



**KRISHNAPATNAM RAILWAY
COMPANY LIMITED**

18TH ANNUAL REPORT

2023 -2024

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*will be circulated as available or during the meeting.



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

BOARD OF DIRECTORS AND MANAGEMENT

SH. K. R. K. REDDY
CHAIRMAN (NOMINEE OF MINISTRY OF RAILWAYS)

SH. K. SIVA PRASAD
MANAGING DIRECTOR

SH. PRAVIN KUMAR (IAS)
DIRECTOR (NOMINEE OF GOVT. OF ANDHRA PRADESH)

SH. D. K. GUPTA
DIRECTOR (NOMINEE OF SAGARMALA DEVELOPMENT CO. LTD.)

SH. A. C. NAYAK
DIRECTOR (NOMINEE OF SAGARMALA DEVELOPMENT CO. LTD.)

SH. VISHWANATH SURESH
DIRECTOR (NOMINEE OF NMDC LTD.)

SH. G. J. RAO
DIRECTOR (NOMINEE OF ADANI KRISHNAPATNAM PORT LTD.)

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

SH. M. P. SINGH
DIRECTOR (NOMINEE OF RAIL VIKAS NIGAM LTD.)

SH. MUDIT MITTAL
DIRECTOR (NOMINEE OF RAIL VIKAS NIGAM LTD.)

SH. AJIT SINGH
DIRECTOR (NOMINEE OF RAIL VIKAS NIGAM LTD.)

SH. B. K. REDDY
DIRECTOR (NOMINEE OF RAIL VIKAS NIGAM LTD.)

SH. T. MUNI PRASAD
CHIEF FINANCIAL OFFICER

SH. TRILOK GARG
COMPANY SECRETARY

CORPORATE INFORMATION

REGISTERED OFFICE

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

CORPORATE OFFICE

ROOM No. 267, 1ST FLOOR,
AUGUST KRANTI BHAWAN,
BHIKAJI CAMA PLACE,
NEW DELHI- 1 10066

STATUTORY AUDITORS

M/S ARUN MALHOTRA & ASSOCIATES,
FIRM REGISTRATION NO. 002563N

INTERNAL AUDITORS

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

SECRETARIAL AUDITORS

M/S JANMEJAY SINGH RAJPUT &
ASSOCIATES
COMPANY SECRETARIES

LENDER BANK

PUNJAB NATIONAL BANK



NOTICE
OF
18TH 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. 011-26738406, Fax. No. 011-26182957 CIN: U45200TG2006PLC051378

NOTICE
of the 18th Annual General Meeting

Notice is hereby given that the 18th Annual General Meeting (AGM) of members of Krishnapatnam Railway Company Limited will be held on Thursday, September 26, 2024 at 15:30 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, 2024 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 D. K. Gupta, (DIN No. 08203085), who retires by rotation and being eligible, offers himself for re-appointment.

3. Appointment of Director

To appoint a Director in place of Shri G. J. Rao, (DIN No. 01724002), who retires by rotation and being eligible, offers himself for re-appointment.

4. Appointment of Director

To appoint a Director in place of Shri Ajit Singh, (DIN No. 08076926), who retires by rotation and being eligible, offers himself for re-appointment.

5. Appointment & Remuneration of Statutory Auditors for the year 2024-25

To authorize Board of Directors to fix remuneration for the year ending 31st March, 2025, payable to the Statutory Auditors:

Pursuant to the provisions of Section 139 of the Companies Act, 2013, the appointment of Statutory Auditors, for the year 2024-25 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 of Accounts of the Company for financial year 2024-25.”

SPECIAL BUSINESS:

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

“RESOLVED THAT in accordance with the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under, read with Schedule V to the Companies Act, 2013 and all other applicable provisions, if any, including any statutory modifications or re- enactment thereof for the time being in force and subject to such approvals and the limits prescribed under the Companies Act, 2013 the consent and approval of the Company is hereby accorded to grant extension to Shri K. Siva Prasad (IRTS Retd.) as Managing Director for a further period of Two year with effect from 19.04.2024, subject to maximum Age limit of 65 years, on the same terms & conditions including remuneration, as applicable to his recent tenure of appointment completed on 18.04.2024.

RESOLVED FURTHER THAT Shri K. Siva Prasad shall continue to hold the office of Director, without being subjected to retire by rotation, so far, he continues to be the Managing Director of the Company during the extended period of Two years w.e.f. 19.04.2024.

“RESOLVED FURTHER THAT Shri Trilok Garg, Company Secretary and Shri T. Muni Prasad, CFO of the Company be and is hereby authorized to file the necessary applications / documents with Ministry of Corporate Affairs under MCA 21 and to do all such acts, deeds, things as may be considered necessary and incidental thereto to.”

“RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxations by the Central Government to the Companies Act, 2013, 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 limits or ceiling to give effect to such modification, relaxation or variation without any further reference to the members of the Company in General Meeting.”

By Order of Board of Directors

Date: September 02, 2024
Place: New Delhi


Trilok Garg
Company Secretary

NOTES:

1. In continuation to the Circular No. 20/2020 dated 5th May 2020, General Circular No. 02/2022 dated May 05 2022 and General Circular No. 10/2022 dated December 28, 2022 (collectively referred to as "MCA Circulars") the Ministry of Corporate Affairs vide Circular No. 09/2023 dated 25th September 2023 has permitted the Companies to hold their Annual General Meeting ("AGM") for the FY 2023-24, through video conferencing (VC) or other audio visual means (OAVM) on or before September 30, 2024. In compliance with the aforesaid MCA Circulars, applicable provisions of the Companies Act, 2013 and rules made there under, the 18th AGM of the Company is being convened and conducted through VC. The registered office of the Company shall be deemed to be the venue for the AGM. LINK FOR ATTENDING THE AGM ON VC WILL BE SENT TO THE MEMBERS SEPARATELY IN EMAIL ON THEIR REGISTERED EMAIL ADDRESS WITH THE COMPANY.
2. As per aforementioned MCA circulars, Company is allowed to send notice of the Meeting and other correspondences related thereto, through electronic mode i.e. emails. Accordingly, an electronic copy of the Notice of 18th Annual General Meeting of the Company along with Annual Report for the financial year ended 31st March, 2024 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 of appointment of proxies by individual members. Accordingly, the facility of appointment of proxy by members will not be available. However, Institutional/Corporate members are required to send a certified copy of the Board Resolution, pursuant to section 113 of the Companies Act 2013, authorizing their representative to attend and vote at the AGM through VC.
5. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 shall be made available only in electronic form for inspection during the Annual General Meeting through VC.
6. All other relevant documents referred to in the accompanying notice/explanatory statement shall be made open for inspection by the members only in electronic form at the AGM and on all working days, except Saturdays, from 11:00 a.m. to 01:00 p.m. up to the date of the Annual General Meeting subject to receipt of request from member(s) to this effect in advance on krcl.rail@gmail.com
7. The Notice for this Meeting along with requisite documents and the Annual Report for the financial year ended 2023-24 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 18th AGM (being called through VC), where a poll on any item is required the members shall cast their vote(s) on the item(s) only by sending emails through their registered email address with the Company. The said emails shall only be sent to Company on its email: krcl.rail@gmail.com.
10. The facility of joining the meeting shall be open 15 minutes before the time scheduled to start the meeting and shall be closed 15 minutes after such scheduled time of the AGM.
11. As the 18th AGM is being held through VC, the route map is not annexed to this Notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 6

The shareholders of the Company in their 15th Annual General Meeting held on 25th November 2021 approved the appointment of Shri K. Siva Prasad (IRTS Retd.) as Managing Director of the Company with effect from April 19, 2021, for a period of 3 (Three) years extendable by 2 (Two) years, subject to a maximum Age limit of 65 years and approved the remunerations payable to Shri K. Siva Prasad, Managing Director of the Company. His initial term of three years completed on 18.04.2024. The BoD at its 74th Board meeting held on 21/12/2023, after deliberation on various aspects of the subject matter including performance of the Company under leadership and guidance of Shri K. Siva Prasad as Managing Director, approved extension of tenure of Shri K. Siva Prasad as Managing Director for a period of Two years with effect from 19.04.2024, subject to the maximum age limit of 65 years. The remuneration / Salary, allowances, perquisites and other expenses payable to Shri K. Siva Prasad, Managing Director shall remain unchanged during the extended period of two years, except a change to the extent of annual increments in basic pay and change in IDA and other entitlements to Director of Schedule- A CPSE, as approved by the Board and the Shareholders in the 15th Annual General Meeting. The approval of the extension of the tenure of the Managing Director for the term of two years is subject to the approval of the Shareholders in this meeting. None of the Directors or Key Managerial Personnel of the Company, and their respective relatives except Shri K. Siva Prasad, himself, is concerned with or interested in the aforesaid resolution. The Board recommends the resolution set out at item No. 6 of the Notice for approval by the members as **Ordinary Resolution**.

By Order of Board of Directors

Date: September 02, 2024
Place: New Delhi


Trilok Garg
Company Secretary

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.



DIRECTOR'S REPORT

BOARD'S REPORT

To
The Members,

The Board of Directors takes pleasure in presenting the 18th Annual Report on the working of your Company along with Audited Annual Accounts, for the Financial Year ending on March 31, 2024.

1. Financial Performance: Summary of Financial Results

In Rs. Lakhs

Particulars	2023-24	2022-23
Revenue from Operations*	61698.17	45063.98
Other Income	1998.16	991.55
Profit/Loss before Depreciation, Finance Costs, Exceptional Items and Tax Expense	63696.33	46055.53
Less: Depreciation / Amortisation / Impairment	9627.19	9586.60
Profit / Loss Before Finance Cost, Exceptional items and Tax Expense	54069.14	36468.93
Less: Finance Cost	27966.63	24235.36
Profit / Loss Before Exceptional items and Tax Expense	26102.51	12233.57
Less : Employees Benefit Expenses, O&M Expenses and Other Expenses	9705.53	8199.70
Profit / Loss Before Tax Expense	16396.98	4033.87
Less: Tax Expense (Deferred)	4661.68	1080.85
Profit / Loss for the Year (1)	11735.30	2953.02
Total Comprehensive Income (2)	-	-
Total (1+2)	11735.30	2953.02
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)	11735.30	2953.02
Earnings Per Share	1.88	0.47
- Basic	1.88	0.47
- Diluted	1.88	0.47

*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 2023-24 25.94 MT traffic was transported on KRCL line, whereas, during FY 2022-23, 20.67 MT traffic moved through the line. There was an increase of about 25.50 % in the movement of traffic volume on the KRCL Line during the period under report, compared to FY 2022-23.

During the year the Company earned Net operational earnings Rs. 500.89 Cr., (after defraying all O&M costs) in comparison to Rs. 393.99 Cr. for FY 2022-23 and there was an increase of about 27.00 % in net operational earnings. During the year 2023-24 the Company recorded highest ever Operational revenue in its history. It is expected that the same trend of Operational performance shall continue during FY 2024-25 as well.

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.

The current trend of traffic during FY 2024-25 is satisfactory and is expected to grow by about 05-10 % 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 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 General 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, 2024 is Rs. 625 Crore.

The Company obtained a Term Loan of Rs. 1074.97 Crore (sanctioned limit was Rs. 1083 Crore) from schedule Banks/FI, prior to the commencement of financial year 2019-20 to finance the construction of the project. The Principal Term loan was payable in 52 quarterly instalments starting from September, 2019. During the FY 2023-24 the Company has paid four quarterly instalments aggregating Rs. 77.29 Cr. of the Term Loan and repaid the total outstanding Loan of Aditya Birla Finance Limited of Rs. 109.84 Cr. from its own resources. During the financial year 2023-24 the Company got its Bank Debt Refinanced through Punjab National Bank at a reduced Rate of Interest, i.e., 8.85% p.a. from the earlier Rate of Interest of 11.25% p.a. The outstanding balance of the Term Loan as on 31st March, 2024 is Rs.663.28 Crore.

6. Dividend

During the year the Company earned Rs. 117.35 Cr., as profit after tax. Since, the unabsorbed depreciation and carried over losses of previous years are yet to set off against profits, the Directors do not recommend any dividend for the Financial Year ended on 31st March, 2024.

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**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 stakeholder interest.

The strength of the Board as on March 31, 2024 was Ten (12) Directors. They are as follows:

Sl. No.	Name	DIN Number	Designation
1	Sh. Chhatrasal Singh (MoR)	10191997	Chairperson
2	Sh. K. Siva Prasad	09124374	Managing Director
3	Sh. D. K. Gupta (SDCL)	08203085	Nominee Director
4	Sh. Ananga Charan Nayak (SDCL)	10057433	Nominee Director
5	Sh. Gudena J. Rao (AKPL)	01724002	Nominee Director
6	Sh. Shailendra Kumar (AKPL)	06990949	Nominee Director
7	Sh. M. P. Singh (RVNL)	08165734	Nominee Director
8	Sh. B. K. Reddy (RVNL)	07823758	Nominee director
9	Sh. Pravin Kumar (GoAP)	07106418	Nominee Director
10	Sh. Ajit Singh (RVNL)	08076926	Nominee Director
11	Sh. Vishwanath Suresh (NMDC)	10059734	Nominee Director
12	Sh. Mudit Mittal (RVNL)	09697448	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 7 days 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. In terms of various circulars issued by Ministry of Corporate Affairs during the course of COVID 19, during the year all the Meetings were held through audio – video means only.

During the financial year ended March 31, 2024, the Board of Directors met Five (5) times on 30th June, 2023, 22nd September, 2023, 21st December, 2023, 21st March, 2024 and 28th March, 2024.

10.2 Details of attendance of each Director in the Board meetings held during the period April 01, 2023 to March 31, 2024:

Sl. No	Name of the Director	Designation	Meetings Held during the tenure	Meetings Attended
1	Sh. Chhatrasal Singh	Chairperson	5	5
2	Sh. K. Siva Prasad	Managing Director	5	5

3	Mr. D. K. Gupta	Nominee Director	5	5
4	Mr. M. P. Singh	Nominee Director	5	4
5	Mr. Sajal Mittra	Nominee Director	2	1
6	Sh. Shailendra Kumar	Nominee Director	3	3
7	Mr. Mudit Mittal	Nominee director	5	3
8	Mr. Ajit Singh	Nominee Director	5	2
9	Mr. B. K. Reddy	Nominee Director	5	2
10	Mr. G. J. Rao	Nominee Director	5	0
11	Mr. V. Suresh	Nominee Director	5	1
12	Mr. A. C. Nayak	Nominee Director	5	4
14	Mr. S. Shan Mohan	Nominee Director	1	0
15	Mr. Pravin Kumar	Nominee Director	2	0

***Cessation/ Appointment/Re-appointment of Directors during April 01, 2023 to March 31, 2024. Details are given under section 10.3 below.**

10.3 Changes in the Board during the period April 01, 2023 to March 31, 2024

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

S. No	Name of the Director	Designation	Appointment Resignation/ Re-appointment and Change in Designation of Director
1	Sh. V. K. Prajapati	Nominee Director	Cessation on April 28, 2023
2	Sh. A. C. Nayak	Nominee Director	Appointment on April 28, 2023
3	Sh. Mudit Mittal	Nominee Director	Appointment on April 28, 2023
4	Sh. Vishwanath Suresh	Nominee Director	Appointment on May 12, 2023
5	Ms. Seema Kumar	Nominee Director	Cessation on May 15, 2023
6	Sh. Chhatrasal Singh	Nominee Director	Appointment on May 15, 2023

7	Sh. Sagili Shan Mohan	Nominee Director	Cessation on August 19, 2023
6	Sh. Sajal Mittra*	Nominee Director	Cessation on October 30, 2023
7	Sh. Shailendra Kumar	Nominee Director	Appointment on December 06, 2023
8	Sh. Pravin Kumar	Nominee Director	Appointment on January 04, 2024

*Cessation due to resignation by the Director.

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 and need a closer review. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are performed by Members of the Board, as a part of good governance practice. The Board is informed about the summary of the discussions took place in the Committee Meetings. The Minutes of Meetings of all the Committees are placed before the Board for review.

CSR Committee: During the Financial Year 2023-24 a meeting of CSR Committee (comprised of Shri M. P. Singh, Shri B. K. Reddy and Shri A. C. Nayak, Directors) was held on 15.03.2024 and was attended by all the members of the Committee.

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

During the year under review no changes took place in the personnel appointed/designated as KMP as per provisions of the Companies Act, 2013.

Details of KMPs as on March 31, 2024:

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

12. Particulars of Employees and related Disclosures

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

13. Particulars of Loans, Guarantees or Investments 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 was entered into by the Company during the year as per the provisions of section 188(1) of the Companies Act, 2013. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

15. Internal Financial Control

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

16. Statutory Auditors Report

M/s Arun Malhotra & Associates, Chartered Accountants were appointed as Statutory Auditors of the Company for FY 2023-24 by the office of the CAG. The report of Statutory Auditors of the Company is received and circulated to the shareholders along with notice of Annual General Meeting.

17. Secretarial Audit Report

The Company appointed M/s. Janmejy Singh Rajput & Associates, Company Secretaries, as Secretarial Auditor of the Company for FY 2023-24 pursuant to provisions of Section 204 of the Companies Act, 2013.

The Report of Secretarial Auditor for the Financial Year 2023-24 was received and is annexed to this report as **Annexure-I**.

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

Explanations or replies of the Board on qualifications/reservations/adverse remarks, disclaimers in the Audit Report issued by the Statutory Auditor of the Company 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 operations of the project are protected by the concession agreement.

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

The risk associated with the project assets of the Company of the operational line are protected by obtaining the comprehensive insurance policies for the assets.

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

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

20. Corporate Social Responsibility

The Company is committed to conduct its business in a socially responsible, ethical and environment 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 2024, the CSR Committee comprised Shri M. P. Singh, Shri B. K. Reddy and Shri A. C. Nayak, Directors as its members. For the FY 2023-24, the Company had NIL CSR liability.

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 ICSI and that such systems are adequate and operating effectively.

22. Corporate Governance

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

23. Subsidiary Companies, Joint Venture or Associate Companies

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

24. Deposits

During the year under review the Company has 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, 2024 are in full conformity with the requirements of the Companies Act, 2013 and they believe that the financial statements reflect fairly the form and substance of transactions carried out during the year. The financial statements, audited by the statutory auditors M/s Arun Malhotra & Associates, 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 policy towards sexual harassment at the workplace and strives for prevention, prohibition of sexual harassment at

workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. During the Financial Year 2023-24 the Company had no women employee and has not received any complaint related to sexual harassment.

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. Exemption of GST on transactions of Revenue apportionment and sharing of O&M cost between SPVs and MoR

During the 2017-18 Goods and Service Tax (GST) has replaced the service tax with effect from 1st July 2017. The Company has always been of the view that no supply is involved in transactions between the Company and Railways and visa-versa in sharing of freight revenue & cost by Railways with the Company. Therefore, there are no GST obligations on the Company in respect to sharing of the freight revenue & cost by Railways with the Company. MoR has sought exemption/clarification from GST Council/MoF on this issue.

Recently, the issue of applicability of GST on sharing of Revenue & O&M cost between MoR and SPVs was discussed at the 53rd Council meeting held on 22nd June, 2024 wherein the GST Council decided to Exempt GST on the services provided by Special Purpose Vehicles (SPV) to Indian Railway by way of allowing Indian Railway to use infrastructure built & owned by SPV during the concession period and maintenance services supplied by Indian Railways to SPV. A GST notification No. 04/2024 dt. 12/07/2024 and GST circular No. 228/22/2024-GST dt. 15/07/2024 has been issued by Ministry

of Finance, duly exempting the transactions of revenue apportionment and O&M bills between MoR and SPVs, from the purview of GST.

33. Company's Policy in Directors' Appointment and Remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of section 178 the Companies Act, 2013.

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

For appointment of Managing Director all terms & conditions i.e. mandatory education qualifications, relevant experience, positive attributes, remuneration etc., are approved by the Board of Directors directly/on the recommendations of the MD Selection Committee, as per requirements of the Company. 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.

34. Filing of statutory e-forms with Ministry of Corporate Affairs

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

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

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

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

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

37. Appreciation and Acknowledgement

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

Your Directors also wish to place on record their sincere appreciation to the commitment, involvement and dedication shown by Company's Human capital in steady growth of the Company.

On behalf of the Board of Directors

Place: New Delhi
Date: September 02, 2024

KASTURI SIVA
PRASAD

Digitally signed by KASTURI
SIVA PRASAD
Date: 2024.09.02 17:36:20
+05'30'

K. Siva Prasad
Managing Director
(DIN: 09124374)

MRITUNJAY
PRATAP SINGH

Digitally signed by
MRITUNJAY PRATAP SINGH
Date: 2024.09.02 18:05:27
+05'30'

M. P. Singh
Director
(DIN: 08165734)



Form No. MR-3
SECRETARIAL AUDIT REPORT

(For the Financial Year ended 31.03.2024)

[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**" having (CIN: **U45200TG2006PLC051378**) situated at **3rd Floor, Lekha Bhavan, South Central Railway, Opposite Secunderabad East Metro Station, Secunderabad, Telangana - 500025** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us with 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 and 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 2023 to 31st March 2024** (hereinafter referred as Audit Period), properly complied with the statutory provisions listed hereunder except as and 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:

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, 2024;

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 2023-24, the company filed the requisite E-forms within time with Registrar of Companies, Ministry of Corporate Affairs.

b) **Minutes Book and Registers:**

S. No	Particulars	Remarks
1.	Board Meeting Minutes Books	As per representation given by the management, the Company has maintained Minutes Books of Board and General Meetings of the Company.
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 the Statutory Registers during the audit period.

- c) Adequate notices, agendas and detailed notes on agenda is given to all the directors of the board Meetings were sent (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.

Based on the representation given by the management of the Company, 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) Declaration and payment of dividends; **Not applicable during the year under review.**



- 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;

• **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.

The Company, being a Joint Venture, was exempt from the requirement to appoint Independent Directors and has duly complied with the composition of board in accordance with the provisions of Companies Act, 2013 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, though Company has voluntarily constituted Corporate Social Responsibility Committee.

• **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 2023-24.

The Company has duly complied with the requirement of Secretarial Audit Report for the Financial Year 2023-2024.

B. SEBI AND FEMA COMPLIANCE

As per representation given by the management, the books, papers, minutes books, forms and returns and other records are properly maintained by **Krishnapatnam Railway Company Limited** for the financial year ended on 31st March 2024 covering period (01st April 2023 to 31st March 2024) according to the provisions of:

- 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**

I 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.

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;
4. 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 Janmejay Singh Rajput and Associates
Company secretaries**



**Janmejay Singh Rajput
(Proprietor)**

Membership No.- F9348

COP. No- 15012

UDIN: U45200TG2006PLC051378

Peer Review Certificate No. 1590/2021

Date: 27.06.2024

Place: New Delhi

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an 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 Janmejy Singh Rajput and Associates
Company secretaries



Janmejy Singh Rajput
(Proprietor)

Membership No. - F-9348

COP. No- 15012

UDIN- U45200TG2006PLC051378

Peer Review Certificate No. 1590/2021

Date: 27.06.2024

Place: New Delhi



KRISHNAPATNAM RAILWAY COMPANY LIMITED

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

ANNEXURE - II

Management reply to Statutory Audit observations on Audited Financial Statements for FY 2023-24

Sl. No.	Auditor's Comments for Financial Year 2023-24	Management Reply
	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.	<p>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'.</p> <p>KRCL does not have any control over the practices followed by the Railway Administration (SCR).</p>
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. 11449.14 lakhs being 5% of total project cost, which has been considered as contingent liability (Refer Note-38e) 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 of the year due to amortisation cost of intangible assets, not considered.	<p>In terms of Construction Agreement with Rail Vikas Nigam Limited, Departmental Charges are payable to RVNL on the basis of 'final cost of work'. Since RVNL has not raised any invoice/claim in this regard, therefore, this amount has been treated as "Contingent Liability" in the Books of Accounts. The company has estimated provisionally the liability of Rs. 11449.14 lacs being 5% of total project cost, which has been considered as contingent liability.</p> <p>The Company has represented to RVNL for waiving off the Departmental Charges @5%. Hence, it would be logical to retain the amount of Departmental Charges as Contingent Liability.</p>

Sl. No.	Auditor's Comments for Financial Year 2023-24	Management Reply
Emphasis of Matters		
1	Note 4.5 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.	At present RVNL is claiming D&G Charges in accordance with provisions of the Construction Agreement between KRCL and RVNL. Final/Completion cost is yet to be received from RVNL. On receipt of Final/Completion cost, D&G Charges will be calculated again and actual impact will be taken in Financial Statements, accordingly.
2	Note 4.7 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.	Statement of fact, hence, no comment required.
3	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 arbitration and the revenue is subject to the outcome of arbitration proceedings.	Statement of fact, hence, no comment required.
4	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.	It is the practice of Zonal Railway Administration (i.e., SCR) to furnish statements of Revenue or O&M Cost or any other amount paid to be marked as 'Provisional'. KRCL do not have any control over the practices followed by Railway Administration (SCR).
5	Note 38(c) to the accompanying financial statements in relation to ongoing arbitration proceedings between the company and Ministry of Railway. As opined by the company, amount of claims and counter claims, being confidential as per section 42A of the Arbitration and Conciliation Act, 1996, has not been disclosed in the financial statements.	Statement of fact, hence, no comment required.
6	Note 38(a) to the accompanying financial statements in relation to non-charging of GST on its revenue and providing GST on Operation & Maintenance ("O&M") Charges under reverse	During previous years, the company has maintained its stand that the apportioned revenue received from SCR is nothing but a return on investment made by KRCL on




charge mechanism on the rationale that there is no supply of services on the part of company and Ministry of Railway which is getting apportionment of revenue net off GST from Ministry of Railway.

construction of project assets. As per the provisions of Concession Agreement between KRCL and MoR, Indian Railways/SCR is performing operations on the project railway line of KRCL, which is a sovereign function of Indian Railways and KRCL is getting its share of revenue generated from operations for the distance of SPV section. There is no service involved between KRCL and MoR, hence, there is no liability to pay GST on apportioned revenue receipts.

Similarly, O&M cost collected by SCR from KRCL is the cost of carrying out operations and supervision activities by Railway.

Maintenance of the KRCL project railway line assets is being carried out by the company itself through agencies and on which the company is paying GST on bills of maintenance agencies.

Hence, the amount of O&M cost charged by SCR from KRCL is allocation of cost of operations between SCR and KRCL. As such there is no service provided by SCR to KRCL. Due to operations, whatever revenue is generated from freight tariff collected by Indian Railways from customers, GST is paid on the same to Finance Department by SCR.

In spite of that, during the current financial year South Central Railway started collecting GST @ 18% from the monthly apportioned revenue of KRCL with effect from October, 2023, based on the instructions issued by Ministry of Railways vide letters dt 21.09.2023 and 30.11.2023.

This was objected by KRCL and a writ petition was filed by KRCL in the Hon'ble High Court of Telangana, against these arbitrary and unlawful instructions of MoR for deduction of GST from monthly revenue of KRCL in an incorrect manner.

Hon'ble High Court vide its interim order dt 24.04.2024 stayed implementation of the said instructions of MoR and directed both the

parties i.e. MoR and KRCL to raise GST invoices as provided in the Central GST law.

Subsequently, it is learnt that the GST Council in its 53rd meeting held on 22.06.2024 has exempted the transactions of allocation of revenue apportionment and O&M cost between MoR and SPVs from the purview of GST with retrospective effect from 01/07/2017. Hence no GST is payable by KRCL either on revenue apportionment received from SCR or on O&M cost collected by SCR from KRCL.

However, notification from the (GST) department is awaited.

 

Sl. No.	Auditor's Comments for Financial Year 2023-24	Management Reply
Internal Financial Control		
1.	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 certified by CFO/KRCL and Expert (O&C)/KRCL have been furnished to Audit team. A few examples of daily loading details as well as Monthly loading details provided by SCR were also shown to the Auditors and matched, which were found correct.
2.	As informed to us, there is no methodology on the part of management to ensure the up to date accounting of expenditure on construction projects, including bills which are already incurred but not billed to the company and also which are awaited dispatch by the contractors for the construction.	<p>RVNL has a practice to submit monthly/bimonthly Bills of the work contractors for ongoing construction of the project.</p> <p>Although, before FY 2023-24 most of the construction works are already completed, only the pending bills of contractors are being paid by RVNL and claimed from KRCL, occasionally.</p> <p>Hence, KRCL does not have any prior indication of the forthcoming/future construction bills.</p>




Annual Report on CSR Activities

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

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

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

The Company is actively working towards providing Educational support & Skill Development etc. The scope of this policy extends to activities as stated under Schedule VII of the Companies Act, 2013, as may be amended from time to time.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of CSR meetings held during the year	Number of meetings of CSR Committee attended during the year
1.	Sh. M. P. Singh	(Non Executive Director)	1 (One)	1
2.	Sh. B.K. Reddy	(Non Executive Director)		1
3.	Sh. 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.	2023-24	Nil	Nil

6. Average net profit of the company as per Section 135 (5): **Rs. -7683.00 Lakh (Loss)**
7. (a) Two percent of average net profit of the company as per section 135(5): **Rs. -153.66 Lakh (Loss)**
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: - **Nil**
- (c) Amount required to be set off for the financial year :- **NIL**
- (d) Total CSR obligation for the financial year (7a+7b-7c) :- **NIL**
8. (a) Details of CSR spent or Unspent for the financial year.

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

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project Duration	Amount allocated for the project (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: **NIL**

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

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

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

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

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

SI. No	Particulars	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	-153.66 Lakh (Loss)
(ii)	Total amount spent for the Financial Year	NIL
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

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

SI. No	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135 (6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs.)	Date of transfer	
1.	2022-23	Nil	Nil	NA	NA	NA	NIL
2.	2021-22	Nil	Nil	NA	NA	NA	NIL
3.	2020-21	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)
SI. No	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year (in Rs.)	Cumulative amount spent at the end of reporting Financial Year (in Rs.)	Status of the project - Completed /Ongoing

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created/acquired through CSR spent in the financial year (asset-wise details). - **Not Applicable**

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

KASTURI
SIVA PRASAD
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KASTURI SIVA PRASAD
Date: 2024.09.02
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(K. Siva Prasad)
Managing Director

MRITUNJAY
PRATAP SINGH
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MRITUNJAY PRATAP
SINGH
Date: 2024.09.02 18:04:17
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(M. P. Singh)
Member CSR Committee

Date: 02.09.2024
Place: New Delhi



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

KRISHNAPATNAM RAILWAY COMPANY LIMITED
Balance Sheet as at 31st March 2024

(₹ in Lakhs)

Particulars	Note No	As at 31st March 2024		As at 31st March 2023	
I. ASSETS					
1 Non-Current Assets					
(a) Property, Plant and Equipment	3	191.04		210.34	
(b) Other Intangible Assets	4	2,35,318.56		2,44,371.97	
(c) Financial Assets					
(i) Others	5.1	2,521.33		2,131.32	
(d) Deferred Tax Asset (Net)	15	3,556.56		6,051.27	
(e) Other Non-Current Assets	6	400.00	2,41,987.49	-	2,52,764.90
2 Current Assets					
(a) Financial Assets					
(i) Trade Receivables	7.1	13,670.05		9,559.10	
(ii) Cash and Cash Equivalents	7.2	0.03		8,500.86	
(iii) Bank Balances other than (ii) above	7.3	25,800.49		11,394.52	
(iv) Others	7.4	-		40.71	
(b) Current Tax Assets (Net)	8	111.46		539.68	
(c) Other Current Assets	9	212.95	39,794.98	154.56	30,189.43
Total Assets		2,81,782.47		2,82,954.33	
II. EQUITY AND LIABILITIES					
1 Equity					
(a) Equity Share Capital	10	62,500.00		62,500.00	
(b) Other Equity	11	(4,703.26)	57,796.74	(16,438.56)	46,061.44
2 Liabilities					
(i) Non-Current Liabilities					
(a) Financial Liabilities					
(i) Borrowing	12.1	56,652.78		77,666.50	
(ii) Trade Payables					
a) Total Outstanding Due to Micro enterprises and small enterprises	12.2	-		-	
b) Total Outstanding Due to creditors other than Micro enterprises and small enterprises		-		-	
(iii) Other Financial Liabilities	13	9.12		0.61	
(b) Deferred Tax Liability (Net)	15	-		-	
(c) Other Non-Current Liability	16	-	56,661.90	15.76	77,682.87
(ii) Current liabilities					
(a) Financial Liabilities					
(i) Borrowing	17.1	9,674.72		7,374.48	
(ii) Trade Payables					
a) Total Outstanding Due to Micro enterprises and small enterprises	17.2	110.32		131.79	
b) Total Outstanding Due to creditors other than Micro enterprises and small enterprises		1,641.75		1,157.75	
(iii) Other financial liabilities	17.3	1,50,783.61		1,45,242.78	
(b) Provisions	14	5,000.00		5,000.00	
(c) Other Current liability	18	83.73		303.22	
(d) Current Tax Liability (Net)	8	29.70	1,67,323.83	-	1,59,210.02
Total Equity and Liabilities		2,81,782.47		2,82,954.33	
III. See accompanying notes to the financial statements (Note 1-44)					

As per our Report of even date attached
For Arun Malhotra & Associates
Chartered Accountants
FRN : 002563N

Satish Bhatia
Partner
M No. 509271

Place : New Delhi
Date : June 27, 2024

For and on behalf of Board of Directors

M. P. Singh
Co-Ordinating Director
DIN : 08166734

Trilok Garg
Company Secretary
M No. 12145

A. C. Nayak
Director
DIN : 10057433

T Muni Prasad
Chief Financial Officer
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KRISHNAPATNAM RAILWAY COMPANY LIMITED
Statement of Profit & Loss for the year ended 31st March 2024

(₹ in Lakhs except EPS)

Particulars	Note No.	For the year ended 31st March 2024	For the year ended 31st March 2023
I. Revenue :			
Revenue from Operations	19	61,698.17	45,063.98
II. Other Income	20	1,998.16	991.55
III. Total Income (I + II)		63,696.33	46,055.53
IV. Expenses:			
Operation & Maintenance Expense	21	8,914.87	7,328.21
Employee Benefits Expenses	22	251.03	214.89
Finance Costs	23	27,966.63	24,235.36
Depreciation and Amortization	24	9,627.19	9,586.60
Other Expenses	25	539.63	656.60
Total Expenses (IV)		47,299.35	42,021.66
V. Profit/(Loss) Before exceptional items and Tax (III - IV)		16,396.98	4,033.87
VI. Exceptional Items		-	-
VII. Profit/(Loss) before tax (V - VI)		16,396.98	4,033.87
VIII. Tax Expense:			
(1) Current Tax			
- For the year		2,166.97	-
(2) Deferred Tax (Net)	26	2,494.71	1,080.85
Total Tax Expense (VIII)		4,661.68	1,080.85
IX. Profit/(loss) for the period from continuing operation (VII - VIII)		11,735.30	2,953.02
X. Profit/(loss) from discontinued operations		-	-
XI. Tax Expense of discontinued operations		-	-
XII. Profit/(loss) from discontinued operations (after tax) (X-XI)		-	-
XIII. Profit/(loss) for the period (IX+XII)		11,735.30	2,953.02
XIV. Other Comprehensive Income			
A. (i) Items that will not be reclassified to profit and loss		-	-
(ii) Income Tax relating to Items that will not be reclassified to profit and loss		-	-
B. (i) Items that will be reclassified to profit and loss		-	-
(ii) Income Tax relating to Items that will be reclassified to profit and loss		-	-
XV. Total Comprehensive Income for the period (XIII +XIV) (Comprising profit/(Loss) and Other Comprehensive income for the period)		11,735.30	2,953.02
XVI. Earnings Per Equity Share: (For Continuing Operation)			
(1) Basic (Face Value of Share ₹ 10/-) (In ₹)	27	1.88	0.47
(2) Diluted (Face Value of Share ₹ 10/-) (In ₹)	27	1.88	0.47
XVII. Earnings Per Equity Share: (For Discontinuing Operation)			
(1) Basic (Face Value of Share ₹ 10/-) (In ₹)	27	-	-
(2) Diluted (Face Value of Share ₹ 10/-) (In ₹)	27	-	-
XVIII. Earnings Per Equity Share: (For Continuing and Discontinuing Operation)			
(1) Basic (Face Value of Share ₹ 10/-) (In ₹)	27	1.88	0.47
(2) Diluted (Face Value of Share ₹ 10/-) (In ₹)	27	1.88	0.47

See accompanying notes to the financial statements (Note 1-44)

As per our Report of even date attached

For Arun Malhotra & Associates

Chartered Accountants

FRN : 002563N


Sallu Bhargava
Partner
M No. 509271

Place : New Delhi
Date : June 27, 2024

For and on behalf of Board of Directors


M. P. Singh
Co-Ordinating Director
DIN : 08165734


Trilok Garg
Company Secretary
M No. 12145


A. C. Nayak
Director
DIN : 10057433

T Muni
Prasad
T. Muni Prasad
Chief Financial Officer

KRISHNAPTNAM RAILWAY COMPANY LIMITED
Statement of Cash Flow for the year ended 31st March 2024

Particulars	(₹ in Lakhs)	
	For the year ended 31st March 2024	For the year ended 31st March 2023
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	16,396.98	4,033.87
Adjustment for :		
Depreciation, amortization and impairment	9,627.19	9,586.60
Interest Income on Banks	(1,697.49)	(733.30)
Interest Expenses on Term Loan	8,801.65	8,233.85
Interest Expenses on RVNL Bills	19,163.38	15,992.32
Unwinding of discount-receivable from SCR	(260.11)	(227.85)
Unwinding of discount-overhead cost payable	1.60	8.87
Income from reversal of deferred Overhead costs payable	(15.74)	(26.98)
Interest on Provision for resurfacing	-	-
Operating Profit before operating capital changes	(1) 52,017.46	36,867.38
Adjustment for :-		
Decrease / (Increase) in Trade Receivables	(4,110.95)	(4,657.13)
Decrease / (Increase) in Other Financial current Assets	-	-
Decrease / (Increase) in Other current Assets	(58.39)	35.00
Decrease / (Increase) in Other Non Current Assets	-	-
Decrease / (Increase) in Other Non Current Financial Assets	(129.90)	-
Decrease / (Increase) in Other Bank Balances	(6,624.37)	(52.62)
(Decrease) / Increase in Non Current Trade Payables	-	(83.96)
(Decrease) / Increase in Current Trade Payables	460.93	812.70
(Decrease) / Increase in Other Financial Liability	(13,462.99)	(9,128.06)
(Decrease) / Increase in Other Current Liability	(219.49)	57.69
(Decrease) / Increase in Other Non Current Liability	(0.00)	-
	(24,145.16)	(13,016.38)
Cash generated from operation	(1+2) 27,872.30	23,851.00
Income Tax Paid (Net of Refund)	(1,709.05)	(10.46)
NET CASH FROM OPERATING ACTIVITIES	(A) 26,163.25	23,840.54
CASH FLOW FROM INVESTING ACTIVITIES		
Capital Expenditure on Property Plant Equipment and Intangible Assets (Net of Sale proceeds)	(554.48)	(321.07)
(Increase) / Decrease in Capital Advances	(400.00)	-
Increase in deposits having original maturity of more than three months	(7,781.60)	(2,870.11)
Interest Income	1,738.20	761.20
NET CASH FROM INVESTING ACTIVITIES	(B) (6,997.88)	(2,429.98)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Loan	(18,713.48)	(7,510.70)
Interest Expenses on Term Loan	(8,952.72)	(8,199.93)
NET CASH FROM FINANCING ACTIVITIES	(C) (27,666.20)	(15,710.63)
NET INCREASE (Decrease) IN CASH & CASH EQUIVALENT	(A+B+C) (8,500.83)	5,699.93
CASH AND CASH EQUIVALENT (OPENING)	(D) 8,500.86	2,800.93
Balances with Banks-Current Account	0.86	0.93
Deposits with Bank with less than 3 months maturity	8,500.00	2,800.00
CASH AND CASH EQUIVALENT (CLOSING)	(E) 0.03	8,500.86
Balances with Banks-Current Account	0.03	0.86
Deposits with Bank with less than 3 months maturity	-	8,500.00
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT	(E-D) (8,500.83)	5,699.93

Reconciliation of Liabilities arising from financing activities as on 31st March 2024 are as follows

Particulars	Borrowings
Balance at 1st April, 2023	85,040.98
Cash Flows:-	
-Repayment	18,713.48
-Proceeds	-
Non-Cash:-	
- Accrued during the year	-
- Fair Value	-
Balance at 31 March, 2024	66,327.50

Reconciliation of Liabilities arising from financing activities as on 31st March 2023 are as follows

Particulars	Borrowings
Balance at 1st April, 2022	92551.68
Cash flows:-	
-Repayment	7510.70
-Proceeds	-
Non-Cash:-	
- Accrued during the year	-
- Fair Value	-
Balance at 31st March, 2023	85,040.98

As per our Report of even date attached
For Anil Malhotra & Associates

Chartered Accountants
FRN : 002563N

Satish Bhatia

Partner

M No / 209271

Place : New Delhi

Date : June 27, 2024

For and on behalf of Board of Directors

M. P. Singh
Co-Ordinating Director
DIN : 08165734

Trilok Garg
Company Secretary
M No. 12145

A. C. Nayak
Director
DIN : 10057433

T Muni Prasad

T. Muni Prasad
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
KRISHNAPATNAM RAILWAY COMPANY LIMITED
Statement of changes in equity for the year ended 31st March 2024

A. Equity Share Capital

As at 31st March 2024

(₹ in Lakhs)

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

As at 31st March 2023

(₹ in Lakhs)

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

B. Other Equity

(₹ in Lakhs)

Particulars	Reserve & Surplus	Total
	Retained Earnings	
Balance at April 1, 2022	(19,391.58)	(19,391.58)
Profit for the year	2,953.02	2,953.02
Other Comprehensive Income for the year (net of income tax)	-	-
Total Comprehensive Income for the year	2,953.02	2,953.02
Dividends paid		
Balance at March 31, 2023	(16,438.56)	(16,438.56)
Changes in accounting policy or prior period errors	-	-
Restated Balance as at April 1, 2023	(16,438.56)	(16,438.56)
Profit for the year	11,735.30	11,735.30
Other Comprehensive Income for the year (net of income tax)	-	-
Total Comprehensive Income for the year	11,735.30	11,735.30
Dividends paid		
Balance at March 31, 2024	(4,703.26)	(4,703.26)

As per our Report of even date attached

For Arun Malhotra & Associates

Chartered Accountants

FRN : 002563N



Sahil Bhatia

Partner

M No. 50927

Place : New Delhi

Date : June 27, 2024

For and on behalf of Board of Directors


M. P. Singh
Co-Ordinating Director
DIN : 08165734


Trilok Garg
Company Secretary
M No. 12145


A. C. Nayak
Director
DIN : 10057433

T Muni Prasad
T. Muni Prasad
Chief Financial Officer

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T Muni Prasad
Date: 2024.06.27
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Notes to the Financial Statements for the period ended 31st March 2024

Note: - 1 Corporate Information

Krishnapatnam Railway Company Limited (KRCL) is a public limited company domiciled and was incorporated in India on October 11, 2006 as a Special Purpose Vehicle (SPV) for the purpose of constructing the Krishnapatnam-Obulavaripalle New Railway Line (Andhra Pradesh) Project. The Company is a Joint Venture between Rail Vikas Nigam Limited (RVNL), Krishnapatnam Port Company Limited, National Mineral Development Corporation, Government of Andhra Pradesh, Bramhani Industries Limited and Sagarmala Development Company 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 23rd November, 2007 in terms of which the Ministry of Railways (Concession Authority) has authorized the Company (Concessionaire) to develop, finance, design, engineer, procure, construct, operate and maintain the Project Railway and to exercise and/or enjoy the rights, powers, benefits, privileges authorizations and entitlements upon its completion. Further, in terms of the said agreement, the South Central Railway (SCR) will lease the existing Land to the company for the purpose of the Project, lease rental for which shall be as per the extant policy of the MoR as revised from time to time and the new land acquired by it in lieu of a nominal Annual Lease rental of ₹ 1 as referred to in the Lease Deed forming part of the Concession Agreement. Further new Land acquisition will be done by KRCL (through SCR) and will remain the property of KRCL till the expiry of 30 year lease period or Net present Value (NPV) payback equal to equity investment @14% whichever is earlier. In case the NPV payback is reached earlier than 30 years, the concession agreement would stand terminated and the project line would be repossessed by Railway.

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

Phase-1 of the Project involving the laying of Railway line of 24.5 Km from Krishnapatnam to Venkatachalam (as per concession agreement signed on 03-11-2007) has been completed and commercial traffic is being operated on the same 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 03-11-2007) 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.

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

The financial statements are authorised for issue in accordance with a resolution of the board of directors on June 27, 2024.

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, 2024 have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under section 133 of the Companies Act 2013, as Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time. Assets and liabilities are classified between current and non-current considering 12 months period as operating cycle.

2.2 Basis of Measurement

The financial statements have been prepared under the historical cost convention and on an accrual basis, except for the following item that have been measured at fair value as required by relevant Ind-AS.

- (a) Certain financial assets and liabilities measured at fair value (refer note no. 5.1 and 12.2)

2.3 Use of estimates and judgment

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

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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.

(b) Each part of an item of Property, Plant and Equipment is depreciated separately if the cost of part is significant in relation to the total cost of the item and useful life of that part is different from the useful life of remaining asset.

The estimated useful life of assets for significant items of property plant and equipment are as follows:

Particulars	Useful Life (In Years)
Office Building	30
Furniture & Fixture	10
Office Equipment's	5
EDP Assets	3

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

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

(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 prorata basis from the date of addition or from the date when the right brought in to service to the expiry of 30 year of operation or 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:

(a) Interest earned on the mobilization advances given in respect of the project execution.

(b) Amount received on sale of tender.

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

2.9 Provisions, 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:

(i) A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation; or

(ii) A reliable estimate of the present obligation cannot be made; or

(iii) A possible obligation, unless the probability of outflow of resource is remote.

(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.

2.10 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.

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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.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.15 Fair Value Measurement

Company measures financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 1-Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- 2-Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- 3-Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At the reporting date, the company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the accounting policies. For this analysis, the company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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



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2.16 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.

Financial Liabilities

(i) Financial Liabilities at Amortised Cost

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

(ii) Financial liabilities at FVTPL

The company has not designated any financial liabilities at FVTPL.

(c) Derecognition

Financial Asset

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

Financial Liability

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

(d) Impairment of Financial Assets:

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

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

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

2.17 New Standards / Amendments and Other Changes effective April 1, 2023 or thereafter

Ministry of Corporate affairs notifies new standard or amendments to the existing standards. On 31st March, 2023, vide Notification G.S.R. 242(E) dated 31st March 2023, modification in existing standards have been notified which will be applicable from April 1, 2023, as below:

(a) Ind AS 1 - Presentation of Financial Statements:

The Company has adopted the amendment wherein the company was required to disclose the material accounting policy in its Financial Statements instead of the significant accounting policy. Accordingly, the company is disclosing material accounting policies as Note-2.

(b) Ind AS 8 - Accounting Policies, Change in Accounting Estimates and Errors"

The Company has adopted the amendment w.e.f. April 1, 2023. The impact of this amendment is not material.

(c) Ind As 12 - Income Taxes:

The Company has adopted the amendments w.e.f. April, 2023. The impact of this amendment is not material.

2.18 New Standard / Amendments issued but not yet effective

Recent Accounting Pronouncements Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1st, 2024.

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Notes 3: Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Office Building	Furniture & Fixture	Office Equipments	EDP Assets	Total
Cost					
At 1st April 2022	456.74	0.46	2.90	3.16	463.26
Additions	-	0.75	1.77	2.39	4.91
Disposals/Adjustments	-	-	(0.10)	(0.40)	(0.50)
At 31st March 2023	456.74	1.21	4.57	5.15	467.67
Additions	-	0.93	1.40	1.16	3.49
Disposals/Adjustments	-	-	(0.21)	-	(0.21)
At 31st March 2024	456.74	2.14	5.76	6.31	470.95
Depreciation					
At 1st April 2022	229.65	0.31	1.78	2.21	233.95
Depreciation charge for the year	21.57	0.13	0.94	1.19	23.83
Disposals/Adjustments	-	-	(0.10)	(0.38)	(0.48)
At 31st March 2023	251.22	0.44	2.62	3.02	257.30
Depreciation charge for the year	19.52	0.30	1.47	1.49	22.78
Disposals/Adjustments	-	-	(0.17)	-	(0.17)
At 31st March 2024	270.74	0.74	3.92	4.51	279.91
Net carrying amount					
At 31st March 2024	186.00	1.40	1.84	1.80	191.04
At 31st March 2023	205.52	0.77	1.95	2.13	210.34

Note 3.1 : The company has purchased a property for the purpose of administration office, which is lying vacant till date with carrying amount of ₹ 186.00 Lakhs as at 31st March 2024 (as at 31 March 2023 : ₹ 205.52 Lakhs).

Note 3.2 : Property, plant & equipment with a carrying amount of ₹ 191.04 Lakhs as at 31st March 2024 (as at 31st March 2023: ₹ 210.34 Lakhs) are charged with secured Company's loans. The property plant and equipment having gross carrying amount of ₹ 6.56 Lakhs as at 31st March 2024 (₹ 5.93 Lakhs as at 31st March 2023) 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 Title deeds of all immovable property are held in the name of the company.

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Note 4: Other Intangible Assets

(₹ in Lakhs)

Particulars	Revenue Sharing Right	Total
Cost		
At 1st April 2022	2,82,548.81	2,82,548.81
Additions	316.21	316.21
Disposals/Adjustments	-	-
At 31st March 2023	2,82,865.02	2,82,865.02
Additions	552.24	552.24
Disposals/Adjustments	1.24	1.24
At 31st March 2024	2,83,416.02	2,83,416.02
Amortisation		
At 1st April 2022	28,930.28	28,930.28
Amortisation for the year	9,562.77	9,562.77
Disposals/Adjustments	-	-
At 31st March 2023	38,493.05	38,493.05
Amortisation for the year	9,604.41	9,604.41
Disposals/Adjustments	-	-
At 31st March 2024	48,097.46	48,097.46
Net book value		
At 31st March 2024	2,35,318.56	2,35,318.56
At 31st March 2023	2,44,371.97	2,44,371.97

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

Note 4.2 : All Intangible with a carrying amount of ₹ 2,35,318.56 Lakhs as at 31st March 2024 (as at 31st March 2023: ₹ 2,44,371.97 Lakhs) are charged with secured company's loans.

Note 4.3 : In compliance with the Ind AS 101, The company has restated the gross block of intangible assets by reducing accumulated depreciation by ₹ 9,626.84 Lakhs at the time of transition to Ind AS.

Note 4.4 Title of leasehold land represents land acquired is with South Central Railway and the company hold the leasehold rights on the land till the period of concession agreement i.e. 30 years or on to attainment of the Net Present Value (NPV) payback equal to equity investment @14% whichever is earlier . In case the NPV payback is reached earlier than 30 years, the concession agreement would stand terminated and the project line would be repossessed by Railway.

The leasehold land acquired by KRCL (through SCR) will remain with the KRCL till the period of concession agreement and thereafter will revert to SCR since, the value of land will be recovered from SCR.

Note 4.5 Intangible Assets includes expenditure on account of Directional & General Charges (D&G charges) amounting to ₹ 45.92 Lakhs (Previous Year ₹ 15.97 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 2024 is ₹ 19,413.10 Lakhs (Previous Year ₹ 19,367.18 Lakhs) is subject to change.

Note 4.6 There is no change in value of intangible assets due to revaluation.

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

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Notes 5: Financial Assets

Note 5.1. Other Financial Assets

Particulars	₹ in Lakhs	
	As at 31st March 2024	As at 31st March 2023
At Amortised cost		
Security deposit (FA)	1.50	1.50
Receivable from South Central Railway under Service Concession Arrangement (Value of land) (Refer note-28)	2,519.83	2,129.82
Total	2,521.33	2,131.32

Note 6: Other Non-Current Assets

Particulars	₹ in Lakhs	
	As at 31st March 2024	As at 31st March 2023
a) Capital Advances		
Advances towards Project Expenditure - Mobilization and other Advance	400.00	-
Total	400.00	-

Note 7: Financial Assets - Current

7.1 Trade Receivables

Particulars	₹ in Lakhs	
	As at 31st March 2024	As at 31st March 2023
Trade Receivables		
Unsecured, considered good		
- Trade receivables	9,257.26	9,559.10
- Unbilled Revenue	4,412.79	-
Total	13,670.05	9,559.10

7.1.1 Ageing Schedule of Trade receivable

Particulars	Not Due	Outstanding for following periods from due date of payment						Unbilled Revenue	Total
		Less than 6 months	6 months - 1 year	1 year to 2 years	2 year to 3 years	More than 3 years			
		(i) Undisputed Trade receivables – considered good	4,683.19	-	-	-	-		
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-	
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-	
(iv) Disputed Trade Receivables– considered good	842.97	3,731.10	-	-	-	-	-	4,574.07	
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-	
(vi) Disputed Trade Receivables – credit Impaired	-	-	-	-	-	-	-	-	
Total	5,526.16	3,731.10	-	-	-	-	4,412.79	13,670.05	

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 year to 2 years	2 year to 3 years	More than 3 years	
		(i) Undisputed Trade receivables – considered good	9,559.10	-	-	-	
(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	9,559.10	-	-	-	-	9,559.10	

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 ₹ 13,670.05 lakhs (previous year ₹ 9,559.10 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 any trade or other receivable are due from firm or private companies respectively in which any director is a partner, a director or member.

Note 7.1.5 Disputed Trade receivable represents the amount withheld on account of GST by South Central Railway (SCR) in accordance with directions issued by MoR vide letter dated 30.11.2023, the company has filed a writ petition in this regard (Refer Note 38(a)).

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Note 7.2: Cash and Cash Equivalents

Particulars	(₹ in Lakhs)	
	As at 31st March 2024	As at 31st March 2023
Balances with banks:		
– On current account	0.03	0.86
– Term Deposits with original maturity of three months or less	-	8,500.00
Total	0.03	8,500.86

Note 7.2.1 As at 31st March 2024 the company has undrawn committed borrowing facility of ₹ 12,973.53 Lakhs (Previous year ₹ 803.12 Lakhs).

Note 7.3: Bank Balances other than Cash and Cash Equivalent

Particulars	(₹ in Lakhs)	
	As at 31st March 2024	As at 31st March 2023
Balances with banks:		
– Term Deposit in Scheduled Bank (Original Maturity more than 3 Months but less than 12 months)	18,515.37	10,733.77
– On Escrow account, earmarked balance	7,285.12	660.75
Total	25,800.49	11,394.52

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

Note 7.4: Other Financial Assets-Current

Particulars	(₹ in Lakhs)	
	As at 31st March 2024	As at 31st March 2023
Interest Accrued on Fixed Deposits	-	40.71
Term Deposit in Scheduled Bank (Original Maturity more than 12 months)	-	-
Total	-	40.71

Note 8: Current Tax Assets/Liability

Particulars	(₹ in Lakhs)	
	As at 31st March 2024	As at 31st March 2023
Current Tax Assets		
Income Tax Refundable Previous Years	111.46	539.68
	111.46	539.68
Current Tax Liability		
Provision for Income Tax for FY 2023-24	2,166.97	-
Advance Tax Paid / Tax Deducted at Source	(2,137.27)	-
Total	29.70	-

Note 9: Other Current Assets

Particulars	(₹ in Lakhs)	
	As at 31st March 2024	As at 31st March 2023
a) Other than Capital Advances		
Other Advances	5.72	0.01
b) Others		
Prepaid Expenses	207.23	154.55
Total	212.95	154.56





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Note 10: Equity Share capital

(₹ in Lakhs)

Particulars	As at 31st March 2024	As at 31st March 2023
10.1 Authorized Share Capital		
65,00,00,000 Equity Share of ₹ 10 each (March 31,2023: 65,00,00,000 Equity Share of ₹ 10 each)	65,000.00	65,000.00
	65,000.00	65,000.00
10.2 Issued/Subscribed and Paid up Capital		
62,50,00,000 Equity Share of ₹ 10 each (March 31,2023: 62,50,00,000 Equity Share of ₹ 10 each)	62,500.00	62,500.00
	62,500.00	62,500.00

10.3 Reconciliation of the number of Equity Shares and Share Capital (₹ in Lakhs)

Particulars	As at 31st March 2024		As at 31st March 2023	
	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.

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

Name of the Shareholder	As at 31st March 2024		As at 31st March 2023	
	No. of Shares (in Lakhs)	% holding in the class	No. of Shares (in Lakhs)	% holding in the class
1 Rail Vikas Nigam Limited (RVNL)	3,110.00	49.76%	3,110.00	49.76%
2 Krishnapatnam Port Company Ltd.(KPCL)	810.00	12.96%	810.00	12.96%
3 National Mineral Development Corporation (NMDC)	400.00	6.40%	400.00	6.40%
4 State of Andhra Pradesh (GOAP)	350.00	5.60%	350.00	5.60%
5 Bramhani Industries Limited (BIL)	330.00	5.28%	330.00	5.28%
6 Sagarmala Development Company Limited	1,250.00	20.00%	1,250.00	20.00%
Total	6,250.00	100.00%	6,250.00	100.00%

10.5 Aggregate number of Shares issued for consideration other than cash , Bonus Shares issued and Shares bought

Particulars	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022	As at 31st March 2021
Equity Shares issued for consideration other than cash	-	-	-	-
Equity Shares issued as fully paid up bonus shares	-	-	-	-
Equity Shares bought back	-	-	-	-
Total	-	-	-	-

10.6 Details of Shares held by Promoters

Name of Promoters	As at 31st March 2024			As at 31st March 2023		
	No. of Shares (in Lakhs)	% holding in the class	Percentage (%) Change during the year	No. of Shares (in Lakhs)	% holding in the class	Percentage (%) Change during the year
1 Rail Vikas Nigam Limited (RVNL)	3,110.00	49.76%	-	3,110.00	49.76%	-
2 Krishnapatnam Port Company Ltd.(KPCL)	810.00	12.96%	-	810.00	12.96%	-
3 National Mineral Development Corporation (NMDC)	400.00	6.40%	-	400.00	6.40%	-
4 State of Andhra Pradesh (GOAP)	350.00	5.60%	-	350.00	5.60%	-
5 Bramhani Industries Limited (BIL)	330.00	5.28%	-	330.00	5.28%	-
6 Sagarmala Development Company Limited	1,250.00	20.00%	-	1,250.00	20.00%	-
Total	6,250.00	100.00%	-	6,250.00	100.00%	-



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Note 11: Other Equity

Particulars	₹ in Lakhs)	
	As at 31st March 2024	As at 31st March 2023
Retained Earnings (Refer Note 11.1)	(4,703.26)	(16,438.56)
Total	(4,703.26)	(16,438.56)

Note 11.1 Retained Earnings

Particulars	₹ in Lakhs)	
	As at 31st March 2024	As at 31st March 2023
Opening Balance	(16,438.56)	(19,391.58)
Add: Total Comprehensive Income/(Loss) for the year	11,735.30	2,953.02
Total	(4,703.26)	(16,438.56)

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

Particulars	₹ in Lakhs)	
	As at 31st March 2024	As at 31st March 2023
Secured- At Amortised Cost		
Term Loans		
From Banks	66,327.50	73,549.73
From Aditya Birla Finance Limited	-	11,491.25
Total	66,327.50	85,040.98
Less: Current Maturities of long term debt (Refer Note 17.1)	(9,674.72)	(7,374.48)
Total	56,652.78	77,666.50

Note 12.1.1 Summary of Borrowing Arrangement

i) A Term Loan of ₹ 93300 Lakh was taken by the company from the banks and ₹ 15,000 Lakh from Aditya Birla Finance Limited against the revised project cost under the Common loan agreement, out of which ₹ 92,996.88 Lakh was disbursed by the Bank and ₹ 14,500 Lakh was been disbursed by Aditya Birla Finance Limited up to 31st March 2023. The term loan from banks was initially availed in 2013, wherein first repayment due date was 30-06-2017. Thereafter loan repayment was rescheduled in 2017 and 2019 as per revised repayment schedule, due date for payment of first installment was 30-09-2019. Company has been regularly repaying installment of loan as per revised schedule. In current financial year the loan has been taken over by Punjab National Bank for all banks and loan of Aditya Birla Finance Limited has been repaid by the company during the year from funds available with company.

Note 12.1.2 Terms of Security for Loan are as follows:

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

- a first mortgage and charge on all the borrower's immovable properties, both present and future (save and except Project Site);(see note-3 and 4)
- 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)
- 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)
- a first charge on all intangibles of the borrower including but not limited to goodwill, intellectual property rights, undertakings, present and future; (see note-4)
- a first charge on the uncalled capital of the borrower;
- 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);

Note 12.1.3 Terms of Repayment**Punjab National Bank**

Term loan is repayable in 52 Quarterly installments commencing on 30 September 2019 and last installment falls due on 30 June 2032, amount payable during next 12 months is 9.00% of total term loan.

Note 12.1.4 Interest Terms

The Applicable Interest rate in consortium loan was SBI Base rate plus spread of 1% p.a. for both, consortium Banks (w.e.f. 03.07.2021) and Aditya Birla Finance Limited (w.e.f. 29.03.2023). The rate of interest applicable to the loan after taking over of the same by PNB is 1 Year MCLR + 0.20 Spread i.e., 8.85% p.a. currently.



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12.2 Trade Payables

Particulars	₹ in Lakhs)	
	As at 31st March 2024	As at 31st March 2023
At Amortised Cost		
a) Total Outstanding Due to Micro enterprises and small enterprises	-	-
b) Total Outstanding Due to creditors other than Micro enterprises and small enterprises	-	-
Overhead Cost Payable (SCR)	-	-
Total	-	-

Trade payable represents overhead cost payable (i.e. Salary for RPF, medical and personnel, accounts and corresponding retirement benefits etc.) which were not payable to South Central Railway as it was deferred for first five year of operation and same being payable by the company over a period of 10 years commencing from the 6th year of operation as per the O&M agreement, In terms of clause 3.1.8 of the operations and maintenance agreement dated 6th January, 2012.

Note 12.2.1 Ageing Schedule

As at 31st March 2024		₹ in Lakhs)				
Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	-	-	-	-	-	-
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
	-	-	-	-	-	-

As at 31st March 2023		₹ in Lakhs)				
Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	-	-	-	-	-	-
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
	-	-	-	-	-	-

Note 13: Other Financial Liabilities-Non Current

Particulars	₹ in Lakhs)	
	As at 31st March 2024	As at 31st March 2023
Security deposits	9.12	0.61
Total	9.12	0.61
Total Financial Liabilities	56,661.90	77,667.11

Note 14: Provisions

Particulars	₹ in Lakhs)	
	As at 31st March 2024	As at 31st March 2023
Provisions for Re-Surfacing Cost	5,000.00	5,000.00
Total	5,000.00	5,000.00

In terms of Concession agreement, there is an obligation on the Company to keep the project assets in working condition, including making replacement, as per laid down standards of Ministry of Railway (MOR), of all project assets whose codal life expire during the concession period. Accordingly, Company has made estimated liability of ₹ 5,000 lakhs by the end of financial year 2024 in respect of replacement obligations arising during the remaining concession period as per requirement of Appendix D of the Ind AS 115. Based on said estimated liability, provision ₹ Nil for the period ended 31st March 2024 (for period ended 31st March 2023 of ₹ Nil) has been made [Refer note no 25]. Interest cost of ₹ Nil for the period ended 31st March 2024 (₹ Nil for the period ended 31st March 2023) have been charged to Statement of Profit and Loss [Refer note no 23].

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Note 15: Deferred Tax

Deferred Tax Assets/Deferred Tax Liability (Net)			(₹ in Lakhs)	
Particulars	As at 31st March 2024	As at 31st March 2023		
Deferred tax liability	18,572.96	16,200.24		
Deferred tax assets	(22,129.52)	(22,251.51)		
Deferred tax liability (Net of deferred tax assets)	(3,556.56)	(6,051.27)		
The balance comprises to temporary differences attributable to:				
Deferred Tax Assets				
Unabsorbed Depreciation	20,829.52	20,951.51		
Provision for re-surfacing Cost	1,300.00	1,300.00		
	22,129.52	22,251.51		
Deferred Tax Liability				
Property, Plant and Equipment & Intangible Assets	18,572.96	16,200.24		
	18,572.96	16,200.24		
Deferred Tax Assets /(Liability)	3,556.56	6,051.27		

Note 16: Other Non Current Liability

Other Non Current Liability			(₹ in Lakhs)	
Particulars	As at 31st March 2024	As at 31st March 2023		
a) Fair Valuation Adjustment-Financial Liabilities				
Overhead Cost Payable	-	15.76		
Total	-	15.76		

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

Note 17: Financial Liability-Current

17.1 Borrowings

Borrowings			(₹ in Lakhs)	
Particulars	As at 31st March 2024	As at 31st March 2023		
Current Maturities of long term debt (Refer Note 12.1)	9,674.72	7,374.48		
Total	9,674.72	7,374.48		

17.2 Trade Payables

Trade Payables			(₹ in Lakhs)	
Particulars	As at 31st March 2024	As at 31st March 2023		
a) Total Outstanding Due to Micro enterprises and small enterprises	110.32	131.79		
b) Total Outstanding Due to creditors other than Micro enterprises and small enterprises				
Overhead Cost Payable (SCR) [Refer Note 12.2]	-	41.37		
O&M Expenses Payable (SCR)	1,589.31	1,095.31		
Trade Payable others	52.44	21.07		
Total	1,752.07	1,289.54		

Note 17.2.1 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:

	As at 31st March 2024	As at 31st March 2023
(i) Principal amount remaining unpaid	110.32	131.79
(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.	-	-



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Note 17.2.3 Ageing Schedule

As at 31st March 2024

(₹ in Lakhs)

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	110.32	-	-	-	-	-	110.32
(ii) Others	52.44	1,589.31	-	-	-	-	1,641.75
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	162.76	1,589.31	-	-	-	-	1,752.07

As at 31st March 2023

(₹ in Lakhs)

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	80.52	-	51.27	-	-	-	131.79
(ii) Others	21.07	1,136.68	-	-	-	-	1,157.75
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	101.59	1,136.68	51.27	-	-	-	1,289.54

17.3 Other Financial Liability

(₹ in Lakhs)

Particulars	As at 31st March 2024	As at 31st March 2023
Audit Fees Payable	4.70	4.30
Rail Vikas Nigam Limited [Refer Note 17.3.1]	1,45,506.87	1,44,959.27
Accrued GST on Interest Payable	5,121.42	-
Expenses Payable	22.12	55.10
Security Deposit	128.50	73.04
Term Loans	-	-
From Banks - Interest Payable on Loan (Refer Note 17.3.2)	-	151.07
	1,50,783.61	1,45,242.78
Total Current Financial Liability	1,62,210.40	1,53,906.80

Note 17.3.1 Terms of Payment to RVNL

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

Note 17.3.2 Interest Payable on Loan

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

Note 18: Other Current Liability

(₹ in Lakhs)

Particulars	As at 31st March 2024	As at 31st March 2023
Statutory liabilities		
TDS payable	71.39	285.25
GST Payable	7.31	14.42
Labour Cess	4.18	3.21
Provident Fund payable	0.85	0.34
Total	83.73	303.22



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Note 19: Revenue from Operations

(₹ in Lakhs)

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
a) Revenue from Contract with Customer:		
i) Apportionment of Railway Freight	61,146.33	44,741.77
ii) Construction Contract Revenue under SCA (Refer Note 28)	551.00	316.21
Total	61,697.33	45,057.98
b) Other Operating Revenue:		
i) Income from Way Leave Charges	-	6.00
ii) Income from Sale of Scrap	0.63	-
iii) Miscellaneous Income	0.21	-
Total	0.84	6.00
Grand Total	61,698.17	45,063.98

Note (i) : Operating Income:

a) After completion of the Phase-I of the project on 15th November 2008, same is being operated by South Central Railway (SCR) and revenue is being collected by SCR which has been apportioned between the company and various Zonal Railways from 15th November 2008 in terms of Operation and Maintenance Agreement signed detailing the modalities of revenue and cost sharing between the company and SCR. Phase-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 arbitration 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 arbitration 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 2024	For the year ended 31st March 2023
Interest income on Bank FDR	1,697.49	733.30
Interest income on Income Tax Refund	24.24	3.28
Unwinding of discount on receivable from South Central Railway under SCA	260.11	227.85
Income from reversal of Deferred Overhead Costs payable	15.74	26.98
Other Income	0.58	0.14
Total	1,998.16	991.55



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

(₹ in Lakhs)

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
Operation & Maintenance Expenses	8,109.91	6,773.51
Overhead Cost	253.96	238.49
Construction Contract Cost under SCA	551.00	316.21
Total	8,914.87	7,328.21

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 in accordance with terms of concession agreement.

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

Note 22 : Employee Benefit Expenses

(₹ in Lakhs)

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
Salary & Wages	240.29	211.89
Contribution to Provident and Other funds	4.36	1.99
Staff Welfare Expenses	6.38	1.01
Total	251.03	214.89

Note 23 : Finance Costs

(₹ in Lakhs)

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
Interest on Banks and RVNL cost:		
Interest Expenses on Term Loan	8,801.65	8,233.85
Interest Expenses on RVNL Bills	19,163.38	15,992.32
Other Finance Cost:		
Unwinding of discount on Overhead Costs payable	1.60	8.87
Interest on Taxes	-	0.32
Total	27,966.63	24,235.36

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Note 24 : Depreciation and amortization

(₹ in Lakhs)

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
Depreciation on Property Plant and Equipment (Note 3)	22.78	23.83
Amortisation of Intangible Assets (Note 4)	9,604.41	9,562.77
Total	9,627.19	9,586.60

Note 25 : Other Expenses

(₹ in Lakhs)

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
(a) Legal & Professional Fees	220.35	292.81
(b) Travelling and Conveyance	78.33	67.34
(c) Remuneration to the Auditor as		
(i) Statutory Audit	2.95	2.79
(ii) Tax Audit	1.00	0.94
(iii) Reimbursement of expenses	0.26	0.23
(iv) Internal Financial Control	0.59	0.59
(d) Telephone Charges	3.05	2.77
(e) Printing & Stationery	0.63	0.55
(f) Insurance Expenses	215.50	276.28
(g) Membership & Subscription Charges	1.03	1.03
(h) Repair & Maintenance	4.50	4.50
(i) ROC Filing	5.59	0.16
(j) Advertisement Expenses	2.04	-
(k) Miscellaneous Expenses	3.81	6.61
Total	539.63	656.60



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

Particulars	(₹ in Lakhs)	
	As at 31st March 2024	As at 31st March 2023
Current Income Tax:		
Current Income Tax charge	2,166.97	-
Deferred tax:		
In respect of the current year	2,494.71	1,080.85
Total	4,661.68	1,080.85

Note 26.2 Reconciliation between Tax Expense and the Accounting Profit :

Particulars	As at 31st March 2024	As at 31st March 2023
Accounting profit before tax from continuing operations	16,396.98	4,033.87
Accounting Profit before Income Tax	16,396.98	4,033.87
At India's statutory income tax rate of 17.472% (31st March 2023: 26%)	2,864.88	704.80
Adjustments		
Adjustment of losses for previous years	(697.91)	(704.80)
Deferred Tax recognised (Reversed)	2,494.71	1,080.85
Adjustment of Interest on Income Tax	-	-
Total Tax Expense	4,661.68	1,080.85
Income tax expense reported in the statement of profit and loss (relating to continuing operations)	4,661.68	1,080.85
Effective Income Tax Rate	28.43%	26.79%

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

Note 26.2 : Movement in Deferred Tax

Particulars	(₹ in Lakhs)			
	Property, Plant and Intangible Equipment	Unused Depreciation	Provision for Resurfacing cost	Total
Closing balance as at 1st April 2022	13,353.52	(19,185.64)	(1,300.00)	(7,132.12)
Charged/(credited) during the period				
To Statement of Profit and Loss	2,846.72	(1,765.87)	-	1,080.85
To Other comprehensive Income	-	-	-	-
Closing balance as at 31st March 2023	16,200.24	(20,951.51)	(1,300.00)	(6,051.27)
Charged/(credited) during the period				
To Statement of Profit and Loss	2,372.72	121.99	-	2,494.71
To Other comprehensive Income	-	-	-	-
Closing balance as at 31st March 2024	18,572.96	(20,829.52)	(1,300.00)	(3,556.56)

Note 26.3.1 : Deferred Tax Assets on unused tax losses as on 31st March 2024 is not recognised in accordance with para 34 of Ind AS 12. Further, 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.

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Note 27: Earnings Per Share (EPS)

Particulars	Year ended 31st	Year ended 31st
	March 2024	March 2023
	(₹ per share)	(₹ per share)
Basic EPS		
From continuing operation	1.88	0.47
From discontinuing operation	-	-
Diluted EPS		
From continuing operation	1.88	0.47
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	Year ended 31st
	March 2024	March 2023
Profit attributable to equity holders of the company:		
Continuing operations	11,735.30	2,953.02
Discontinuing operations		
Earnings used in calculation of Basic Earning Per Share	11,735.30	2,953.02

Weighted average number of shares for the purpose of basic earnings per share (In Lakhs)

	6,250	6,250
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27.2 Diluted Earning per Share

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

(₹ in Lakhs)

Particulars	Year ended 31st	Year ended 31st
	March 2024	March 2023
Profit attributable to equity holders of the company:		
Continuing operations	11,735.30	2,953.02
Discontinuing operations		
Earnings used in calculation of diluted Earning Per Share from continuing operations	11,735.30	2,953.02

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	Year ended 31st
	March 2024	March 2023
Weighted average number of Equity shares used in calculation of basic earnings per share	6,250	6,250
Effect of dilution:		
Share Options	-	-
Weighted average number of Equity shares used in calculation of diluted earnings per share	6,250	6,250

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KRISHNAPATNAM RAILWAY COMPANY LIMITED

Note: 28 Service Concession Arrangements

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

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

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

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

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

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

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

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

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

The above project is covered in three phase :

Phase-1 of the Project involving the laying of Railway line of 24.5 Km from Krishnapatnam to 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 2024, the company has recognized revenue of ₹ 61,698.17 Lakhs (for the year ended 31st March 2023: ₹ 45,063.98 Lakhs), consisting of ₹ 551.00 Lakhs (for the year ended : 31st March 2023: ₹ 316.21) on construction of intangible assets under service concession arrangement and ₹ 61,147.17 Lakhs (for the year ended 31st March 2023: ₹ 44,747.77 Lakhs) towards Operations other than Service concession Arrangement. Company has recognized profit of ₹ 16,396.98 Lakhs for the period ended 31st March 2024 (Profit for the year ended 31st March 2023: ₹ 4,033.87 Lakhs), consisting of a nil profit on construction of intangible assets under service concession arrangement and a profit of ₹16396.98 Lakhs for the period ended 31st March 2024 (Profit for the year ended 31st March 2023: ₹ 4,033.87 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 2024 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 2024 of ₹ 2519.83 Lakhs (at 31st March 2023 : ₹ 2129.82 Lakhs), representing the present value of fresh land acquired by MOR and leased to KRCL which is recoverable at the end of concession period from MOR of which ₹ 1686.18 Lakhs (at 31st March 2023: ₹ 1426.07 Lakhs) represents accrued interest as at 31st March 2024. The company has recognized an intangible asset of ₹ 551.00 lakhs (31st March 2023: ₹ 316.21 lakhs) during the year, of which ₹ 9604.41 Lakhs (31st March 2023 : ₹ 9,562.77Lakhs) has been amortized during the period ended 31st March 2024. The intangible asset represents the freight sharing rights to receive freight traffic earnings under service concession agreement.



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Note 28.1: Disaggregation of Revenue		
Particulars	(₹ in Lakhs)	
	As at 31st March 2024	As at 31st March 2023
Construction Contract Revenue under SCA	551.00	316.21
Sale/Rendering of services	61,146.33	44,747.77
	61,697.33	45,063.98

Note 28.2: Contract Balances

Particulars	(₹ in Lakhs)	
	As at 31st March 2024	As at 31st March 2023
Trade receivables	13,670.05	9,559.10
Contract assets	-	-
Contract liabilities	-	-

Note 28.3: Contract Assets

Particulars	(₹ in Lakhs)	
	As at 31st March 2024	As at 31st March 2023
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 2024	As at 31st March 2023
Contract Liabilities at the beginning of the year	-	-
Transfer from Contract Liabilities to Revenue and increase as a result of changes in measure of progress.	-	-
Contract Liabilities at the end of the year	-	-

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

Notes :29 Capital Management

The company objective to manage its capital in a manner to ensure and safeguard their ability to continue as a going concern so that company can continue to provide maximum returns to share holders and benefit to other stake holders.

Further, company manages its capital structure to make adjustments in light of changes in economic conditions and the requirements of the financial covenants. The company maintain an optimal capital structure of Debt equity to reduce the cost of capital. The company debts includes long term debt, interest bearing loans and borrowings from banks.

Particulars	(₹ in Lakhs)	
	31 March 2024	31 March 2023
Borrowing (Note No. 12.1)	66,327.50	85,040.98
Net debt	66,327.50	85,040.98
Equity (Note No. 10)	62,500.00	62,500.00
Other equity (Note No. 11)	(4,703.26)	(16,438.56)
Total equity	57,796.74	46,061.44
Net Debt to equity ratio	5:5	6:4

There are no changes made in the objectives, policies or processes for managing capital during the year ended 31.03.2024

Note: Total long term debt sanctioned by banks were ₹ 93,300.00 Lakhs and ₹ 15,000.00 Lakhs from Aditya Birla Finance Limited, out of which ₹ 92,996.88 Lakhs was disbursed by Banks and ₹ 14,500.00 Lakhs was disbursed by Aditya Birla Finance Limited. In current financial year the loan has been taken over by Punjab National Bank for all banks and loan of Aditya Birla Finance Limited has been repaid by the company during the year from available sources with company.



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Note 30 :Fair Value Measurements

(i) Financial Instruments by Category

(₹ in Lakhs)

Particulars	31 March 2024			31 March 2023		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets						
(i) Trade Receivables	-	-	13,670.05	-	-	9,559.10
(ii) Cash and Cash Equivalents	-	-	0.03	-	-	8,500.86
(iii) Bank Balances other than (ii) above	-	-	25,800.49	-	-	11,394.52
(iv) Receivable from Railways under SCA	-	-	2,519.83	-	-	2,129.82
(v) Other Receivable	-	-	1.50	-	-	42.21
Total Financial Assets	-	-	41,991.90	-	-	31,626.51
Financial Liabilities						
(i) Borrowings	-	-	66,327.50	-	-	85,040.98
(ii) Trade payables	-	-	-	-	-	-
Overhead Cost payables	-	-	-	-	-	41.37
Other Trade payables	-	-	1,752.07	-	-	1,116.38
(iii) Capital Creditors	-	-	1,50,628.29	-	-	1,44,959.27
(iv) Other payables	-	-	164.44	-	-	284.12
Total Financial Liabilities	-	-	2,18,872.30	-	-	2,31,442.12

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

(₹ in Lakhs)

Particulars	31 March 2024		31 March 2023	
	Carrying Value	Fair value	Carrying Value	Fair value
Financial Assets				
Receivable from Railways under SCA	2,519.83	4,027.10	2,129.82	3,180.20
Total Financial Assets	2,519.83	4,027.10	2,129.82	3,180.20
Financial Liabilities				
Over Head Cost Payables	-	-	41.37	41.71
Total Financial Liabilities	-	-	41.37	41.71

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 31-03-2024

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at Amortised Cost				
Receivable from Railways under SCA			4,027.10	4,027.10
	-	-	4,027.10	4,027.10

Fair Value Hierarchy as on 31-03-2023

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at Amortised Cost				
Receivable from Railways under SCA			3,180.20	3,180.20
	-	-	3,180.20	3,180.20

Fair Value Hierarchy as on 31-03-2023

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Financial Liabilities at Amortised Cost				
Over Head Cost Payable			41.71	41.71
	-	-	41.71	41.71



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(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.

d) Liquidity risk

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

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

Contractual Maturities of Financial Liabilities	(₹ in Lakhs)				
	Within 1 Year	Between 1 to 2 Years	Between 3 to 5 years	Later than 5 years	Total
31st March 2024					
Borrowings	9,674.72	21,499.37	21,499.37	13,654.04	66,327.50
31st March 2023					
Borrowings	7,374.49	20,424.41	22,574.34	34,667.74	85,040.98



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Note : 31 Key Sources of Estimation Uncertainty

The followings are the key assumptions concerning the future, and the key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities with next financial year.

a) Useful Lives of Intangibles

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

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

b) Fair Valuation Measurement and Valuation Process

The fair values of financial assets and financial liabilities is measured using the valuation techniques including the DCF model. The inputs to these method are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility, Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 30 for further disclosures.

c) Taxes

Deferred tax assets are recognized for unused tax losses and unabsorbed depreciation to the extent that it is probable that taxable profit will be available against which losses can be utilized significant management judgment is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profit together with future tax planning strategies.

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 polices are applied retrospectively on account of materiality only in line with the provisions of Indian Accounting Standards.

Note : 33 Construction Contracts

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

Particulars	₹ in Lakhs)	
	During the year ended 31st March 2024	During the year ended 31st March 2023
Contract revenue recognised	551.00	316.21
Aggregate amount of costs incurred and recognized in profit/Loss	551.00	316.21

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 2024	As at 31st March 2023
Capital commitment for project related assets	-	-
During the year no material foreseeable losses incurred on any Long term contracts.		
Total	-	-

Note : 35 Leases Disclosures

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

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

Company shall pay to the lessor, an annual lease rentals @ ₹ 1/- per annum in respect of the new land acquired by 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.

During the period ended March 2024, ₹ 1/- have been recognised as lease expense.



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Note 36 : Related Party Disclosures

36.1 Related Parties

A- Related Parties held Equity of Company

Name	Relationship	As at 31st March 2024		As at 31st March 2023	
		Number of Shares held	% holding in that class of Shares	Number of Shares held	% holding in that class of Shares
Rail Vikas Nigam Limited	Parties to Joint Venture Agreement	31,10,00,000.00	49.76%	31,10,00,000.00	49.76%
Krishnapatnam Port Company Limited	Parties to Joint Venture Agreement	8,10,00,000.00	12.96%	8,10,00,000.00	12.96%
Govt. of Andhra Pradesh	Parties to Joint Venture Agreement	3,50,00,000.00	5.60%	3,50,00,000.00	5.60%
National Mineral Development Corporation Limited	Parties to Joint Venture Agreement	4,00,00,000.00	6.40%	4,00,00,000.00	6.40%
Bramhani Industries Limited	Parties to Joint Venture Agreement	3,30,00,000.00	5.28%	3,30,00,000.00	5.28%
Sagarmala Development Company Limited	Parties to Joint Venture Agreement	12,50,00,000.00	20.00%	12,50,00,000.00	20.00%

36.2 Key Managerial Personnel of the Entity

Name	Position
Seema Kumar (upto 15/05/2023)	Chairman
Chhatrasal Singh (from 15/05/2023)	Chairman
Kasturi Siva Prasad	Managing Director
Vinay Kumar Prajapati (upto 28/04/2023)	Director
Ananga Charan Nayak (from 28/04/2023)	Director
Ajit Singh	Director
Sajal Mitra (upto 30/10/2023)	Director
Dilip Kumar Gupta	Director
Shailendra Kumar (from 06/12/2023)	Director
Mritunjay Pratap Singh	Director
Shan Mohan Sagili (upto 19/08/2023)	Director
Boyareddigari Kamalakara Reddy	Director
Gudena Jagannadha Rao	Director
Vishwanath Suresh (from 12/05/2023)	Director
Mudit Mittal (from 28/04/2023)	Director
Pravin Kumar (from 04/01/2024)	Director
Trilok Garg	CS
Muni Prasad Tripurasetty	CFO

36.3 Disclosure of Transaction with Related Parties:

(i) Joint Venture:

(₹ in Lakhs)

Particulars	Transactions		Outstanding Amount Payable/ (Receivable)	
	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2024	Year ended 31 March 2023
RVNL			Unsecured	Unsecured
Expenditure towards project	647.60	205.56	1,45,506.87	1,44,959.27
Interest Charged by RVNL	16,240.15	13,706.60	-	-
Payment for project expenditure	(12,500.00)	(8,000.00)	-	-
Advance for project expenditure adjusted	-	-	-	-

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

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



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Note 37 : The confirmations from South Central Railway for Apportioned Revenue, O&M expenses, balance and statement of account with the company are yet to be received.

Note 38: Contingent Liability

a) Department has raised demand in respect of alleged offence of evasion of Service Tax amounting to ₹ 757.53 Lakhs and ₹ 285.98 Lakhs for financial year 2014-15 and 2015-16 respectively. Also department has raised demand of ₹ 294.95 Lakhs for the F.Y. 2016-17 and 2017-18 (upto June'17), However Company has not accepted the liability and has submitted its reply to department. Since the Company had earlier received favourable ruling from CESTAT, it is confident that no additional liability will devolve on it. Further for the period F.Y. 2011-12 to F.Y. 2013-14, KRCL has received favourable order from CESTAT for demand of ₹ 1341.80 Lakhs. In case of similar companies on same matter department has moved to Hon'ble Supreme court in this case.

With effect from 1st July 2017, service tax had been subsumed by the Goods and Service Tax (GST). The Company has maintained the same stand, as was taken in the matter of service tax, with respect to applicability of the GST on the share of the freight earning received by the Company from Railways and the Operation Costs recovered by Railways from the Company. Operation being done by Railways is interlinked and incidental to its core activity of transportation of cargo provided by Indian Railways to its customers on which tax obligations are fulfilled by Indian Railways. The Company is of the view that no supply is involved by the Company to Railways and visa-versa in sharing of freight revenue & costs by Railways with the Company. Therefore, there are no GST obligations on the Company in respect to sharing of the freight revenue & costs by Railways with the Company including furnishing of the particulars & details for the same.

Furthermore, Indian Railways charges and collects GST on freight amount and deposits the same with the concerned tax authorities. Thereafter, the Company gets its share out of net freight amount from Railways. Therefore, in view of this, the Company has also contended that tax cannot be levied twice on the same amount (i.e. once on the Railways and again on the Company)

Further, the matter had been referred to Ministry of Finance by Ministry of Railways for issuance of necessary clarifications/ confirmation and resolution of issue in the best interest both for Railways and SPVs in this regard. Tax Research Unit (TRU) of the Ministry of Finance, Government of India, has conveyed the recommendations of the GST council in its 48th Meeting held on 17th December, 2022 to MoR that "Indian Railways (IR) and SPV are distinct person and supply of services by SPV to IR by way of allowing IR to use the infrastructure built and owned by them during the concession period against consideration in form of pro rata share of revenue is a taxable supply. Similarly, service of maintenance supplied by IR to SPV is also a taxable service."

In meantime the Railway Board vide letter dated No.2017/Infra/18/2 dated 21.09.2023 has advised to SPVs that :

- i) From current FY (2023-24) onwards, IR would transfer apportioned revenue to SPVs inclusive of GST.
- ii) For the period prior to 2023-24, the matter is still under consideration in consultation with Ministry of Finance.

Consequently vide letter of the Ministry no. 2017/AC-II/1/19/SPVs (Part) dated 30.11.2023, Ministry of Railways issued guidelines for issuing of invoices by the Company for its share of freight revenue receivable by the Company from Indian Railways from 1st April 2023 onwards to be inclusive of GST. This guideline was INCORRECT and contrary to GST law. SPVs pointed out the anomalies to MoR, however MoR was not inclined to accept the incorrectness. Thereafter, KRCL had no option but to file a writ petition for restraining MoR and SCR to recover the GST amount incorrectly and arbitrarily. In the writ petition, MoF was also made party along with MoR and SCR. The Hon'ble High court of Telangana vide its interim order dated 24th April 2024, has stayed impugned letters of Ministry of Railway. This issue is presently sub-judice for want of passing final order by the Hon'ble High Court.

Incidentally, in their 53rd meeting held on 22nd June 2024, the GST Council recommended that:

"To exempt GST on the services provided by Special Purpose Vehicles (SPV) to Indian Railway by way of allowing Indian Railway to use infrastructure built & owned by SPV during the concession period and maintenance services supplied by Indian Railways to SPV. The issue for the past will be regularized on 'as is where is' basis for the period from 01.07.2017 till the date of issue of exemption notification in this regard."

Reference: Page - 4, Point no. 2 of Para No. A (II) of press release issued through Press Information Bureau, Government of India on 22nd June 2024, about the recommendations of 53rd meeting of GST Council.

In view of above no liability of GST has been provided in financial statements.

b) During the F.Y. 2019-20 Income Tax Department has moved to Hon'ble High Court of Delhi in respect of Tax demand of ₹ 516.64 Lakhs for A.Y. 2011-12, the company has received favourable order from Hon'ble High Court of Delhi in this case in the month of May 2024, there is no intimation of further appeal by department. Therefore, liability for this case has not been recorded in the books of Accounts.

c) Arbitration proceedings between KRCL and MoR (Respondent) is on going. As against the KRCL's claim, MoR has also filed counter claims. It is to be stated that as per Section 42A of The Arbitration and Conciliation Act 1996, either Arbitral details of proceedings or of Claims ought to be kept confidential by the parties till the same is awarded. Therefore, KRCL is not in a position to disclose details of Arbitration proceedings including claims of KRCL/counter claims of MoR in Financial Statements. The award of Arbitration is likely to be published by July '2024, as per the latest directions received from the Tribunal.

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

e) Contingent liability in respect of departmental charges not claimed by RVNL @ 5% of project cost is estimated at ₹ 11,449.14 Lakhs.



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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 the 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	As at 31 March 2024	As at 31 March 2023
(i) Amount required to be spent by the company during the year	Nil*	-
(ii) Amount of expenditure incurred on:-		
(a) Construction / acquisition of any asset	-	-
(b) On purposes other than (a) above	-	-
(c) Contribution to four funds as mentioned in Schedule VII of the Companies Act, 2013	-	-
(d) Contribution towards PM CARES Fund	-	-
(iii) Shortfall at the end of the year	-	-
(iv) Total of previous years shortfall	-	-
(v) Reasons for shortfall	-	-
(vi) Nature of CSR activities	-	-
(vii) Details of related party transactions	-	-

* The provisions of section 135 are applicable to company. However, there is negative average profit of the last three years, accordingly there is nil liability of the company on Corporate Social Responsibility (CSR) works for current financial year.

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

Ratio	Numerator	Denominator	As at 31st March 2024	As at 31st March 2023	% Variance	Reason for Variance
Current Ratio	Current Assets	Current Liabilities	0.24	0.19	25.43%	There is sharp increase in turnover during the financial year 2023-24 as compared to previous year. Therefore there is increase in current assets.
Debt-Equity Ratio	Total Debt	Shareholder's Equity	1.15	1.85	(37.84%)	The Company has repaid its Debt due to Aditya Birla Finance Limited 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 2024.
Debt Service Coverage Ratio	Earnings available for Debt Service	Debt Service	1.10	1.32	(16.91%)	NA
Return on Equity Ratio	Net Profits after Taxes – Preference Dividend (if any)	Average Shareholder's Equity	0.23	0.07	241.20%	There is sharp increase in turnover during the financial year 2023-24 as compared to previous year.
Inventory Turnover Ratio	Cost of Goods sold or Sales	Average Inventory	-	-	-	NA
Trade Receivables Turnover Ratio	Net Credit Sales	Average Accounts Receivable	5.31	6.23	(14.77%)	NA
Trade Payables Turnover Ratio	Net Credit Purchases	Average Trade Payables	5.86	8.30	(29.35%)	Due to increase in average Trade payables.
Net Capital Turnover Ratio	Net Sales	Working Capital	(0.48)	(0.35)	38.51%	There is negative working capital, therefore not comparable.
Net Profit Ratio	Net Profit	Net Sales	0.19	0.07	190.26%	There is sharp increase in turnover during the financial year 2023-24 as compared to previous year.
Return on Investment	Net return on Investment	Total Investment	-	-	-	NA

Note 42: Other Disclosures

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

Note 43: Previous year figures has been rearranged, reclassified and regrouped to make them confirmatory with current year reported figures.

The Company has made certain reclassifications to the comparative period's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been reclassified in the balance sheet the details of which are as under:

a) Items of balance sheet before and after reclassification as at 31 March 2024

(₹ in Lakhs)

Sl. No.	Particulars	Amount before reclassification	Reclassification	Restated amount after reclassification	Reason for reclassification
1	Non Current Liabilities - Trade Payables((b) Total Outstanding Due to creditors other than Micro enterprises and small enterprises)	24.81	(24.81)	-	Amount of Current trade payable was classified as non current trade payable in previous year, same has been reclassified now
2	Current Liabilities - Trade Payables((b) Total Outstanding Due to creditors other than Micro enterprises and small enterprises)	-	24.81	24.81	Amount of Current trade payable was classified as non current trade payable in previous year, same has been reclassified now

b) Items of Statement of Cash Flow before and after reclassification as at 31 March 2024

Sl. No.	Particulars	Amount before reclassification	Reclassification	Restated amount after reclassification	Reason for reclassification
1	Cash flow from Operating Activities	26,126.08	(2,285.54)	23,840.54	Refer sl. no, 2 and 3 for details.
2	Cash from Investing Activities	(4,681.60)	2,251.62	(2,429.98)	Changes in cash flow from proceeds of Fixed deposits of Rs. 2,199.00 lakhs were classified in operating activities instead of cash flow from investing activities and changes in earmarked bank balances of 52.62 lakhs were classified in investing activities. Same has been reclassified.
3	Cash from Financing Activities	(15,744.55)	33.92	(15,710.63)	Outstanding Interest expense on term loan were not adjusted in cash from operating activities, same has been reclassified

Note 44: Approval of Financial Statement

The financial statements were approved for issue by the Board of Directors on June 27, 2024.

As per our Report of even date attached
For Arun Malhotra & Associates
Chartered Accountants
FRN : 002593N

Sah Bhatia
Partner
M No : 509271

Place : New Delhi
Date : June 27, 2024

For and on behalf of Board of Directors:

M. P. Singh
Co-Ordinating Director
DIN : 08163734

Trilok Garg
Company Secretary
M No. 12145

A. C. Nayak
Director
DIN : 10057433

T Muni Prasad
Digitally signed
by T Muni Prasad
Date: 2024.06.27
17:34:30 +05'30'
T. Muni Prasad
Chief Financial Officer



STATUTORY AUDIT REPORT



ARUN MALHOTRA & ASSOCIATES
CHARTERED ACCOUNTANTS

D-44A, East of Kailash, New Delhi – 110065

TEL : 011 - 40765529
011 - 41827177
Email: ama@amadelhi.com

INDEPENDENT AUDITOR'S REPORT (REVISED)

This revised Independent Auditor's Report is being issued in supersession of our earlier Independent Auditors report dated 27th June 2024. Revised report is being issued in view of the observation pointed out by C & AG of India in our earlier report. Further, we confirmed that there is no change in the opinion as expressed earlier and also none of the figures have undergone any change in the standalone financial statements of the company as at 31st March 2024.

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 2024, 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 2024 and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.



Basis for Qualified Opinion

3. Monthly 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.
4. Despite of contractual obligation in terms of the construction agreement with Rail Vikas Nigam Limited ("RVNL"), the company is neither paying nor providing towards departmental charges @ 5% of the project cost without obtaining any waiver or concession in the agreed terms of agreement. The company has estimated liability of Rs. 11449.14 lakhs being 5% of total project cost, which been considered as contingent liability (Refer Note- 38e) 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 of the year due to amortization cost of intangible assets, not considered.
5. 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

6. We draw attention to:

- (i) Note 4.5 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 4.7 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 arbitration and the revenue is subject to the outcome of arbitration 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 arbitration proceedings between the company and Ministry of Railway. As opined by the company, amount of claims and counter claims, being confidential as per section 42A of the Arbitration and Conciliation Act, 1996, has not been disclosed in the financial statements.
- (vi) Note 38(a) to the accompanying financial statements in relation to non-charging of GST on its revenue and providing GST on Operation & Maintenance ("O&M") Charges under reverse charge mechanism on the rationale that there is no supply of services on the part of company and Ministry of Railway which is getting apportionment of revenue net off GST from Ministry of Railway.

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

Key Audit Matters

7. 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

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



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

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

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

9. The company's management and board of directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under Section 133 of the Act read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.
11. 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

12. 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.



13. 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.
14. 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.
15. 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.
16. 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

17. 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.
18. 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".
19. As required by Section 143(3) of the Act, we report that:
- we have sought and except for the matter described in the Basis for Qualified Opinion section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;
 - 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;
 - the financial statements dealt with by this report are in agreement with the books of account;
 - 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;
 - on the basis of the written representations received from the directors as on 31st March 2024 and taken on record by the board of directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of section 164(2) of the Act;
 - the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section;
 - 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 a qualified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting;
 - 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.
 - 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. As informed to us, the company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2024.
- 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. No dividend has been declared or paid during the year by the company.
- 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 and the audit trail feature has not been tampered with and the audit trail has been preserved by the Company as per the statutory requirement for record retention.

20. In terms of the observations made by the C & AG of India, on our earlier report, the details of the revisions made to the Auditor report are detailed in "**Annexure D**"

For Arun Malhotra and Associates

Chartered Accountants

(Firm's Registration No. 002563N)



Sali Bhatia
(Partner)

M. No. 509271

UDIN: 24509271BKCDPJ9437

Place: New Delhi

Date: 05.08.2024

'ANNEXURE A' to Independent Auditors' Report

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

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

- i. (a) (A) The company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment ("PPE"). There is no right-of-use assets in the company.

(B) The company has maintained proper records showing full particulars of intangible assets.

(b) The PPE have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the PPE is reasonable having regard to the size of the company and the nature of its assets.

(c) The title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company. For leasehold land, the title deeds are held in the name of SCR and leasehold rights are in the name of the company as per Lease Deed appended in Concession Agreement.

(d) The company has not revalued any of its 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 2024 for holding any benami property under the Benami Transactions x(Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) The company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.

(b) The company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- iii. **In respect of loans, secured or unsecured, granted to the parties covered in register, maintained under section 189 of the Companies Act 2013:**
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 of the Order is not applicable.
- iv. The company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans granted, investments made and guarantees and securities provided, as applicable.
- v. There are no amounts outstanding which are in the nature of deposits as on March 31, 2024 and the Company has not accepted any deposits during the year.



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 2024 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 2024 on account of disputes are given below:

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

* The said demand is dismissed by honorable High Court dated 3rd May 2024.

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.

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 adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered the internal audit reports for the year under audit, issued to the company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. The company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. 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) of the Order are not applicable to the Company.
- 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 2024 (as mentioned in Note-17) as and when they fall due within a period of one year from the balance sheet date. We, however, state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance in relation to the said reporting.
- xx. (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.



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

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

For Arun Malhotra and Associates

Chartered Accountants

(Firm's Registration No. 002563N)



Salil Bhatia

(Partner)

M. No. 509271

UDIN: 24509271BKCDPJ9437

Place: New Delhi

Date: 05.08.2024

'ANNEXURE B' to Independent Auditors' Report

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

COMPLIANCE CERTIFICATE

We have conducted the audit of the accounts of Krishnapatnam Railway Company Limited for the year ended 31 March 2024 in accordance with the Directions issued by the C&AG of India under Section 143(5) of the Companies Act, 2013 and certify that we have complied with all the directions issued to us.

For Arun Malhotra and Associates

Chartered Accountants
(Firm's Registration No. 002563N)



Salil Bhatia

(Partner)

M. No. 509271

UDIN: 24509271BKCDPJ9437

Place: New Delhi

Date: 05.08.2024

Enclosed: Direction u/s 143(5)

Audit Report of Krishnapatnam Railway Company Limited for the year 2023 -2024 pursuant to Directions under Section 143(5) of the Companies Act, 2013

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

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

- 2. Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government Company, then this direction is also applicable for statutory auditor of the lender company).**

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

- 3. Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.**

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

For Arun Malhotra and Associates

Chartered Accountants

(Firm's Registration No. 002563N)



Salil Bhatia

(Partner)

M. No. 509271

UDIN: 24509271BKCDPJ9437

Place: New Delhi

Date: 05.08.2024

'ANNEXURE C' to Independent Auditors' Report

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

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

We have audited the internal financial controls over financial reporting of **Krishnapatnam Railway Company Limited** ("the company") as of 31 March 2024 in conjunction with our audit of the financial statements of the company for the year ended on that date.

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

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

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

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

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

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



Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31 March 2024:

- a) 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.
- b) As informed to us, there is no methodology on the part of management to ensure the up to date accounting of expenditure on construction projects, including bills which are already incurred but not billed to the company and also which are awaited dispatch by the contractors for the construction.

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

In our opinion, except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the company has developed some internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31 March 2024, however, there is an urgent need for updating and development of comprehensive Internal Financial Control Manual based on the internal control over financial reporting criteria considering the essential components of internal control stated in the Guidance Note on Audit of Internal



Financial Controls over Financial Reporting issued by the ICAI and devising of process for periodic verification of various modules of the referred manual.

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

For Arun Malhotra and Associates

Chartered Accountants

(Firm's Registration No. 002563N)



Salil Bhatia

(Partner)

M. No. 509271

UDIN: 24509271BKCDPJ9437

Place: New Delhi

Date: 05.08.2024

ANNEXURE 'D' TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in Paragraph 4 of the Auditor's Report of even date to the members of **Krishnapatnam Railway Company Limited** on the Ind AS Financial Statements for the year ended 31st March 2024, we report that, we have revised the following clause of our independent Audit Report.

S. No.	Original Independent Audit Report dated 27 th June 2024 having UDIN 24509271BKCDOL9476	Revised Independent Audit Report dated 05 th August 2024 having UDIN 24509271BKCDPJ9437
1	In point 19 (d) of Report on Other Legal and Regulatory Requirement (as per the requirement of Section 143 (3) of the Act) has not included the words "read with Rule 7 of the Companies (Accounts) Rules, 2014"	In point 19 (d) of Report on Other Legal and Regulatory Requirement (as per the requirement of Section 143 (3) of the Act) has included the words " <i>read with Rule 7 of the Companies (Accounts) Rules, 2014</i> "
2	In point 19 (I)(i) of Report on Other Legal and Regulatory Requirement has neither mentioned the impact of pending litigations on financial position nor mentioned Note Nos. related with the pending litigations.	In point 19 (I)(i) of Report on Other Legal and Regulatory Requirement has now given reference to the relevant Note no. forming part of the financial statements related with the pending litigations as below:- <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."</i>
3	Under the head "Opinion" the Independent Auditor the wordings "Material accounting policy Information" not included.	Under the head "Opinion" the Independent Auditor the wordings " <i>Material</i> " accounting policy Information now substituted.
4	The point No. xxi of Annexure-A relating to CARO-2020 not included in Independents Auditor Report.	The point No. xxi of Annexure-A relating to CARO-2020 now included in Independents Auditor Report as below:- <i>"The company is not required to prepare consolidated financial statements. Accordingly, paragraph 3(xxi) of the order is not applicable to the company."</i>



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In point no. 19 (e) of 'Report on Other legal and Regulatory Requirements' regarding disqualification of directors under section 164 (2) of Companies Act 2013, the wording as on 31.03.2024 not included.

In point no. 19 (e) of 'Report on Other legal and Regulatory Requirements' regarding disqualification of directors under section 164 (2) of Companies Act 2013, the wording "as on 31.03.2024" now included.

For Arun Malhotra and Associates

Chartered Accountants
(Firm's Registration No. 002563N)



Salil Bhatia

(Partner)

M. No. 509271

UDIN: 24509271BKCDPJ9437

Place: New Delhi

Date: 05.08.2024



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

Management reply to Statutory Audit observations on Audited Financial Statements for FY 2023-24

Sl. No.	Auditor's Comments for Financial Year 2023-24	Management Reply
	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.	<p>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'.</p> <p>KRCL does not have any control over the practices followed by the Railway Administration (SCR).</p>
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. 11449.14 lakhs being 5% of total project cost, which has been considered as contingent liability (Refer Note-38e) 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 of the year due to amortisation cost of intangible assets, not considered.	<p>In terms of Construction Agreement with Rail Vikas Nigam Limited, Departmental Charges are payable to RVNL on the basis of 'final cost of work'. Since RVNL has not raised any invoice/claim in this regard, therefore, this amount has been treated as "Contingent Liability" in the Books of Accounts. The company has estimated provisionally the liability of Rs. 11449.14 lacs being 5% of total project cost, which has been considered as contingent liability.</p> <p>The Company has represented to RVNL for waiving off the Departmental Charges @5%. Hence, it would be logical to retain the amount of Departmental Charges as Contingent Liability.</p>

[Handwritten signatures]

Sl. No.	Auditor's Comments for Financial Year 2023-24	Management Reply
Emphasis of Matters		
1	Note 4.5 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.	At present RVNL is claiming D&G Charges in accordance with provisions of the Construction Agreement between KRCL and RVNL. Final/Completion cost is yet to be received from RVNL. On receipt of Final/Completion cost, D&G Charges will be calculated again and actual impact will be taken in Financial Statements, accordingly.
2	Note 4.7 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.	Statement of fact, hence, no comment required.
3	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 arbitration and the revenue is subject to the outcome of arbitration proceedings.	Statement of fact, hence, no comment required.
4	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.	It is the practice of Zonal Railway Administration (i.e., SCR) to furnish statements of Revenue or O&M Cost or any other amount paid to be marked as 'Provisional'. KRCL do not have any control over the practices followed by Railway Administration (SCR).
5	Note 38(c) to the accompanying financial statements in relation to ongoing arbitration proceedings between the company and Ministry of Railway. As opined by the company, amount of claims and counter claims, being confidential as per section 42A of the Arbitration and Conciliation Act, 1996, has not been disclosed in the financial statements.	Statement of fact, hence, no comment required.
6	Note 38(a) to the accompanying financial statements in relation to non-charging of GST on its revenue and providing GST on Operation & Maintenance ("O&M") Charges under reverse	During previous years, the company has maintained its stand that the apportioned revenue received from SCR is nothing but a return on investment made by KRCL on




charge mechanism on the rationale that there is no supply of services on the part of company and Ministry of Railway which is getting apportionment of revenue net off GST from Ministry of Railway.

construction of project assets. As per the provisions of Concession Agreement between KRCL and MoR, Indian Railways/SCR is performing operations on the project railway line of KRCL, which is a sovereign function of Indian Railways and KRCL is getting its share of revenue generated from operations for the distance of SPV section. There is no service involved between KRCL and MoR, hence, there is no liability to pay GST on apportioned revenue receipts.

Similarly, O&M cost collected by SCR from KRCL is the cost of carrying out operations and supervision activities by Railway.

Maintenance of the KRCL project railway line assets is being carried out by the company itself through agencies and on which the company is paying GST on bills of maintenance agencies.

Hence, the amount of O&M cost charged by SCR from KRCL is allocation of cost of operations between SCR and KRCL. As such there is no service provided by SCR to KRCL. Due to operations, whatever revenue is generated from freight tariff collected by Indian Railways from customers, GST is paid on the same to Finance Department by SCR.

In spite of that, during the current financial year South Central Railway started collecting GST @ 18% from the monthly apportioned revenue of KRCL with effect from October, 2023, based on the instructions issued by Ministry of Railways vide letters dt 21.09.2023 and 30.11.2023.

This was objected by KRCL and a writ petition was filed by KRCL in the Hon'ble High Court of Telangana, against these arbitrary and unlawful instructions of MoR for deduction of GST from monthly revenue of KRCL in an incorrect manner.

Hon'ble High Court vide its interim order dt 24.04.2024 stayed implementation of the said instructions of MoR and directed both the

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parties i.e. MoR and KRCL to raise GST invoices as provided in the Central GST law.

Subsequently, it is learnt that the GST Council in its 53rd meeting held on 22.06.2024 has exempted the transactions of allocation of revenue apportionment and O&M cost between MoR and SPVs from the purview of GST with retrospective effect from 01/07/2017. Hence no GST is payable by KRCL either on revenue apportionment received from SCR or on O&M cost collected by SCR from KRCL.

However, notification from the (GST) department is awaited.

Y. Prasad

A. Prasad

Sl. No.	Auditor's Comments for Financial Year 2023-24	Management Reply
Internal Financial Control		
1.	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 certified by CFO/KRCL and Expert (O&C)/KRCL have been furnished to Audit team. A few examples of daily loading details as well as Monthly loading details provided by SCR were also shown to the Auditors and matched, which were found correct.
2.	As informed to us, there is no methodology on the part of management to ensure the up to date accounting of expenditure on construction projects, including bills which are already incurred but not billed to the company and also which are awaited dispatch by the contractors for the construction.	<p>RVNL has a practice to submit monthly/bimonthly Bills of the work contractors for ongoing construction of the project.</p> <p>Although, before FY 2023-24 most of the construction works are already completed, only the pending bills of contractors are being paid by RVNL and claimed from KRCL, occasionally.</p> <p>Hence, KRCL does not have any prior indication of the forthcoming/future construction bills.</p>






C&AG REPORT

महानिदेशक लेखापरीक्षा
का कार्यालय,
रेलवे वाणिज्यिक,
4, दीनदयाल उपाध्याय मार्ग
नई दिल्ली - 110002



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest

OFFICE OF THE
DIRECTOR GENERAL OF AUDIT
RAILWAY COMMERCIAL,
4, DEEN DAYAL UPADHYAYA
MARG, NEW DELHI-110002

संख्या/ डी.जी.ए/आर.सी /AA-KPRCL/83-11/2024-25/297

दिनांक: 09.09.2024

सेवा में,

प्रबंध निदेशक ,

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

महोदय,

विषय: 31 मार्च 2024 को समाप्त वर्ष के लिए कृष्णापटनम रेलवे कंपनी लिमिटेड के वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143 (6)(b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ |

मैं, कृष्णापटनम रेलवे कंपनी लिमिटेड के 31 मार्च 2024 को समाप्त वर्ष के वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143 (6) (b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अग्रेषित कर रहा हूँ |

कृप्या इस पत्र की संलग्नको सहित प्राप्त की पावती भेजी जाए|

भवदीय,

संलग्न : यथोपरी

डॉ. नीलोत्पल गोस्वामी
महानिदेशक (रेलवे वाणिज्यिक)

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COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF KRISHNAPATNAM RAILWAY COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2024.

The preparation of financial statements of Krishnapatnam Railway Company Limited for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 05 August 2024, which supersedes their earlier Audit Report dated 27 June 2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Krishnapatnam Railway Company Limited for the year ended 31 March 2024 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditor and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records.

In view of the revisions made in the statutory auditor's report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6)(b) of the Act.

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

Place: New Delhi
Dated: 09.09.2024


Dr. Nilotpai Goswami
Director General of Audit
Railway Commercial, New Delhi