on the audit observation made by the Office of the Comptroller and Auditor General of India (CAG), the Principal Auditor of the Company, during the audit of the financial statements for the year ended 31 March 2025. The reclassification has not been made arbitrarily. It has been effected specifically to comply with the view expressed by the Office of the CAG during the course of audit and to ensure consistency with the observations of the Principal Auditor. In view of the above, the Company submits that the accounting treatment adopted is in conformity with the view expressed by the Office of the CAG.



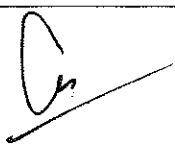

Management Replies to Statutory Audit observations on Audited Financial Statements for FY 2025-26

Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies
	Internal Financial Control	
1.	The company has not provided any purchase policy, work policy, HR policy, accounting manual and other related guidelines, for proper internal controls it is required that appropriate policy and guidelines be made in this regard.	All the purchases and works undertaken by the Company are carried out strictly as per business requirements and are subject to appropriate approvals of the Managing Director, Chief Executive Officer or the Board of Directors, as per the powers delegated by the Board. Procurement decisions are taken after inviting quotations/tenders, wherever considered necessary, on a case-to-case basis, thereby ensuring adequate authorization, transparency and control over such transactions. It may further be noted that purchases made during FY 2024-25 and FY 2025-26 constitute only 1.03% and 1.39%, respectively, of the total revenue earned by the Company. Similarly, the value of works undertaken by the Company is also very small. Considering the nature and scale of operations, the existing approval and authorization mechanisms have been found adequate and are operating effectively. However, HR policy is under preparation. Manual for accounting, the company is following IND-AS guidelines. Internal Financial Controls of a company should not be regarded as ineffective merely because certain work policy, accounting manual etc. are not there without identifying actual weakens in controls.
2.	It is suggested that considering the observations made in audit report, the scope of internal auditor be reviewed and extended accordingly.	The scope of Internal Audit has been determined after due consideration of the nature and size of the Company's operations, volume of transactions, risk profile, etc., and is considered adequate and commensurate with its business activities. The Internal Auditor conducts audits in accordance with the approved scope and reports observations to the Management periodically. The scope of internal audit is already extensive, and in view of management there is no need for revision of scope of internal audit.




Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies
3.	It is noticed that store items purchased are directly debited to repair & maintenance instead of when they are actually issued for repair nor the closing stock of stores existing as on 31.03.2026 is ascertained and accounted for as closing stock. Physical verification report of closing stock as on 31.03.2026 is not provided. List of spares received from RVNL (contractor to the project), stock register maintained for these spares & physical verification report thereof is not provided.	It is submitted that the amount of these inventory items are immaterial as compared to overall expenditure of the company. In order to have proper internal control, these items are documented and maintained in separate registers at site office. However, considering materiality of these transactions and nature of business of KRCL, these items are charged to Profit and Loss in the year of purchase itself. RVNL handed over the entire assets of Project Railway on as is where is basis to the company. However, no separate list of spares/stores, etc. was prepared/submitted by RVNL.
4.	As per the concession agreement dt. 23.11.2007 on expiry the company will handover the existing assets, new assets and additional assets to Ministry of Railways, for proper control thereof it is required a details list of these assets be prepared and periodically physically verified by management and/or external agency.	As per the provisions of the Concession Agreement at the completion of concession period all the project assets shall be transferred to MoR. The methodology for transfer payment for the assets is also provided in the Concession Agreement. For handing over of the project assets to Ministry of Railways, the list of assets shall be prepared by KRCL at an appropriate time before completion of Concession Period. As far as the accounting transactions and financial statements of the Company are concerned, the Company has accounted for each and every asset for which payment/expenses are incurred by KRCL on its construction/ acquisition, as Intangible Assets.
5.	All supporting evidences related to revenue booking and O&M charges are being controlled & managed by the 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 in respect of revenue is being carried out with the Traffic Revenue Officer of SCR by the concerned Officers of KRCL. RR wise reconciliation is carried out every month by KRCL Officers in order to arrive at correct revenue apportionment amount. Also, systematic records are maintained by KRCL of daily and monthly loading. Revenue Statements and O&M Bills are always checked by officers of KRCL at Secunderabad. Copies of all revenue statements and O&M Bills checked and certified by CFO/KRCL or Sr. Manager (Railway Accounts & Finance)/Expert/KRCL and Expert (O&C)/KRCL have been furnished to Audit team. A few examples of daily loading details as well

Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies
		as Monthly loading details provided by SCR were also shown to the Auditors and matched, which were found correct.
6.	It is noticed that certain transactions are not processed through accounting software or any other integrated software as detailed in point no. 2 to audit report referred in Annexure-C above. The said transactions should be routed through accounting software or some other integrated software.	All accounting transactions of the Company are processed through the accounting software "Tally Prime Edit Log", which has audit trail functionality and provides adequate controls over recording, processing and reporting of financial transactions. The effectiveness of Internal Financial Controls is required to be assessed on whether transactions are properly authorized, accurately recorded, completely accounted for and reliably reported in the financial statements and not on whether every operational or engineering record is maintained through an integrated software system. The degree of automation adopted by an entity may reasonably vary with the size, nature and complexity of its operations, and the absence of an integrated software for a particular process cannot, by itself, be construed as a material weakness in Internal Financial Controls. Item-wise reply to the specific transactions referred to in the audit observation is as follows: 1. Stores/consumables: The cost of these inventory items is immaterial in relation to the Company's overall expenditure. Considering their materiality and the nature of KRCL's business, these items are charged to the Statement of Profit and Loss in the year of purchase itself, and accordingly, no opening or closing stock disclosure is required in the financial statements. For proper internal control, these items are documented and maintained in separate registers at the site offices, which is considered adequate and does not necessitate a dedicated software. 2. Transfer of assets at end of concession period: The major assets to be transferred at the end of the concession period comprise Permanent Way (including bridges, tunnels and station buildings), Overhead Equipment, and Signalling & Telecommunication systems. The detailed records of these items




Sl. No.	Auditor's Comments for Financial Year 2025-26	Management Replies
		are already available in the field office. Given the nature of these assets, a dedicated software is not considered necessary for this purpose. 3. Revenue related documents maintained by Railways: Auditor in its main report as well as in Annexure-C has specified that relevant documents are maintained by Railways and KRCL does not have supporting documents. Therefore, it does not appear, there is any requirement of software for this purpose. Internal Financial Controls of a company should not be regarded as ineffective merely because certain records are not maintained through an integrated software system.

Ca

g



C&AG REPORT