



ग्यारहवीं वार्षिक रिपोर्ट 2000 - 2001
11th ANNUAL REPORT 2000 - 2001



कोंकण रेलवे कार्पोरेशन लिमिटेड

(भारत सरकार का उपक्रम)

KONKAN RAILWAY CORPORATION LTD.

(A Government of India Undertaking)



BOARD OF DIRECTORS

- | | | | |
|-----|--|---|--|
| 1. | SHRI I. I.M.S. RANA | - | Chairman |
| 2. | SHRI B. RAJARAM | - | Managing Director |
| 3. | SHRI R. K. SINHA | - | Director (Finance) |
| 4. | SHRI K. K. GOKHALE | - | Director (Operations & Commercial) |
| 5. | SHRI D. G. DIWATE | - | Director (Way & Works) |
| 6. | SHRI S. S. BHANDARI | - | Addl. Member (Traffic), Railway Board |
| 7. | SHRI V. RANGANATHAN
ALTERNATE
SHRI SURESH JOSHI | - | Chief Secretary, Govt. of Maharashtra
Principal Secretary, Transport,
Govt. of Maharashtra |
| 8. | SMT. TERESA BHATTACHARYA
ALTERNATE
SHRI A. RAVINDRA | - | Chief Secretary, Govt. of Karnataka
Addl. Chief Secretary, Govt. of Karnataka |
| 9. | SHRI BALESHWAR RAI
ALTERNATE
SHRI R. RAGHURAMAN | - | Chief Secretary, Govt. of Goa
Secretary, Transport, Govt. of Goa |
| 10. | SHRI V. KRISHNAMURTHY
ALTERNATE
SHRI N. RAMAKRISHNAN | - | Chief Secretary, Govt. of Kerala
Secretary, Transport, Govt. of Kerala |

COMPANY SECRETARY
SHRI B. SATYANARAYANA

STATUTORY AUDITORS
M/S. KIRTANE & PANDIT

C & AG AUDITORS
Principal Director of Audit
Central Railway, C. S. T. Mumbai

Registered Office :
Room No. 101, Rail Bhavan,
Raisina Road,
New Delhi - 110 001.

Corporate Office :
Belapur Bhavan,
Sector 11, CBD Belapur
Navi Mumbai - 400 614.



NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Eleventh Annual General Meeting of Konkan Railway Corporation Limited will now be held on, Tuesday 25th September, 2001 at 16.00 hrs. at Committee Room, Rail Bhavan, Raisina Road, New Delhi - 110 001, to transact the following business.

ORDINARY BUSINESS

ITEM 1. Adoption of Annual Accounts :

To receive and adopt the Directors' Report, Balance Sheet and Profit and Loss Account for the year ended 31-03-2001 and Auditors' Report thereon.

ITEM 2. Fixation of Remuneration to Auditors :

To fix the remuneration to the Statutory Auditors appointed by the Comptroller & Auditor General of India for the year 2001-02.

SPECIAL BUSINESS

ITEM 3 (a) Amendment To the Articles of Association

To consider and, if thought fit, to pass with or without modification the following resolution as a special resolution.

"Resolved that pursuant to the provisions of section 31(1) of the Companies Act, 1956 the existing Article 38(1) of the Articles of Association of the Company be and is hereby deleted and in its place the following article be substituted thereof.

Articles 38(1) Subject to the provision of sections 58A, 292 and 293 of the Companies Act, 1956 the Directors shall have the power from time to time at their discretion to borrow, raise or secure the payment of any sum of money for the purpose of the Company in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of debentures or bonds or promissory notes of the Company or by mortgage, charge upon all or any of the properties of the Company both present and future including its uncalled capital for the time being provided that the ratio between the equity and loan capital shall be maintained at all times at 1:5.5."

ITEM 3 (b)

To consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

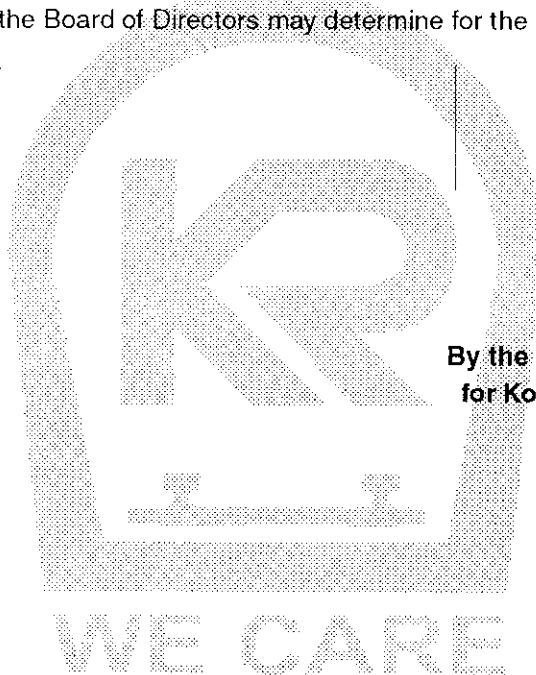
"Resolved that the consent of the Shareholders be and are hereby accorded to the Board of Directors of the Company pursuant to Section 293 (1) (d) of the Companies Act, 1956 for borrowing from time to time any sum or sums of money which together with the money already borrowed by the Company shall not exceed in the aggregate at any time a sum of Rs.4500 Crores (Rupees four thousand five hundred crores only) or 5.5 times of the paid-up Equity Capital and free reserves whichever is less, irrespective of the fact that such aggregate amount of borrowing outstanding at any time may exceed the aggregate of the paid up capital of the company and its free reserves for the time being, that is to say, reserves not kept apart for any specific purpose."



ITEM 3 (c)

To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

"Resolved that the consent of the Shareholders be and is hereby accorded in terms of section 293 (1) (a) of the Companies Act, 1956 and other applicable provisions, if any, to the Board of Directors of the Company to mortgage and/or create charge on all or any of the movable and immovable properties, present and future, of the Company and to create such mortgage / charge in such form and manner as the Board of Directors may determine for the purpose of securing the lenders of the Corporation.



Yours faithfully,

**By the Order of the Board of Directors,
for Konkan Railway Corporation Ltd.**

Sd/-

**B. SATYANARAYANA
COMPANY SECRETARY**

PLACE : NAVI MUMBAI

DATE : 30.8.2001

Notes :

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote thereat instead of himself and the proxy need not be a member. Form of Proxy is enclosed.
2. The instrument of proxy must be deposited at the Registered Office, Room No. 101, Rail Bhavan, Raisina Road, New Delhi 110 001 not less than 48 hours before the time fixed for holding the meeting.



EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

The Corporation incurred an amount of Rs.3550 crores including financing cost of Rs. 1040 crores for construction of the Konkan Railway Project. The Corporation has entered into operational phase in January, 1998. The expected revenue from freight traffic is not forthcoming to enable the Corporation to service the debt.

To mitigate the financial problems, the Corporation has taken up the following activities :

- I) To obtain commercial contracts within India & abroad leveraging its experience of Project & Construction management.
- II) Develop & market new technologies like Anti - Collision Device & Sky-Bus Metro.

The Corporation is thus attempting to reduce the gap between the internal resources generated through train operations and the requirement of funds for debt servicing & redemption. However, it is necessary to continue to draw interest-free loans from Ministry of Railways, so that there may be no defaults.

The Corporation was authorised on 26/06/1998 to enhance the debt-equity ratio to 5:1, thereby the Corporation is able to borrow upto Rs.4000 Crores or 5 times of the paid-up equity capital and free reserves whichever is less. Since the shortfall in revenues to cover the interest payments, is met with from loans borrowed from Ministry of Railways, the present debt-equity ratio of 5:1 cannot be maintained. Therefore the Board of Directors at its 56th Meeting held on 28/06/2001 approved to increase the debt-equity ratio to 5.5:1 and authorised to create mortgage/charge on all the assets of the Corporation present and future for the purpose of securing the loans raised in the market, subject to the approval of the Shareholders.

Hence the resolutions commend the approval of the shareholders.

None of the Directors of the Company is interested in the proposed resolutions.



CHAIRMAN'S SPEECH

Gentlemen,

It gives me great pleasure to welcome you to this 11th Annual General Meeting of your Corporation.

The performance of the Corporation for the year 2000-2001 has been covered in the Directors' Report and therefore it does not call for any further elaboration from my side. I am happy to report that in the year 2000-01 there is an increase of 29% in revenue compared to the previous year i.e. from Rs. 130 crores to Rs. 167 crores. I am sure that in the current year also we shall maintain similar increase in revenue.

The State Governments of Goa and Maharashtra have yet to pay the equity amounts of Rs.5.241 Crores & Rs.20.77 Crores respectively. I request them to kindly meet their obligations at the earliest as this is putting avoidable extra burden on the corporation. The Ministry of Railways has agreed to provide assistance to the Corporation in servicing the debt liability of the Corporation and has released long term interest-free loan of Rs.948 Crores till date. State Governments should consider sharing of this burden in the same proportion as the equity.

The Corporation has replaced its major external commercial borrowing of US\$ 115 million with SWAP arrangement by raising necessary rupee funds of Rs.520 Crores. This has insulated the Corporation from the foreign exchange risk.

The Corporation has laid down a strategy for augmenting the revenues, as a result of which the following activities have been undertaken

1. **MUMBAI – PUNE EXPRESSWAY**

The Corporation has executed tunneling, ventilation and lightning works worth Rs.220 Crores (approx.) for MSRDC, for Mumbai-Pune Express highway. The tunnels are state of the art and acclaimed to be showpieces.

2. **JAWAHAR TUNNEL PROJECT**

The Corporation has completed the difficult work of ventilation and lighting of Jawahar Tunnel at a cost of Rs.9.39 Crores and is at present maintaining the same for Border Roads Organisation.

3. **OAK TUNNEL PROJECT**

The construction of Oak Tunnel in Andhra Pradesh at an estimated cost of Rs.18.5 crores is in progress which will be completed by the end of this year.

4. **COMMERCIAL EXPLOITATION OF SPARE CAPACITY IN OPTIC FIBRE CABLE SYSTEM**

The Corporation has obtained registration certificate under Infrastructure Provider Category – I (IP – I License) from the Department of Telecommunications which could be used for commercial exploitation of spare capacity available in optic fiber cable system between Nerul and Mangalore. The Corporation is exploring all the possibilities of generating additional revenue for the Corporation by leasing the same.

**5. ANTI - COLLISION DEVICE- A Technology Breakthrough**

I am happy to report that Konkan Railway has developed the Anti - Collision Device to provide "Raksha Kavach" for travelling public and has successfully passed through technical evaluation by RDSO. The final version was successfully demonstrated to Honorable Minister of Railways on 14th September, 2001.

6. SKY BUS METRO PROJECT - AN INNOVATIVE URBAN TRANSPORT SOLUTION

I am very happy to mention that the technical aspects of the Sky Bus Metro project were examined and accepted by the Prime Minister's Scientific Advisor Shri Abdul Kalam and the project is cleared for implementation on "mission mode". The Corporation has made presentation to various state governments to enable them to formulate proposals as an alternative to earlier planned metro systems. This innovative concept of mass transit system will help the commuters in metropolitan cities. This is the first innovative and totally indigenous development of urban transport solution, which is economic compared to other metro or underground railway systems for the same capacity, but with improved safety features.

7. PROJECT EXPORTS

The Corporation has gained expertise in railway construction, including tunneling works. The Corporation is participating in international projects and it is hoped that the Corporation will soon bag a major contract.

I am sure, with these concerted efforts being put in by the Corporation, we would not only improve our revenues but also the quality of life through implementing new technological innovations.

I would like to conclude by thanking Ministry of Railways and Central Government Departments and agencies as well as the State Governments of Maharashtra, Karnataka, Goa and Kerala for the help, support and co-operation extended by them. I must in addition, acknowledge the hard and dedicated work put in by the Corporation's employees at all levels. I would like to place on record my deep appreciation of the active support, advice and guidance received from my colleague Directors on the Board in the difficult task of managing the affairs and challenges faced by the Corporation.

Thanking you,

**(I.I.M.S. RANA)
CHAIRMAN**

DIRECTORS' REPORT

Gentlemen,

The Directors of Konkan Railway Corporation Limited have great pleasure in presenting the Eleventh Annual report on the working of your Corporation.

1. OPERATIONS OF THE COMPANY

A) Freight Traffic :

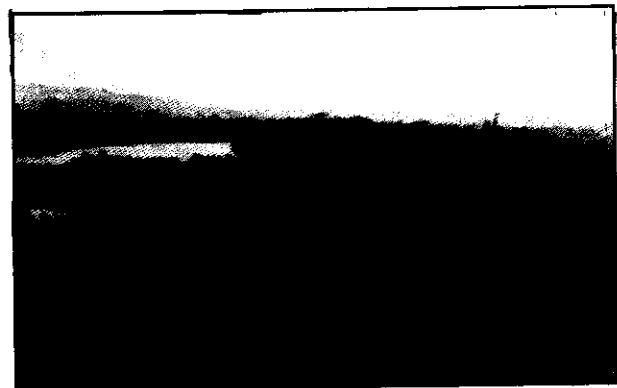
From April 2000 to March 2001, the freight earning is Rs.31.67 crores as compared to Rs.20.44 Crores to the corresponding period of the previous year and this increase is to the tune of Rs.11.23 Crores.

New flow of traffic generated during the year under review mainly includes Fertilizers and Iron Ore in addition to cement and Petroleum products, clinker, LPG, etc.

Freight Summary : (No. of trains)

Traffic	1999-2000	2000-01
Terminating Traffic	91	102
Originating Traffic	67	110
Cross Traffic	153	157
Total	311	369

❖ The "RO-RO Scheme" of Konkan Railway which was started on 26/01/1999 has enabled carrying loaded trucks directly on the railway wagons ensuring speedier delivery and handling of consignments. RO-RO Scheme however was discontinued in view of heavy hike in hire charges by MIL RAIL. Attempts are being made to restart the same this year by using BRN wagons.



❖ "Container service" has been introduced between Kolad and Verna.



- ❖ "Tatkal Service" for Sleeper class by Konkan Kanya (0112) Express Ex. Madgaon to Mumbai is now available.
- ❖ Tourist Packages have been introduced in partnership with renowned Resorts in Goa.
- ❖ Confirmed booking in 3-tier AC by KR 0112 (Ex.Madgaon to Mumbai) and 2620 (Ex.Udupi to LTT) is allotted till the departure of the train to the Gold Card holder an earmarked quota. This is a being run on experimental basis very similar to Tatkal Scheme.

B) Passenger Traffic

The coaching earning in the year 2000-2001 is Rs.119.99 crores as compared to Rs.97.69 crores of the previous year. This growth is to the tune of 22.82%.

TRAINS ON KR ROUTE

At present there are 9 pairs of Express trains running over Konkan Railway route, including the prestigious Nizamuddin-Trivandrum, Rajdhani Express. The others are Kurla-Mangalore Matsyagandha Express, Kurla-Trivandrum Netravati Express, CSTM-Madgaon Konkankanya Express, Gandhidham-Nagarcoil Express, Rajkot-Trivandrum Express, Hapa-Cochin Express and CSTM-Madgaon Mandovi Express.



There are 5 pairs of Passenger trains : Dadar-Ratnagiri, Diva-Sawantwadi, Sawantwadi-Madgaon, Mangalore-Madgaon and Karwar-Madgaon (DMU).



To cater to the pressing demands of the people of Konkan region additional halts were provided by the Mandovi Express at Khed & Kankavali stations. Konkan Kanya express between CSTM and Madgaon was given a halt at Vaibhavwadi station. To cope up with the extra rush during the Ganapati, Dassera, Diwali festival seasons two express and one passenger trains were augmented and 110 special trains were run over the Konkan Railway.

New traffic is attracted by package tour Ex. Mumbai to Goa. There is a ample potential for tourist traffic to Goa/Kerala via Konkan Railway and efforts are being made to attract this traffic.



Engineering Works : Residual works under project estimates—Four crossing stations at Manki, Asnoti, Gokarna Road, Bijoor completed during the year. Works on Staff Quarters & Executive Rest House at Nerul Colony are in progress.

2. FINANCIAL STATUS

A. FINANCIAL RESULTS

The train operations have yielded a gross earning of Rs.151.66 Crores on apportioned basis. After meeting the operating costs, excluding amortization expenditure, there is a net revenue of Rs.28.53 Crores from train operations. The Corporation has generated a net other Earnings of Rs.15.90 Crores (approx.). After meeting the depreciation Rs.71.12 Crores and financing costs Rs.325.35 Crores and lease rentals of Rs.20.17crores, taking into consideration the prior period expenses of Rs.1.57 Crores, the loss during the year is Rs.381.62 Crores. Ministry of Railways has been supporting the Corporation with interest- Free loans to meet the financing costs. A commitment exists from Ministry of Railways to support the Corporation to make available funds required for meeting the debt servicing obligations. The interest of the Bondholders is thus protected.

B. SHARE CAPITAL

The paid up share capital of the Corporation stood at Rs.779.0200 crores as on 31.03.2001 against the Authorised Share Capital of Rs.806.4661 crores. All efforts are being made to receive the balance amount of Rs.27.4461 crores. The details are as under :

(Rs. in thousand)

	As on 31.03.2001	As on 31.03.2000
Ministry of Railways	411,25,00	408,00,00
Government of Maharashtra	156,65,00	155,65,00
Government of Goa	42,15,00	41,15,00
Government of Karnataka	120,96,99	120,00,01
Government of Kerala	48,00,01	48,00,01
Total	779,02,00	772,80,02

* (includes Rs.3.25 Crores towards application money)

We have been advised that an amount of Rs.634 crores received as long term interest free loan, qualifies to be treated as capital reserve for the purpose of Net worth calculation and total shareholders' funds for this purpose will be Rs.1428.23 crores.



C. ISSUE / REISSUE OF BONDS

During the year under review the Corporation raised an amount of Rs.383.26 crores by issue of taxable bonds and Rs.70 crores by issue of tax-free bonds. This was used for swapping the floating rate form currency loan with a fixed rate rupee loan. The Corporation has mobilised Rs.3118 crores (approx) including Rs.66.74 crores raised during the current year. Rs.180.25 crores worth of bonds had fallen due during the year under review and the same were reissued under section 121 of the Companies Act, 1956. In the current financial year (2001-02) Rs.273.64 crores including IRFC loan of Rs.111.64 crores (excluding the bonds having put option worth Rs.293.50 crores) is falling due for redemption for which necessary action has been/will be taken by the Corporation.

D. SHORT TERM BORROWINGS

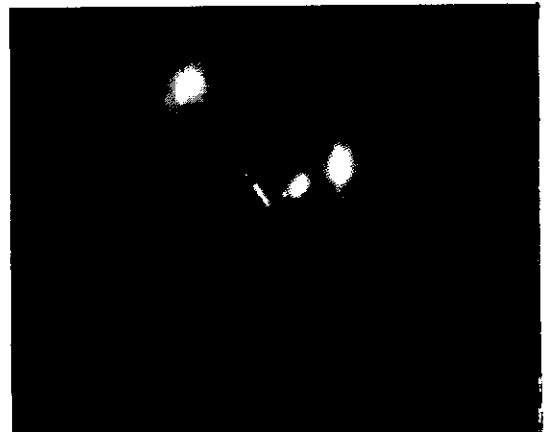
An amount of Rs.50 Crores (approx.) is outstanding as on 31.03.2001 excluding interest, which was borrowed from the market during the year under review, to meet the day to day operations and statutory obligations of the Corporation. Since it has been cleared, no outstanding short term borrowings as on date of presentation.

E. LONG TERM BORROWINGS

With the approval of Ministry of Finance 20% of the ECB loan was prepaid in June 2000 and the remaining US \$ 92 million was paid through a refinancing loan taken from Standard Chartered Bank, London which was immediately SWAPPED through Standard Chartered Bank, Mumbai in July, 2000. The Corporation was authorised to raise bonds worth Rs.520 crores (Taxable - Rs.450 crores, Tax-free Rs.70 crores) to prepay 20% of the ECB loan and for swapping the refinancing loan of US \$ 92 million taken from Standard Chartered Bank, London. This has been done to avoid additional liability on account of foreign currency exchange fluctuations. The only foreign loan outstanding is Rs.4.9 Crores.

3. OTHER PROJECTS

Konkan Railway has gained very valuable expertise in mega construction works during the construction of the 760 kms railway. Now, Konkan Railway is considered as a leader in the tunneling, bridges, track, information technology and other construction fields and is providing its expertise in other mega projects elsewhere in the country. We are also exploring project exports opportunities to augment our income.



**A) Mumabi-Pune Expressway Tunneling Work :****'BHATAN TUNNEL' MUMBAI - PUNE EXPRESS WAY**

The Corporation has executed the work of construction of twin tube tunnels for Mumbai-Pune Expressway on cost plus basis. These are State-of-art widest tunnels in the world with all safety & control facilities.

B) Jawahar Tunnel

The Corporation also has executed lighting and ventilation work in 2.5 km long Jawahar Tunnel and the Corporation has undertaken maintenance work.

C) Owk Tunnel in Andhra Pradesh

The Government of Andhra Pradesh has awarded contract worth Rs.18.5 crores for construction of Owk Tunnel. Already the tunnel is through and lining works are in progress and the work will be completed in time as per schedule.

D) Consultancy Services to Indian Railways

Konkan Railway is providing technical consultancy to Indian Railways for ventilation works for tunnels on Koraput - Raigad section of South Eastern railway.

E) Commercial Exploitation of Spare Capacity in Optic Fibre Cable system

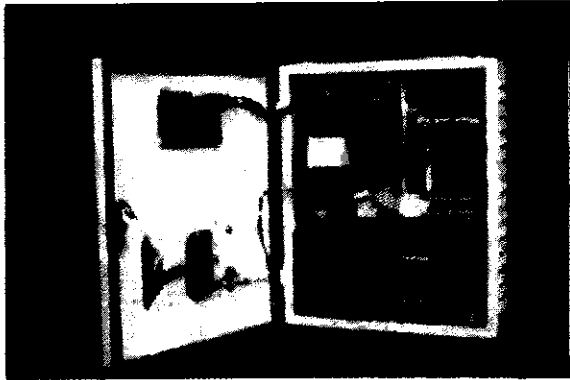
The Corporation is exploring the possibilities for commercial exploitation of spare capacity available in Optic Fibre Cable System. The Corporation has obtained registration certificate for Infrastructure Provider category - I (IP - I) issued by Department of Telecommunications, Ministry of Communications. Thus the Corporation is authorised to maintain the assets such as dark fibres, right-of-way, duct space and tower for the purpose to grant on lease/rent or sale basis to the licencees of telecom services on mutually agreed terms and conditions.

F) Sky Bus Metro Project

The Government of Maharashtra has approved In-Principle to implement the Sky Bus Metro Project in Mumbai and appointed Mumbai Metropolitan Regional Development Authority as a nodal authority to submit a detailed report for financial approval within three months to Government of Maharashtra in order to implement the Project. The Corporation has submitted proposals to the Governments of Andhra Pradesh, Karnataka, Delhi & Gujarat to implement the Projects in Hyderabad, Bangalore, New Delhi & Ahmedabad respectively in addition to Pune, Thane etc.



G) Anti - Collision Device (ACD)



The field trials of Anti-Collision Device system were conducted extensively and completed proving the system technically. This Anti-Collision Device is used in Railways as a safety shield against accidents mainly collisions so as to provide protection to the life and property.

H) Planting of Trees/Growing Medicinal Plants

The Corporation is exploring the possibility for development of reserve land by cultivating medicinal/herbal plants and other plantations by taking necessary assistance from national and international organisations. The land along the KR route has been surveyed and suitable areas for plantation has been identified. Only if market tie up is achieved for the project the venture will be launched.

I. Consultancy Services on Information Technology

The Corporation also is exploring the possibility to provide consultancy services on information technology. South Eastern Railway has given a contract for computerisation of the control office in the Kharagpur Division.

4. **DIVIDEND**

The Directors do not propose to recommend payment of dividend since the Corporation did not earn any profits during the year under review.

5. **PARTICULARS OF CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

Provision of Section 217 (1) (e) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1988 are not applicable to the Company as far as conservation of energy and technology absorption are concerned. However, Corporation has taken the following steps for energy conservation.

- i) Reviewed and reduced maximum demand wherever possible.
- ii) Re-classified energy tariff and sanction obtained from electricity authority, depending upon the final utility of power.
- iii) Ensured proper functioning of power factor correction panel installed at major locations.
- iv) Switching of 70% platform lights during non-train timing being ensured.
- v) Ensured provision of time switches for flood light projectors in the yards of major stations and their time settings based on sunrise and sunset.
- vi) Provision of electronic ballast for flouroscent tubes in air conditioned area ensured.
- vii) The practice of switching off standby transformer (during off-peak load periods) to control no load losses is being followed.
- viii) Periodical cleaning of luminaires and use of efficient reflectors and covers being ensured.



6. PARTICULARS OF EMPLOYEES

During the year under review, no employee of the Company was in receipt of salary of Rs.1,00,000 per month or Rs.12,00,000 per annum and hence the particulars of such employees to be disclosed under section 217(2A) of the Companies Act, 1956 and Companies (particulars of employees) Rules, 1975 and amendments thereof from time to time are not attached.

7. DIRECTORS :

<u>Name</u>	<u>Tenure</u>
1. Shri Ashok Kumar, Chairman	From 01.09.2000
2. Shri B. Rajaram, Managing Director	From 15.12.1997
3. Shri R.K. Sinha, D(F)	From 05.05.1998
4. Shri D.G. Diwate D(W&W)	From 22.05.2000
5. Shri K.K. Gokhale D(O&C)	From 25.04.2000
6. Shri Swarup K. Gupta	From 04.03.1997 To 30.09.2000
7. Shri B.K. Bhattacharya	From 23.08.1997 To 31.12.2000
8. Shri M. Mohan Kumar	From 17.10.1998 To 28.02.2001
9. Shri Arun Bongirwar	From 26.05.1999 To 24.01.2001
10. Shri Ashok Nath	From 23.09.1999 To 11.04.2001
11. Shri S.S. Bhandari	From 23.11.2000
12. Shri V. Ranganathan	From 24.01.2001
13. Smt. Teresa Bhattacharya	From 01.01.2001
14. Shri Baleswar Rai	From 21.05.2001
15. Shri V. Krishnamurthy	From 01.03.2001

8. AUDIT COMMITTEE

The Board of Directors constituted as per section 292(A) of the Companies Act, 1956 an Audit Committee on 30th January, 2001 consisting of the following members.

1. Chief Secretary/Govt. of Maharashtra or Alternate Director in the absence of the Chief Secretary - Chairman
2. Chief Secretary/Govt. of Karnataka or Alternate Director in the absence of the Chief Secretary
3. Additional Member (Traffic), Railway Board
4. Director (W & W)

9. DIRECTORS' RESPONSIBILITY STATEMENT [u/s 217 (2AA)]

- ❖ That in the preparation of the annual accounts, the applicable accounting standards had been followed along-with proper explanation relating to material departures.
- ❖ That the directors had selected such accounting policies and applied them consistently and made judgements 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 or loss of the company for that period.
- ❖ That directors had taken proper and sufficient care for the 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 fraud and other irregularities.
- ❖ That the directors had prepared the annual accounts on a going concern basis.



10. AUDITORS

The Department of Company Affairs, New Delhi on the advice of Comptroller & Auditor General of India, have appointed M/s. Kirtane & Pandit as Statutory Auditors for the year 2000-2001.

11. HUMAN RESOURCES DEVELOPMENT

Konkan Railway Institute of Staff Training was established at Mangalore for providing In-house training to the staff and for organising refresher courses to improve skills and efficiency. Several courses were organised during the year under review. Technical Training Centre was opened on 19/11/1999 at Bhatkal to impart training to the artisans, mechanics, group D staff and junior group C staff to supplement the efforts of KRIST which is imparting training to the supervisors and senior staff.

A Concept of MOBILE KRIST has been evolved to train the employees at the work spots and a total of 34 such workshops were held covering 842 employees.

During the financial year 2000-2001, KRCL has trained 1862 employees through 80 courses and 34 workshops. So far KRIST has conducted 137 courses and 34 work shops covering 2683 employees till 31st March, 2001.

12. VIGILANCE

During the year under review, 116 Nos. of vigilance preventive checks were conducted on various departments. As a result of these checks, some serious irregularities were detected and for which 17 officials have been taken up under DAR - 7 under Major Penalty and 10 under Minor Penalty. For irregularities having financial implication, recovery to the tune of Rs.2 lakhs has been effected from various agencies, besides departmental action being taken against various delinquent officials.

In order to inculcate vigilance awareness among staff and officers, seminars/lectures were organised, vigilance week from 31st Oct 2000 to 4th Nov 2000 were also observed. Vigilance bulletin were issued for improving the system and procedures in the Corporation.

13. HEALTH CARE

In-house Medical Health Care System developed helped in minimising the expenditure to the Corporation. The annual average man days lost is below 1%.

14. INFORMATION TECHNOLOGY

Konkan Railway is making extensive use of the developments in IT to modernise its working style and bring more efficiency in its day-to-day operations to maximise customer satisfaction. 'KRNIT', launched on 15th October, 1998, is a comprehensive ERP package of 17 software modules to control daily operations in diverse fields: train operations, ticketing, parcel booking, stores inventory, personnel, medical, accounts etc.

It is soon entering the Internet area by becoming a major Internet Service Provider in the region, there-by providing link to the remotest areas of the region with the outside world.



15. SECURITY :

i) THE KONKAN RAILWAY GOJU RYU KARATE DO ASSOCIATION

Being a lean organisation of about 3,400 employees, Konkan Railway has developed a different security system moving apart from having Government Railway Police force, Konkan Railway is teaching Karate self-defence techniques to all its employees. One-third of Konkan Railway employees have already received the basic training in Karate and in the current year a target of 1,000 yellow belt holders is aimed at. THE KONKAN RAILWAY GOJU RYU KARATE DO ASSOCIATION have won 3 gold, 2 silver and 2 Bronze medals by participation at the National level meets in the last two years.



ii) CRISIS RESPONSE TEAM(CRT)

All the railway staff posted at a railway station shall constitute the CRISIS RESPONSE TEAM for that station which shall work with a pro-active and positive attitude towards the problems of assault or an agitation at the railway stations. The ASM on duty would be the co-ordinator of the CRT. The senior most supervisor of each department would act as the Motivator for the staff under his control.

At the time of a crisis the Assistant Station Masters have to tackle Passenger queries, attend telephones of operational control and senior officers, refund tickets, arrange police/RPF help, secure themselves and their property as well as the property of the railway.

16. SAFETY

The alignment of Konkan Railway passes through Western-Ghat hugging the coast for the entire length consists of 92 tunnels of 83.5 km (which are mostly of longer length) and 179 major bridges. Due to these peculiarities of the terrain, Konkan Railway has built up various safety features like defect-free condition of track, LWR/CWR track on PRC sleeper maintained by machine, ballast-less track on longer tunnels, boulder nets and geonetting for increased safety of running trains, improved signalling, OFC Communication Posts at even km interval, tunnel ventilation and lighting in long tunnels. All vulnerable cuttings are progressively stabilized.

Context specific instruction booklets on various subjects supplemented by joint circulars and procedure orders and safety bulletins were issued in addition to training at KRIST & Bhatkal.

17. PROGRESS MADE IN USE OF HINDI IN THE CORPORATION

The Company has made satisfactory progress in the propagation of Hindi under the provision of Official Languages Act and rules made thereunder during the year under review. Regular classes are being conducted to those employees who are appearing for examinations under Hindi Teaching Scheme. Various competitions were conducted on the occasions of Hindi Diwas and prizes were distributed. One Hindi Workshop was organised at Ratnagiri to encourage employees to use Hindi in day to day work. For the convenience of Investors interest warrants were issued in bilingual form - Hindi and English. Replies were given in Hindi to all the letters received in Hindi.



18. INDUSTRIAL RELATIONS

Throughout the year very congenial industrial relations were maintained during the year under review and the standing orders certified by the Regional Labour Commissioner were implemented and also promotional policy for non-executive staff members was finalised in consultation with the union for implementation.

19. CORPORATE GOVERNANCE

Information required under Clause 49 of the Listing Agreements entered with National Stock Exchange Ltd & Regional Stock Exchange New Delhi.

1. The Management philosophy is to provide excellent services to the Shareholders, customers and Investors. The logo of the Corporation is "WE CARE".

2. Board of Directors:-

The Board of Directors consist of Ten Directors, Four functional Directors including Managing Director, part time Chairman and one Nominee Director from Ministry of Railways and one Nominee Director from each participating State (Maharashtra, Karnataka, Goa & Kerala).

There are 4 Non-official Part-time Directors are Yet to be filled by Public Enterprise Selection Board. 49th to 55th Board Meetings were held on 11th April, 2000, 29th June, 2000, 26th July, 2000, 26th September, 2000, 7th November, 2000, 30th January, 2001, 30th March, 2001.

Being a railway administration under the Indian Railways Act,1989, the Corporation is a member of Indian Railways Conference Association (IRCA) and follows the operating and commercial rules laid down by Ministry of Railways from time to time.

3. Audit Committee:-

Audit Committee has been constituted & consists of the following Members :-

Shri. V.Ranganathan or in his absence		Chairman of the Audit Committee
Shri S.V.Joshi, Alternate Director		
Smt. Teresa Bhattacharya or her		
Alternate Director Shri. A.Ravindra	-	Member
Shri. S.S.Bhandari	-	Member
Shri. D.G.Diwate	-	Member

All the Members attended the first meeting held during the year under review.

4. Remuneration Committee:-

Being a Govt Company the Corporation is not proposed to constitute Remuneration Committee.

5. Shareholders Committee:-

Shareholders Committee consist of Managing Director and Director (Finance) are the Members in the Shareholders Committee for effecting Share Transfers.

Company Secretary is acting as a Compliance Officer to resolve the complaints received from Shareholders or Bondholders.

**6. General Body Meetings:-**

The last three Annual General Meetings were held in Delhi on 30th December 1998, 27th September 1999, 26th September, 2000.

7. Disclosures:-

The Corporation has complied all Stock Exchange listing requirements during the last three years.

8. Means of Communication:-

All quarterly results/half yearly results were published in Free Press Journal (English) & Jansatta(Hindi). The Corporation Web site is www.konkanrailway.com. The Management discussion and Analysis Report will be prepared during the current year as per the implementation schedule circulated by the Stock Exchanges.

9. General Shareholders information:-

The Corporation is maintaining In-House all the transfers,transmissions etc. The Book closure for payment of Interest to the bondholders is 16th to 30th June & 16th to 31st December every year. The bonds were listed in National Stock Exchange, Delhi & Mumbai Stock Exchanges. 51% of the Equity Share Capital is held by Central Govt., 22% Equity Share Capital is held by Govt. of Maharashtra, 15% Equity Share Capital is held by Govt. of Karnataka, 6% Equity Share Capital is held by Govt. of Goa, & 6% Equity Share Capital is held by Govt. of Kerala.

20. ACKNOWLEDGEMENT

The Board of Directors gratefully acknowledge the assistance, active support and guidance received from the Ministry of Railways as well as from the State Governments of Maharashtra, Goa, Karnataka and Kerala.

The Board of Directors express their deep appreciation of the valuable contribution made by the officers and employees of the Corporation.

For and On behalf of the Board of Directors

Sd/-

**B. Rajaram
Managing Director**



BALANCE SHEET AS AT 31ST MARCH 2001

Particulars	Schedule No.	As at 31st March 2001		As at 31st March 2000	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS					
AUTHORISED CAPITAL			8064661000		8064661000
(1) Shareholders' funds:					
(a) Capital	1	7790200000		7728002000	
(b) Reserves and Surplus	2	152187000		96697500	
			7942387000		7824699500
(2) Loan Funds					
(a) Secured Loans	3	30339481381		25982649851	
(b) Unsecured Loans	4	6889614870		8428266168	
			37229096251		34410916019
(3) Current Liabilities & Provisions		5	2584473952	2086084706	
Less :					
Current Assets, Loans & Advances	6	1509582861		1697791433	
			1074891091		388293273
			46246374342		42623908792
II APPLICATION OF FUNDS					
(1) Fixed Assets					
a. Gross Block		35038419921		34491689185	
b. Less depreciation		2203841571		1493778283	
c. Net Block	7	32834578350		32997910902	
d. Capital works in progress advances and deposits for Capital works	8	123619409		106621613	
			32958197759		33104532515
(2) Investment	9		0	0	0
(3) Miscellaneous Expenditure (to the extent not written off or adjusted)					
a. Preliminary Expenses		2448257		2856300	
b. Expenditure on Public Issue		181023131		190835830	
c. Discount on Bonds Issue		80082384		117296067	
			263553772		310988197
(4) Profit and Loss Account			13024622811		9208388080
			46246374342		42623908792

As per our report of even date appended hereto

For KIRTANE & PANDIT
CHARTERED ACCOUNTANTS

Sd/-
(J. V. NAIK)
PARTNER

PLACE : NAVI MUMBAI
DATE : 23rd July 2001

On behalf of the Board

Sd/-
(R. K. SINHA)
DIRECTOR (FINANCE)

Sd/-
(B. RAJARAM)
MANAGING DIRECTOR

Sd/-
(B. SATYANARAYANA)
COMPANY SECRETARY



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2001

Particulars	Schedule No.	As at 31st March 2001		As at 31st March 2000	
		Rs.	Rs.	Rs.	Rs.
A. INCOME					
a. Traffic Earnings	10		1516565103		1181288056
b. Other income	11		158971362		120893360
(A)			<u>1675536465</u>		<u>1302181416</u>
B. EXPENDITURE					
1. Expenses on staff	12		402946772		356529825
2. Hire charges for Rolling Stock & Motive power.			144564036		136210789
3. Fuel			262305042		203918225
4. Lease rentals			201740177		199650000
5. Repairs and Maintenance					
a) Permanant Way		193022868		154448563	
b) Station and Other buildings		26945011		12845718	
c) Equipment		54437834		54133583	
d) Bridges & Tunnels		17001515		15186779	
e) Rolling stock		28504756	319911984	15452188	252066831
6. Loss on sale of assets			593728		699284
7. Depreciation	7		704697787		691041482
8. Depreciation written back			0		0
9. Depreciation for earlier years			6551561		1615202
10. Misc. & other operating Expenditure	13		179197762		147637384
11. Finance charges	14		3253469970		3139922439
(B)			<u>5475978819</u>		<u>5129291461</u>
(A - B)			<u>(3800442354)</u>		<u>(3827110045)</u>
12. Prior period adjustments	15		(15792377)		(19848386)
Net loss during the year			<u>(3816234731)</u>		<u>(3846958431)</u>
Add loss brought forward			<u>(9208388080)</u>		<u>(5361429649)</u>
Total loss transferred to Balance Sheet			<u>(13024622811)</u>		<u>(9208388080)</u>
Accounting Policies and Notes to Accounts form part of accounts	16				

On behalf of the Board

As per our report of even date appended hereto

For KIRTANE & PANDIT
CHARTERED ACCOUNTANTSSd/-
(J. V. NAIK)
PARTNERPLACE : NAVI MUMBAI
DATE : 23rd July 2001Sd/-
(R. K. SINHA)
DIRECTOR (FINANCE)Sd/-
(B. RAJARAM)
MANAGING DIRECTORSd/-
(B. SATYANARAYANA)
COMPANY SECRETARY



SCHEDULE 1 - SHARE CAPITAL

PARTICULARS	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
AUTHORISED 80,64,661 equity shares of Rs.1000 each	8064661000	8064661000
ISSUED 80,64,661 equity shares of Rs. 1000 each (Previous year 80,00,000 equity shares of Rs.1000/- each)	8064661000	8000000000
SUBSCRIBED AND PAID UP Subscribed Rs.8009700000 7757700 equity shares of Rs.1000 each Fully paid up (previous year 7728002 shares) Less : Calls in Arrears Rs. 252000000	7757700000	7728002000
SHARE APPLICATION MONEY FOR ALLOTMENT For the year 32500 shares of Rs.1000 each (Previous year NIL)	32500000	0
TOTAL	7790200000	7728002000

SCHEDULE 2 - RESERVES & SURPLUS

Particulars	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
CAPITAL RESERVE Premium on Issue of Bonds.	152187000	96697500
TOTAL	152187000	96697500



SCHEDULE 3 SECURED LOANS

	Particulars	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
1.	BONDS		
A.	PUBLIC ISSUE 2A SERIES 10.5% secured redeemable at par non-cumulative and non-convertible tax - free bonds of Rs. 1000 each redeemable on 01.03.2004. (LOC issued by Ministry of Railways)	2294423000	2295155000
B.	PUBLIC ISSUE 6B SERIES 10.5% secured non-cumulative, non-convertible tax free bonds of Rs.1000 each issued at 5% discount redeemable, at par, on 09.01.2007 (LOC issued by Ministry of Railways)	2000000000	2000000000
C.	PRIVATE PLACEMENT 10.5% secured, redeemable, non-cumulative, non-convertible tax free bonds of Rs 1000/- each issued at par		
1.	519800 bonds of series 1A redeemable on 30.06.2003	519800000	519800000
2.	3100 bonds of series 1B redeemable on 01.10.2003	3100000	3100000
3.	218900 bonds of series 1C redeemable on 30.11.2003	218900000	218900000
4.	1407000 bonds of series 2B redeemable on 31.03.2004 (LOC issued by Ministry of Railways)	1407000000	1407000000
5.	714800 bonds of series 2C redeemable on 05.05.2004 (LOC issued by Ministry of Railways)	714800000	714800000
6.	1366500 bonds of series 2D redeemable on 01.08.2004 (LOC issued by Ministry of Railways)	1366500000	1366500000
7.	2761000 bonds of series 3A redeemable on 25.08.2004 to 27.08.2004 (LOC issued by Ministry of Railways)	2761000000	2761000000
8.	740000 bonds of series 3B redeemable on 12.10.2001 to 31.10.2001	740000000	740000000
9.	645000 bonds of series 3C redeemable on 31.10.2004	645000000	645000000
10.	120000 bonds of series 4A redeemable on 07.02.2005	120000000	120000000
11.	630000 bonds of series 4B redeemable on 20.02.2005	630000000	630000000
12.	750000 bonds of series 4C redeemable on 18.04.2005 to 05.07.2005 (LOC issued by Ministry of Railways)	750000000	750000000
13.	3,80,000 bonds of series 6A redeemable on 18.05.2001	380000000	380000000
	PRIVATE PLACEMENT - OTHERS Secured non-cumulative, non-convertible bonds,		
14.	8.75% Taxfree 420000 bonds of series 5A redeemable on 05.08.2005 (previous year 10.5%) Rs.1000 each	420000000	420000000



Schedule 3 continued.....

	Particulars	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
15.	8.75% Tax free 150000 bonds of series 5B redeemable on 11.10.2005 (previous year 10.5%) Rs.1000 each	150000000	150000000
16.	9% Tax free 50000 bonds of series 5B redeemable on 11.10.2005 (previous year 10.5%) Rs.1000 each	50000000	50000000
17.	8.25% Tax free 133000 bonds of series 5C redeemable on 30.03.2006. (10.5% tax free 432500 bonds of series 5C redeemed on 29.03.01)	133000000	432500000
18.	8.95% Taxfree 500000 bonds of series 5C redeemable on 30.03.2006. (previous year 10.5%) Rs.1000 each	500000000	
19.	10.5% Taxfree 129178 bonds of 6C series issued at 5% discount redeemable on 03.02.2007 (previous year 10.5%) Rs.1000 each	129178000	129178000
20.	10.5% Taxfree 11,40,000 bonds of 7A series redeemable on 23.06.2002. (previous year 10.5%) Rs.1000 each	1140000000	1140000000
21.	9.25% bonds of 17,650 Infrastructure bonds 7B series issued at 5% discount redeemable on 25.12.2004 (LOC issued by Ministry of Railways) (previous year 10.5) Rs.1000 each	1765000000	1765000000
22.	13% Taxable 5771 bonds 8A series of Re.1 Lakh each redeemable on 30.05.2005 (LOC issued by Ministry of Railways)	577100000	577100000
23.	10.5% 10000 tax free bonds 8B series issued of Re.1 Lakh each redeemable on 11.08.2008 (LOC issued by Ministry of Railways)	1000000000	1000000000
24.	10.15% 6000 tax free bonds 8C series issued of Re.1 lakh each redeemable on 29.01.2006 (LOC issued by Ministry of Railways)	600000000	600000000
25.	10.5 % 3579 infrastructure bonds 8D series of Re. 1 Lakh each redeemable on 04.02.2006 (LOC issued by Ministry of Railways)	357900000	357900000
26.	12.60% 5000 taxable American put bonds 8E series of Re. 1 Lakh each redeemable on 12.02.2002. (LOC issued by Ministry of Railways)	500000000	500000000
27.	12.36% 25000 taxable bonds of Rs. 1000 each 9A series redeemable on 1.10.2005 (LOC issued by Ministry of Railways)	25000000	25000000
28.	12.52% 1972563 taxable bonds of Rs.1000 each 9A series redeemable on 01.10.2006 (LOC issued by Ministry of Railways)	1972563000	1972563000



Schedule 3 continued.....

	Particulars	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
29.	8.55% 10000 taxfree bonds of Rs. 1 Lakh each 9B series redeemable on 06.01.2010 (LOC issued by Ministry of Railways)	1000000000	1000000000
30.	10.65% 3100 taxable bonds of Rs.1 Lakh each 10A-1 series redeemable from 26.06.2005 to 28.06.2005 (LOC issued by Ministry of Railways)	310000000	0
31.	11.20% 8876 taxable bonds of Rs.1 Lakh each 10A-II series redeemable from 13.06.2005 to 30.06.2005 (LOC issued by Ministry of Railways)	887600000	0
32.	8.77% 7000 taxfree bonds of Rs.1 Lakh each 10B series redeemable from 28.06.2005 to 19.07.2005 (LOC issued by Ministry of Railways)	700000000	0
33.	11% 500 taxable bonds of Rs.1 Lakh each 10D-I series redeemable on 31.07.2001 (LOC issued by Ministry of Railways)	50000000	0
34.	11% 300 taxable bonds of Rs.1 Lakh each 10D-II series redeemable on 07.08.2005 (LOC issued by Ministry of Railways)	30000000	0
35.	11.75% 10000 taxable bonds of Rs.1 lakh each 10E-I series redeemable on 18.08.2001 (LOC issued by Ministry of Railways)	1000000000	0
36.	11.75% 10805 taxable bonds of Rs. 1 Lakh each 10E-II series redeemable from 29.08.2005 to 20.09.2005 (LOC issued by Ministry of Railways)	1080500000	0
37.	11.60% 820 taxable bonds of Rs.1 Lakh each 10F-I series redeemable from 27.09.2001 to 03.10.2001 (LOC issued by Ministry of Railways)	82000000	0
38.	11.60% 3325 taxable bonds of Rs. 1 Lakh each 10F-II series redeemable from 09.10.2005 to 30.10.2005. (LOC issued by Ministry of Railways)	332500000	0
39.	10.80% 500 taxable bonds of Rs.1 Lakh each 10-H series redeemable on 09.01.2006 (LOC issued by Ministry of Railways)	50000000	0
40.	11.10% 100 taxable bonds of Rs.1 Lakh each 10-I series redeemable on 15.02.2006 (LOC issued by Ministry of Railways)	10000000	0



	Particulars	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
	TOTAL	28952864000	24670496000
2.	LOANS FROM I R F C (Being the proceeds of 9% tax free bonds for Rs.111.64 Crores and 10.5% tax free bonds for Rs.19.5 Crores issued by IRFC for Konkan Railway Project)	1311400000	1311400000
	From Bank - Cash credit (Secured by Hypothecation of all tangible, moveable property, present and future)	75217381	753851
	TOTAL	30339481381	25982649851

The various series of bonds mentioned above are fully secured and charged (legal mortgage) over the assets of the Corporation (present and future) has been created in favour of State Bank of India, Main Branch, Mumbai (Debenture Trustee to the Bond Holders).

The charge has been created in favour of Indian Railway Finance Corporation for an amount of Rs.131.14 crores and in favour of Federal Bank of India for Rs.50.00 Crores and in favour of Central Bank of India for Rs.26.00 Crores over the assets of the Corporation (present and future).



SCHEDULE 4 - UNSECURED LOANS

Particulars	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
i. SHORT TERM LOANS		
From Banks	500000000	218080000
(Short term F.C.N.R loan)		
Inter corporate deposit	0	0
Add : Interest accrued and due (Amount repayable within next one year Rs.Nil] [Previous year Rs.24282811]	0	24282811
	500000000	242362811
ii. FOREIGN CURRENCY LOAN		
From a Bank	49614870	69603357
[Amount repayable within next one Year Rs.25105286] [Previous Year Rs.23825678]		
iii. FOREIGN CURRENCY LOAN - ECB	0	5016300000
(External Commercial Borrowings) (LOC issued by Ministry of Railways)		
iv. MINISTRY OF RAILWAYS	6340000000	3100000000
TOTAL	6889614870	8428266168



SCHEDULE 5 - CURRENT LIABILITIES & PROVISIONS

Particulars	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
A. CURRENT LIABILITIES		
1. Sundry Creditors		
i. Contractors	331702315	249593101
ii. Expenses	60389872	59737459
iii. Deposits from contractors & others	110032146	112068397
iv. Payable to Railways		
a) Train operating expenses	555702441	511339237
b) Apportioned share of earnings	244953993	192131754
	<hr/> 800656434	<hr/> 703470991
v. Other Liabilities	34392257	31127554
2. Interest accrued but not due on		
a) Loans	25854281	87579450
b) Bonds	996290617	683242213
	<hr/> 1022144898	<hr/> 770821663
3. Unclaimed Interest on Bonds	128805191	57156420
4. Unclaimed Application Money	82500	81500
5. Advance against sales	88834189	93809547
6. Unclaimed Bonds Redeemed	212680	152353
7. Sundry Advance Received	7221470	6733478
B. PROVISIONS		
Provision for Wealth Tax	0	1332243
TOTAL	2584473952	2086084706



SCHEDULE 6 - CURRENT ASSETS, LOANS & ADVANCES

Particulars	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
A. CURRENT ASSETS		
I i. Interest Accrued	513290	5276675
ii. Cash in Hand	9463751	6078392
iii. Funds in Transit	501538	2400000
iv. Balance with Scheduled banks in		
a) Current Account	317699195	377286185
b) Term Deposit [Out of this	26623127	42081231
An amount of Rs.25536127	344322322	419367416
is pledged with bank]		
(Previous yr. Rs. 41907231)		
v. Traffic Earnings receivable		
a) over 6 months	6055724	82238656
b) less than 6 months	274802383	240067700
Total (I)	635659008	755428839
II. Inventory (Schedule-16)	170358643	200205792
A (I + II)	806017651	955634631
B. LOANS & ADVANCES		
[Unsecured, considered good unless otherwise stated]		
I i. Advances recoverable in cash or in kind or for value to be received	25056801	27697871
ii. Sundry receivables	297238196	289857919
iii. Advances to employees	1711790	12190880
iv. Deposits for accomodation	917634	1099422
v. Deposit with government agencies	3232933	1070076
vi. Other Deposits	36037981	28496825
vii. Deposit for lease of assets	216000000	216000000
viii. TDS deduction from interest income	47471676	38103905
II. Advances and deposits for Capital Works		
i. Contractors & Suppliers	16799453	26508217
ii. Land Acquisition	10483359	20375570
iii. Purchase of Material & Equipment	21420823	22861144
iv. Advance to Govt agencies for works	198596	198596
v. Project division	26995968	57696377
	75898199	127639904
B (I + II)	703565210	742156802
GRAND TOTAL [A + B]	1509582861	1697791433

**SCHEDULE 6A - INVENTORY**

Particulars	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
i. Rails	48447178	45776549
ii. Sleepers	76416213	82421627
iii. Cement	670965	1606117
iv. Steel	6506310	18343795
v. Diesel	10324752	6358244
vi. Explosives	0	0
vii. Others	27993225	45699460
[Includes materials in transit Rs.2301335 (previous year Rs. 6100128)]		
TOTAL	170358643	200205792



SCHEDULE - 7 FIXED ASSETS

SR NO	DESCRIPTION	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		ASSET VALUE AS AT 01.04.2000	ADDITION DURING 2000-2001	ADJUSTMENTS TRANSFER/DELET OF ASSETS 2000-01	AS ON 31.03.2001	DEPR AS AT 01.04.2000	DEPR FOR 2000-01	ADJ. OF TRF/DEL DEPR. IN 2000-01	CUMULATIVE DEPR. TO END 2000-01	AS AT 31.3.2001	AS AT 31.3.2000	NET ASSET VALUE AS AT 31.3.2001	NET ASSET VALUE AS AT 31.3.2000
1	2	3	4	5	6	7	8	9	10	11	12		
1.	Land	1174877365	20370018	1850778	1197098161	0	0	0	0	1197098161	1174877365		
2.	Formation	23220849703	239457092	40861067	23501167862	531247801	250124211	1843197	782915209	22718252653	22689601902		
3.	P. Way	5788293581	64714430	-18005831	56835002380	584233062	274857233	-855673	858254622	4976747558	5204040518		
4.	Buildings	1694262785	22754492	49283734	1766301011	59528270	28318338	1753385	89599993	1676701018	1634734516		
5.	Plant & Equipment	2255631316	85612993	-2797012	2338447297	2500451278	116742263	3627876	370821417	1967625880	2005180039		
6.	Locos & Other Rolling Stock	166289147	17278825	0	183567972	13129443	4578266	295162	18002671	165565101	153159703		
7.	Furniture & Fixtures	2693285	1403971	-514353	3582903	261323	218438	27	419788	3163115	2491963		
8.	Office Equip. & Peripherals	173109423	22495022	519883	196124328	52004227	28567485	-1182724	79388988	116735340	121105196		
9.	Vehicles	15682580	1482211	-36584	17128207	2962879	1291553	184251	4438683	12689524	12719700		
	TOTAL	34491689185	475569054	71161682	35038419921	1493778283	704697787	5365501	2203841571	32834578350	32997910902		
	Previous Yr.	34215122045	169199093	107368047	34491689185	801862060	691041482	874741	1493778283	32997910902			

- a. The value of P.Way Track excludes an amount of Rs.131.66 crores being the sale and lease back.
- b. Includes six Dunnet Concrete Sleeper Laying Machines received free of cost from Australian International Development Assistance Bureau otherwise valued at Rs. 323.54 Lakhs, however other incidental costs are capitalised at Rs.458209/-.
- c. The addition during the year on account of Foreign Exchange Fluctuation on ECB Loan is Rs.30,86,23,590/- charged to assets.



SCHEDULE 8 - CAPITAL WORKS- IN -PROGRESS AND DEVELOPMENT EXPENDITURE

Particulars	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
A. CAPITAL WORKS- IN -PROGRESS		
I. Works		
i) Structural Engg. Works	111198577	97420619
TOTAL - A	111198577	97420619
B. I. EXPENDITURE ON CONSTRUCTION & ESTABLISHMENT.		
i) Salaries, Allowance & Benefits 8A	6040344	10350835
ii) Other Administrative Expenses 8B	6422871	3330029
iii) Prior period adjustments 8C	145320	313642
TOTAL	12608535	13994506
II. LESS INCIDENTAL INCOME 8D	187703	4793512
TOTAL B	12420832	9200994
TOTAL [A+B]	123619409	106621613

SCHEDULE 8A - SALARIES, ALLOWANCES & BENEFITS (DEVELOPMENT ACCOUNT)

Particulars	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
i. Salaries & Allowances	4817733	8552679
ii. Contribution to Provident & other funds	941305	1174697
iii. Gratuity	39997	136173
iv. Foreign Service Contribution	0	53983
v. Staff Welfare	241309	433303
TOTAL	6040344	10350835



SCHEDULE 8B - OTHER ADMINISTRATIVE EXPENSES (DEVELOPMENT ACCOUNT)

Particulars	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
i. Rent	599393	84933
ii. Insurance and Taxes	31023	50881
iii. Printing and Stationery	22863	40805
iv. Postage , Telephone & Telex	31573	123109
v. Travelling and Conveyance	4370	792203
vi. Vehicles Expenses	296034	732560
vii. Repairs and Maintenance		
a) Plant and Machinery	0	180930
b) Buildings	0	10475
c) Others	0	2777
viii. Electricity & Water Charges	0	9049
ix. Advertisement and Publicity	54298	21001
x. Other Expenses	5383317	1281306
TOTAL	6422871	3330029



SCHEDULE 8C - PRIOR PERIOD ADJUSTMENTS - (DEVELOPMENT ACCOUNT)

Particulars	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
1. Salaries, allowances and Benefits	0	785
2. Foreign Service Contribution	0	6603
3. Staff Welfare Expenses	0	4622
4. Amount Written Off	0	262561
5. Other Expenses	145320	32572
6. Repairs to Vehicles	0	6499
TOTAL	145320	313642

SCHEDULE 8D - INCIDENTAL INCOME - (DEVELOPMENT ACCOUNT)

Particulars	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
i. Sale of Tender Forms etc.	1148	22094
ii. Rent recovery	5480	12124
iii. Other receipts	181075	4759294
TOTAL	187703	4793512



SCHEDULE 9 - INVESTMENTS

Particulars	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
I. LONG TERM INVESTMENTS	0	0
II. CURRENT INVESTMENTS		
a) Government or Trust Securities	0	0
b) Share & Debentures or Bonds Non convertible bonds of Punwire Ltd., of Rs.5,00,00,000 (part payment of Rs.1,31,54,412 received during 1998-99)	0	0
c) Investment Properties	0	0
MINISTRY OF RAILWAS		
d) Other Investment	0	0
TOTAL	0	0

Previous year figures are regrouped and shown in current Assets to match the current year's presentation
Rs. 3.68 crores refer Note 32 of Note to Accounts.

SCHEDULE 10 - TRAFFIC EARNINGS

Particulars	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
1. Passenger	1156974441	967055228
2. Other Coaching	19089252	4900156
3. Goods	316690630	204444025
4. Sundry	23810780	4888647
TOTAL	1516565103	1181288056



SCHEDULE 11 - OTHER INCOME

Particulars	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
1. Interest on investments	39834900	37909935
2. Rent for residence	2306389	1641080
3. Miscellaneous receipts including Management fee received from MSRDC	116594822	81097354
4. Furniture hire charges	15719	4302
5. Re-imburement of Est. expenses	0	0
6. Other earnings	219532	240689
TOTAL	158971362	120893360

SCHEDULE 12 - EXPENSES ON STAFF

Particulars	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
i. Salary wages and allowances etc.	311930569	277575172
ii. Travelling Expenses	29426104	25796142
iii. Cash award	827475	403525
iv. Contribution to Provident and other Funds	23415352	24827116
v. Foreign Service Contribution	5085835	5191212
vi. Staff Welfare Expenses	32261437	22736658
TOTAL	402946772	356529825



SCHEDULE 13 - MISCELLANEOUS EXPENSES

Particulars	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
i. Electricity and Water Charges	6356465	7277150
ii. Cost of Tickets and Forms	445522	137330
iii. Telephone and Communications	9244620	8576119
iv. Vehicle Expenses	11058607	9366274
v. Rent for Residential buildings	1210344	1032327
vi. Rent for Office buildings	210007	465133
vii. Other Sundry expenses	51399029	50369941
viii. Expenses Written off	59629614	56671097
ix. Expenses due to Forerx	34497501	8247279
x. Legal Expenses	3160032	3772768
xi. Advertisement & publicity	1986021	1721966
TOTAL	179197762	147637384

SCHEDULE 14 - FINANCE CHARGES

Particulars	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
a) Interest on Bonds [includes Rs.1575(previous year Rs.1575) paid to Directors].	3020631998	2520303291
b) Interest on Loans	223610740	615684294
c) Management fee on bonds	9227232	3894559
d) Others	0	40295
TOTAL	3253469970	3139922439



SCHEDULE 15 - PRIOR PERIOD ADJUSTMENTS - (P & L ACCOUNT)

Particulars	As at 31st March 2001 Rs.	As at 31st March 2000 Rs.
1. Hire charges on - Coaches/Wagons	299006	0
2. Salary and establishment	0	2013721
3. Miscellaneous expenses	1294608	7659931
4. Financing charges	498277	6355179
5. Repairs & maintenance - plant & machinery, Station Buildings etc.	9436952	4649451
6. Other operating expenses	0	475698
7. Loss on sale of Assets	5653808	0
8. Other Miscellaneous Receipts	(1390274)	(1305594)
TOTAL	15792377	19848386

WE CARE



SCHEDULE NO .16 : ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS.

A) APPLICABLE SIGNIFICANT ACCOUNTING POLICIES.

1. The Corporation after completion of the project is intended to be merged with the Indian Railways as and when its loan liabilities are fully discharged. Accordingly, the Accounting Policies, including rules of allocation and classification of revenues, expenditures and incidence of cost as adopted by Indian Railways, as far as possible are being followed.
2. The Accounting policies involved in the guidance note on "Treatment of expenditure during construction period" published by the Institute of Chartered Accountants of India as is relevant and applicable have been followed.
3. The Corporation generally follows accrual method of accounting, except that interest on delayed payment of T.D.S & share capital and sales tax which are treated on cash basis. Payment of bonus is accounted for in the year when Govt. of India's sanction is issued.
4. (a) In classifying the nature of "Fixed Assets" and "Capital works in progress" the requirements of Schedule VI of the Companies Act, 1956 and the format of disclosure followed by the Indian Railways have been kept in view.
(b) The assets in use are shown at cost less accumulated depreciation. Adjustments arising from Foreign Exchange Rate variations relating to borrowings attributable to fixed assets are allotted to the entire block of Fixed Assets and not only to assets created out of Foreign Exchange Loans, due to difficulty in identifying the assets separately.
(c) The Broad Gauge line between Roha and Mangalore was completed and opened for traffic on 26.1.1998. The entire expenditure net of income in the Development account has been apportioned to the various assets heads as a whole on a Prorata basis.
(d) Depreciation is charged at the rates prescribed in Schedule XIV of the Companies Act, 1956 under straight line method and in case of addition to fixed assets, depreciation is charged at pro-rata from the month of addition. In case of assets where schedule XIV of the Companies Act is silent, the rate of depreciation have been worked out with reference to effective life of the respective assets as given in Indian Railway Engineering Code. The rates of depreciation followed in the case of following assets are mentioned below.

i) Buildings including Offices, Rest Houses, Residences, Other Service Buildings, Stations, Workshops, Tunnels, Ballastless Track, Road Crossing & Fencing, Bridges.	1.63%
ii) Plant & Machinery	4.75%
iii) Furniture & Fixtures including Station Plant & Equipment	6.33%
iv) Other Construction Plant & Machinery	11.31%



- | | |
|---|--------|
| v) Computer & peripherals | 16.21% |
| vi) Loco / Other Rolling Stock / Cranes | 2.50% |
| vii) Vehicles | 9.50% |
| viii) Temporary Structures | 100% |
- ix) Assets costing below Rs.5000/- are charged off fully under "Stores and Spares consumed" head in the P & L Account.
- (e) Leasehold lands are not amortized over the period of Lease.
- (f) Computer and peripherals include cost of development of software.
- (g) As per the practice followed in Railways, the cost of furniture and fixtures lying at offices, stations and rest houses will be added to the respective building cost.
- (h) In cases where the historical cost of a depreciable asset has undergone a change due to increase or decrease in the long term liability on account of foreign exchange fluctuations arising at the year ends the depreciation on the revised unamortised depreciable amount is provided prospectively over the residual useful life of the asset from the year following such capitalisation. In case of discharge of foreign exchange liability during the year, depreciation is provided from the month of such addition.
5. The inventories of construction materials are shown at cost.
6. Foreign Exchange Transactions.
- a) The transactions denominated in foreign currencies are normally recorded at the foreign exchange rate prevailing at the time of transaction.
- b) Assets and Liabilities related to foreign currency transactions remaining unsettled at the end of the year are converted at the rate prevailing at the end of the year.
- c) Any income or expense on account of foreign exchange difference either on settlement or on translation is recognized in the development / Profit & Loss Account except in case where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.
7. Employees Retirement Benefits :
Corporation's contributions to Provident Fund are charged to the Profit & Loss Account. Gratuity and leave encashments are provided for on actuarial basis.
8. Lease : Lease rentals and other charges are adjusted with reference to lease terms and other conditions.
9. Income Recognition.
- I. Income recognition in the case of contracts executed by the Corporation will be made by following percentage completion method.
- II (a) Interest income is recognized on a time proportion basis depending upon amount outstanding and the rate applicable.



- (b) As is the practice on Indian Railways, the Coaching traffic earnings are accounted on cash basis and Goods earnings on accrual basis.
- (c) The revenue from sale of scrap, salvage or waste materials is accounted for on realization.
- (d) Accountings in respect of profit/loss on sale of assets are made at the time of delivery to the buyer.
- (e) Commission received on encashment of warrants issued by Defence / Police is recognised on accrual basis.
- (f) Service charges recoverable from M/s.MSRDC by the Project Division is recognised on accrual basis.
10. Contractor's claims.
- (a) Claims for escalation by contractors are accounted for only when such claims are accepted after due verification.
- (b) The contractors liabilities are taken into account on the basis of works completed and also in respect of incomplete works, by making a suitable provision, for all bills pertaining upto 31.03.2001 recieved in the accounts upto 31.05.2001.
- (c) Recovery on account of risk and cost transactions is effected at the time of completion of works after due determination and the same will be accounted on actual realisation.
- 11 (a) Liabilities
- Provision is made for all known liabilities existing on the date of balance sheet received upto 30.05.2001 but liabilities not yet crystallized or liabilities whose amount cannot be determined with any reasonable degree of accuracy are not provided for.
- (b) Prior period / Extra ordinary items
- All expenses or income exceeding as Rs.1 Lakh relating to the prior period are disclosed in the accounts. Any income / Expenditure less than Rs.1 Lakh is appropriately disclosed as current year's income / expenditure.
12. Preliminary Expenses is being amortized over a period of 10 years. Discount / Other Expenses on issue of bonds is being amortized over the tenure of the bond.
13. Contingent liabilities are not provided for but are disclosed by way of notes to the account.
14. Carrying amount of Current Investments are normally shown at cost or fair market value, wherever such fair market value is available.

B) NOTES TO THE ACCOUNTS

15. The Corporation was incorporated as a joint venture between the Government of India (Indian Railways) and the beneficiary State Governments of Maharashtra, Goa, Karnataka and Kerala to construct the Konkan Railway BROAD GAUGE Line and operate the same for a period upto which the Corporation discharges its loans raised for financing the Project.



According to the Memorandum of Understanding the contributions made by the State Governments towards equity would be paid at par by the Government of India on the Corporation liquidating the loans obtained for completing the Project.

16. (a) The passenger trains are being run through Konkan Railway system with Indian Railways rolling stock and a detailed Memorandum of Understanding has been sent for the approval of Ministry of Railways regarding Inter Railway Adjustment on the reciprocal arrangement, for movement of Inter Railway traffic.
 - (b) The arrangements existing for the Inter Railway financial adjustments have been adopted for the purpose of providing for the liability for services provided by other Railways. The Corporation's share of passenger traffic receivable out of the income collected by Railway Stations operated by other Railways and share payable to other Railways out of the collections made by this Corporation have been accounted for by the respective Railways. After approval of Memorandum of Understanding by the Ministry of Railways, if any changes arise, it will be accounted for during that year.
 - (c) Similarly, operating expenses like hire charges for coaches and engines, Fuel charges, Salary of crew has been provided for based on formula adopted in Indian Railways and bills received.
17. (a)(i) The assets under different heads have been capitalized based on figures appearing in the Books of Accounts. In cases where works have not been completed and some portion remains to be executed, the value of same have been taken based on the technical assessment and capitalized and Depreciation has been charged from the date of opening of entire line, i.e. 26.1.1998.
 - ii) Consequent to the completion of various capital works of the Konkan Railway project the development account was closed as on 25/01/1998. However, the new works, which are being carried out during 2000-2001 and not completed are continued to be shown under capital works in progress along with the development expenditure.
18. (a) Land cost includes indirect expenses directly incurred in the process of acquisition of land and provisional advance payments consequent to awards based on certificates of Special Land Acquisition Officer which will be reconciled and finally adjusted as and when final awards and acquittance of SLAOS are received.
 - (b) An aggregate amount of Rs.1.05 Crores. Lying in advance account and yet to be disbursed by Special Land Acquisition Officer is not transferred to land account as the acquittance details certified by the SLAO'S are not received. (previous year Rs.2.04 Crores)
19. Advance for materials and other advances could not be adjusted to the final head amounting to Rs.1.57 Crores (previous year Rs 3.85 Crores) pending accountal.
20. (a) Transactions of Receipts / Issues for the year in respect of construction materials are recorded in the stores and charged to the works. There is a minor difference between book balance and ground balance, or under reconciliation.
 - (b) Construction material like cement, steel etc., issued to the contractors are debited to Work in Progress Account and actual consumption can be determined only after final measurement of the work. Hence excess material, if any issued to the contractors will be accounted for by crediting to Work- in- Progress as and when finally settled. Due to this, Works- in- Progress and Advances / Recoverable are overstated and understated respectively to that extent.



- (c) Stores in Transit is having a balance of Rs. 19.49 lakhs (previous year Rs.31.29 lakhs) which is still to be adjusted.
- (d) A few electrical items originally booked to tunnel & subsequently returned to electrical stores, are in the process of reconciliation, and will be adjusted to appropriate head after identification.
21. (a) Sundry balances in debit and credit accounts of contractors, Government authorities, Company's suppliers and others are subject to confirmation, reconciliation and required adjustment, if any.
- (b) Sundry balances of unsecured loans taken are subject to confirmation.
22. Loan from Indian Railway Finance Corporation (IRFC) represents gross face value of bonds issued on private placement by IRFC on behalf of the Corporation. The loan carries the same rate of interest as the Bonds.
23. (a) 10.5% Tax Free Bonds and Infrastructure bonds issued by the Corporation under various series as stated in schedule 3 are secured by way of Pari Passu Charges / mortgaged created / to be created on movable / immovable assets relating to this project both present and future.
- (b) Necessary Bond Redemption Reserve will be created in the year in which the corporation will have profit.
24. Future obligations towards lease rentals under the lease agreements as on 31st March, 2001 in case of primary lease are Rs 58.36 crores and in case of secondary lease Rs 3.89 crores.
25. Sales Tax assessment from the year 1990-91 to 1999-00 except 1995-96 though filed has not been completed so far except Karnataka State Sales Tax. Hence liability, if any, in this regard will be accounted for as and when assessment will be finalised.
26. Loans and Advances include due from Directors Rs. 2,800 (previous year Rs.7361 /-) Maximum balance outstanding on any day during the year was Rs. 143281/- (previous year Rs. 17361 /-).
27. Hire charges paid for passenger coaches are shown net of recoveries. The amount receivable from Indian Railways on account of Fuel and passenger coaches hire are Rs. 7,34,39,043 /- (previous year Rs 17,29,85,523/-) and Rs. 6,12,36,630 /- (previous year Rs. 3,80,97,466/-) respectively.
28. Advance payments for steel amounting to Rs 57.70 lakhs, mostly on account of long pending items above 3 years, are under reconciliation.
29. Foreign Service Contribution payable shows certain amounts outstanding for a long time, which are not adjusted due to non receipt of bills.
- 30.a) Fixed assets excludes Track measuring 185.275 Kms. amounting to Rs.108 crores which has been sold and leased back to Corporation with the approval of President of India. The said transaction has also been placed before the AGM in the meeting held on 23rd September 1996 and 19th December 1997.
- 30.b) Management fees shown as income has been received from MSRDC against the total turnover of Rs.24.84 crores achieved during the year through contracts executed on cost plus management fees basis. The Corporation has executed work of Jawahar Tunnel in J & K State of Rs. 5.12 crores and work of Owk Tunnel in A. P. State of Rs. 6.82 crores.



31. The Corporation has prepaid 20% of ECB of US\$ 115 million with the ministry's approval. The balance ECB of US\$ 92 million has been refinanced and swapped with Standard Chartered Bank. This liability has been extinguished through the proceeds of a fresh issue of bonds. This results in increase in financing costs during the current year and thereby, the risk on account of foreign exchange fluctuation on interest and principal repayment is avoided.
32. Short Term Investment of Rs 5 crores was made in M/s Punwire Communications Ltd. Chandigarh backed by the post dated cheques, which were bounced. The Corporation has initiated criminal proceeding under Sec. 138 of the Negotiable Instruments Act and also filed a summary suit. The Corporation is making all efforts to recover the amount by filing an application under the Companies Act to the Official Liquidator appointed by the High Court of Punjab and Haryana. Necessary provision, if any will be made on final disposal of the case by the liquidator.
33. The Share capital amount received from State of Goa and State of Maharashtra of Rs.1 crore each has been adjusted for call in arrears.
34. Miscellaneous receipts include an amount of Rs.2.43 crores written back in respect of provision of excess interest liability created for a long term loan which is no longer required.
35. According to the information available, there are no suppliers under Small Scale and Ancillary Undertaking Act 1993, against whom the out standing balance payable exceeds Rs.1 lakh and pending for a period more than one month.
36. Contingent Liabilities not provided for
 - (a) Estimated amount of contracts remaining to be executed and not provided for as certified by the management was Rs. Nil Crores (previous year Rs. 9.45 Crores)
 - (b) Contractors and other claims against the Corporation not acknowledged as debt as per the certificate submitted by the management are Rs 233.20 Crores Previous year Rs. 189.63 Crores are received.
 - (c) A demand of Rs 22.04 Crores raised by the Income Tax Department has been decided by the Commissioner of Income Tax (Appeals) in favour of the Corporation. However, the joint Commissioner of Income Tax has appealed to the Income Tax Tribunal against the CIT(Appeals) decision.
 - (d) Excise duty demands are disputed to the extent of Rs 4.84 Crores. (previous year Rs 4.84 Crores).
 - (e) Various Court cases have been filed by the land owners in several Courts for revision of the amount of the award passed by the State Government. The amount of likely liability on this account is unascertainable at present.
 - (f) Sales Tax demands being disputed of Rs 0.67 Crores (previous year Rs 0.67 Crores).
 - (g) As per accounting policy of 10(C) the total estimated risk & cost of Rs 23.92 Crores is recoverable from the various contracts.
37. Previous year's figures have been regrouped / rearranged wherever necessary to make them comparable with the current year's figures.



ADDITIONAL INFORMATION PERSUANT TO THE PROVISION PART II OF SCH.VI OF THE COMPANIES ACT, 1956

	Current Year Rs.	Previous Year Rs.
37 (a) Directors Remuneration The remuneration of Directors is as under :-		
Salary and Allowances	1577471	1154915
Contribution to Provident Fund	0	0
Pension Contribution paid to Rlys.	343026	190752
	1920497	1345667
(b) Auditors Remuneration Auditors remuneration is as under :-		
For Audit fees	75000	75000
For Tax Audit	30000	30000
For Income Tax matters	5000	5000
For limited review	21000	N.A.
For reimbursement of out of pocket expenses	60640	100000
	191640	210000
38. Earnings in foreign exchange :-	Nil	Nil
39. Foreign currency expenditure :-		
Travelling	1225364	619471
Interest, Handling & Other Charges	201769470	337565420
Other than Capital goods	Nil	Nil
	202994834	338217286
40. Value of imports on C.I.F. basis :-		
I. Component and spare parts	Nil	1825114
II. Capital goods	129981	16080721
	129981	17905835
41. Balance Sheet Abstract and a Company's General Business Profile as per Schedule VI part (iv) of the Companies Act, 1956.		
I. Registration Details:		
Registration No:		55-10891
State Code No :		55
Balance Sheet Date :		31.03.2001
II. Capital Raised during the year		
Public Issue		Nil
Rights Issue		Nil
Bonus Issue		Nil
Private placement (Firm Allotment to the promoters and their associates) Share capital received during the year : Rs.6.22 Crores		



	(Rs.)
III Position of Mobilisation and Deployment of Funds:-	
Total Liabilities	47755957203
Total Assets	47755957203
SOURCES OF FUNDS	
Paid-up Capital (Includes Share Application Money Amounting to Rs.28.08 lakhs)	7790200000
Reserves & Surplus	152187000
Secured Loans	30339481381
Unsecured Loans	6889614870
Net Current Liabilities	1074891090
APPLICATION OF FUNDS	
Gross Fixed Assets including Capital WIP	35162039330
Investments	0
Misc Expenditure	263553772
Accumulated Losses	13024622809
IV Performance of Company	
Turnover	1675536465
Total Expenditure (Including prior period adjustment)	5491771194
Profit / (loss) before Tax	(3816234729)
Profit / (loss) after Tax	(3816234729)
Earnings per share Rs.	NIL
Dividend Rate %	N.A.
V Generic name of Principal Product of Company (as per monetary terms)	
Item Code No.	700 as per Industrial classification of joint stock companies
Product Description	Railway Transportation



	figures in Rs.00,000
A CASH FLOW STATEMENT FOR 2000-2001	
A CASH FLOW FROM OPERATING ACTIVITIES	-38162
Net profit before tax & extraordinary items:	
Adjustments for :	
Expenditure written off	597
Depreciation	7113
Interest & other income	-1586
Prior period Adjustments	158
Interest Expenses	32535
Operating loss before working capital changes	655
Decrease in Sundry debtors	479
Decrease in inventories	298
Increase in Sundry creditors	8689
Cash generated from operations	10121
Income tax paid	Nil
Cash flow before extraordinary item	10121
NET CASH FROM OPERATING ACTIVITIES	10121
B CASH FLOW FROM INVESTMENT ACTIVITIES	-4756
Purchase of fixed assets	-170
Increase in CWIP	26
Proceeds from sale of equipment	0
Interest received	-4900
NET CASH FROM INVESTMENT ACTIVITIES	-4900
C CASH FLOW FROM FINANCING ACTIVITIES	622
Proceeds from issuance of share capital	98256
Proceeds from long term borrowings	-76482
Repayment of long term borrowings	-28721
Interest paid	-6325
NET CASH USED IN FINANCING ACTIVITIES	-6325
Net increase in cash & cash equivalents	-1104
Cash & Cash equivalents at beginning of period	4647
Cash & Cash equivalents at end of period	3543

Signatures for Schedules 1 to 16
As per our report of even date appended hereto
For **KIRTANE & PANDIT**
CHARTERED ACCOUNTANTS

Sd/-
(J. V. NAIK)
PARTNER.

PLACE : MUMBAI
DATE : 23rd JULY 2001

On behalf of the Board

Sd/-
(R.K.SINHA)
DIRECTOR (F)

Sd/-
(B.RAJARAM)
MANAGING DIRECTOR

Sd/-
(B. SATYANARAYANA)
COMPANY SECRETARY

Auditors Certificate

We have verified the attached Cash Flow Statement of the Konkan Railway Corporation Ltd., which has been compiled from and is based on the audited financial statement for the year ended March 31, 2001. To the best of our knowledge and belief and according to the information and explanations given to us, it has been prepared pursuant to clause 32 of the Listing Agreement with The Stock Exchange, Mumbai and New Delhi.

PLACE : NAVI MUMBAI
DATE : 23rd JULY 2001

For **KIRTANE & PANDIT**
CHARTERED ACCOUNTANTS
sd/-
J.V. NAIK
(Partner)



AUDITORS' REPORT

The Members

Konkan Railway Corporation Limited.

We have audited the attached Balance Sheet of KONKAN RAILWAY CORPORATION LIMITED, as at 31st March 2001 and the Profit and Loss Account of the company for the year ended on that date annexed thereto, and we report that

1. As required by the Manufacturing and Other Companies (Auditor's Report) order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in the paragraph above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from our examination of the books.
 - c. The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the Books of Account.
 - d. In our opinion Profit & Loss Account and Balance sheet comply with the Accounting Standards referred to in sub section 3C of section 211 of the Companies Act 1956, except
 - i) certain items referred to in note nos. 3 & 10C are accounted on cash basis.
 - ii) Allocation of Foreign Exchange difference relating to borrowings attributable to fixed assets are being allotted to entire block of fixed assets and not only to assets created out of foreign exchange loans due to difficulty in identifying the assets separately. This treatment does not fully comply with the recommendations made by Accounting Standard - 11 in respect of "Accounting for Effects of Changes in Foreign Exchange Rates." [Refer Note 4(b)]
 - iii) Inventories of construction materials are consistently being valued at cost and not at lesser of cost or realisable value. Management is of the opinion that the realisable value of these materials like steel, rail, sleepers do not deteriorate. The recommendations of Accounting Standard - 2 (Accounting for Inventories) are not completely followed in this respect. (See also point No.6 of the Annexure to this report)
 - e. On the basis of the written representations received from the directors as on 31st March, 2001 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2001 from being appointed as a Director in terms of clause (g) of sub-section 1 of section 274 of the companies act, 1956
3.
 - a) Interest and other finance charges relating to assets completed and put to use on different dates have been debited to development account and allocated to different assets with effect from a cut off date. However, interest and finance charges pertaining to the period after the assets have been put to use, have not been segregated & quantified and charged to revenue. The amount of such interest and finance charges is not quantifiable.
 - b) Though the assets have been put to use on different dates, depreciation thereon has been charged only from 26.01.1998. The consequent impact on the assets and Profit & Loss is not ascertainable. To that extent the assets have been overstated.
 - c) i) Land includes leasehold land, which is required to be shown separately. These are not also amortised over the period of lease.



- ii) Land cost is subject to reconciliation, arising out of outstanding statements to be received from SLAO pending final awards [Refer Note No 18 (a)]
- iii) Non - adjustment of advances Rs 1.05 crores to land account [Refer Note No.18 (b)]
- d) Advances to the extent of Rs 1.57 crores are pending adjustment to final head as full reconciliation details are not available. (Refer note 19)
- e) Advances recoverable in cash or kind includes an amount of Rs.57.70 lacs towards advance payments for Steel the amounts are pending for more than 3 years and are under reconciliation. We are unable to comment on the ultimate recoverability of this amount. (Refer note No. 28)
- f) i) Book value and value as per physical records of construction materials are subject to reconciliation. Refer Note 20 (a)] The valuation of stock of diesel is based on quantities arrived at as per the book record. No physical verification of the diesel is undertaken at the end of the year. The stock includes Rs. 46.8 lacs being payment made to IOC for difference in quantities for earlier years.
- ii) Overstatement of the amount of WIP and understatement of the amount of advances to contractors is not quantifiable as it is under reconciliation. [Refer note 20 (b)].
- iii) Stores in hand to the extent of RS. 0.10 crore is pending adjustment [Refer note 20 (c)].
- iv) Non accounting of dismantled material returned from works which has not been quantified. Refer note 20 (d)]
- g) Sundry balances in debit and credit accounts are subject to confirmation / reconciliation. Sundry REceivables include an amount of Rs.3,83,77,961/- being receivable from M/s. Punwire Communications Ltd., Chandigadh. The Corporation has filed a case under the Negotiable Instruments Act and also a summary suit for recovery of this amount. The management is confident of recovery of the same and no provision is made in this respect. We have relied on the information given by the management in respect of the ultimate recoverability of this amount. (Refer Note No. 32)
- h) The corporation does not provide depreciation on additions to fixed assets arising out of foreign exchange fluctuations at the year end but provides depreciation from year after such addition. This has resulted in the fixed assets being overstated to the extent of such depreciation and the loss for the year being understated to that extent. The amount of such depreciation and consequently, such overstatement / understatement is not quantified by management.

The effect of the above points 2 (d)(i) and (ii) and 3(a) to (h) above, is not quantifiable.

In our opinion & to the best of our information and according to the explanations given to us and subject to the points mentioned in 2 (d)(i) and (ii) and 3(a) to (h) above, the accounts read together with the accounting policies and notes thereon give a true and fair view:

- i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2001.
- ii) In the case of the profit and loss Account, of the loss for the year ended on that date.

For KIRTANE & PANDIT
CHARTERED ACCOUNTANTS
sd/-
J.V. NAIK
(Partner)

PLACE : PUNE
DATE : 23rd JULY 2001

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS REPORT ON THE ACCOUNTS OF KONKAN RAILWAY CORPORATION LIMITED, FOR THE YEAR ENDED 31ST MARCH 2001.**

1. The company has generally maintained proper records showing full particulars including quantitative details and locations of Fixed Assets barring some cases. As informed to us, the Fixed Assets have been physically verified by the management at reasonable intervals. We are informed that the discrepancies arising between the physical verification of assets and book records of fixed assets have not been adjusted in the books of account.
2. None of the Fixed Assets has been revalued during the year.
3. Physical verification of high value items of the construction materials, stores etc. at most of the units has been carried out by the management. However, discrepancies noticed have been dealt within the books of account after completion of the procedural requirements as per the Indian Railway's manual. In our opinion, the frequency and scope of verification still needs to be improved & proper controls have to be exercised.
4. In our opinion and according to the information and explanations given to us, the procedure of physical verification of construction material, stores etc., followed by the management is not reasonable and adequate in relation to the size of the Corporation and the nature of its business as all the items of all the units and materials at sites were not physically verified during the year. We have been given to understand that Corporation follows Indian Railway's manual with regard to frequency of physical verification. However, we did not find such frequency to be reasonable.
5. In view of our comments in 3 and 4 above, the discrepancies noticed between physical stock and book records will be adjusted after scrutiny and reconciliation.
6. In our opinion, the valuation of stock is fair and proper and in accordance with the normally accepted accounting principles except that the system of arriving at the net realisable value of construction material is not prevalent (see also point No.2(d)(iii) of main report. The valuation is on the same basis as in the preceding year, except those stocks, which are not reconciled or pending for reconciliation are valued on the book value, and no provision is made for any loss arising out of such reconciliation.
7. According to the information and explanation given to us the company has not taken any loans, from companies, Firms or other parties listed in the registers maintained U/S 301 and 370 (1B) of the Companies Act, 1956.
8. According to the information and explanation given to us, the company has not granted any loans secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 and 370(1B) of the Companies Act, 1956.
9. In respect of loans and advances given by the company to the contractors and others including employee's recoveries of principal and interest, wherever applicable, are generally affected as per terms stipulated. In case of default, barring some cases of waiver of interest and deferment of recovery of principal amount, actions are generally being taken by the company, but in our opinion, the Company should initiate more strict and close follow up action for recovery.



10. The internal control procedures needs strengthening in order to make the same adequate and commensurate with the size of the company and nature of its business, for the purchase of stores, services, construction materials, equipment, other assets and sale of services and system of cash transactions.
11. According to the information and explanations given to us, there has been no purchase of goods and materials and sale of goods, materials and services aggregating during the year to Rs.50,000/- or more in respect of each party in pursuance of contracts or agreements entered in the register under Section 301 of the Companies Act, 1956.
12. There are no adequate procedures for determination of unserviceable or damaged material and no records have been maintained at some of the units.
13. The company has not accepted any deposits in terms of Section 58A of the companies Act, 1956 and rules made therein.
14. Reasonable records are not being maintained by the company for the sale and disposal of scrap of steel, empty cement bags, etc. The company has no by-products.
15. In our opinion, the internal audit system of the Company, needs strengthening to be made commensurate with its size and nature of business. Scope and extent of checking of the same needs to be enlarged.
16. The maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, has not been prescribed by the Government.
17. As per records of the Company, the Provident Fund deductions have generally been deposited regularly with the authorities. As informed to us The Employees State Insurance Act, 1948, is not applicable to the company.
18. According to the information and explanations given to us, there were no undisputed amount payable in respect of Income Tax, Sales Tax, Customs Duty as on 31st March, 2001 outstanding for a period of more than six months from the date they became payable.
19. As per information and explanations given to us, no personal expenses other than those payable as per contractual obligations or in accordance with generally accepted business practices have been charged to the Development Account and Profit & Loss Account.
20. We are of the opinion that the Company does not fall within the meaning of "Scheduled Industry" as defined under clause (n) of section 3 (1) of the sick Industrial Companies (Special Provisions) Act, 1985, and as such the provisions of that act are not considered to be applicable.
21. In respect of service activities of the Company, a lumpsum amount is being charged for material consumed for job and the man hours spent on the job by other Railways, hence as explained to us no separate records in respect of the above are maintained by the Company.

PLACE : PUNE
DATE : 23.07.2001

For **KIRTANE & PANDIT**
CHARTERED ACCOUNTANTS
sd/-
J.V. NAIK
(Partner)



Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the Accounts of Konkan Railway Corporation Limited (KRCL) for the year ended 31/3/2001.	Management's Remarks
<p>A. PROFIT & LOSS ACCOUNT</p> <p>Net loss of Rs. 381.62 crs. during the year has been understated by Rs. 9.12 crs. on account of the following :</p> <p>(a) No provision has been made for Rs. 3.68 crores lying with M/s. Punwire Limited since 1998. Releasability of this amount is uncertain and the case is being litigated in the Punjab High Court.</p> <p>(b) No provision has been made for Rs.5.44 crore lying with private parties for more than 3 years.</p> <p>B. BALANCE SHEET :</p> <p>Current liabilities & Provisions-Sundry Creditors (contractors) -Rs.33.17 crore (Schedule-5)</p> <p>The above has been overstated by Rs.82.10 lakh due to incorrect rectification of double booking of expenditure towards payment to a contractor on account of an arbitration award. This has also resulted in overstatement of "Office Contingencies" under Development Account to the same extent.</p>	<p>Not accepted.</p> <p>The Corporation is of the opinion that since the claim of dishonored cheque is treated as a criminal offence under Negotiable Instrument Act. The Corporation is reasonably certain of getting the decree in their favour. In our opinion, the amount recoverable from M/s. Punwire Communication Limited as per the Criminal Procedure code will be treated as Government Dues and will be recoverable in the same manner as arrears of land revenue. The Corporation has also filed a summary suit and is making all efforts to recover the amount by filing an application under the Companies Act to the official liquidator appointed by the High Court of Punjab and Haryana. That is the reason why the Corporation has not made the provision for bad debts.</p> <p>The amount of Rs. 5.44 crore refers to the cases appearing in the books for more than three years. However it is clarified that the provision was made based on material recoverable from the contractors at the time of capitalization during 1997-98. Though the work was physically completed but the final bills in many cases were not received/processed. Subsequently, on receipt of final bills, adjustments have been made from dues to contractors. Bills receivable become outstanding only when exact amount is ascertained after receipt and processing of final bills. On this basis the sundry debtors (contractors) over three years works out to Rs.0.50 Crores. The other figures remain same.</p> <p>Accepted. The Corporation will rectify the Journal entry erroneously made in the Books in 2001-02 accounts.</p>



**REVIEW OF ACCOUNTS ON KONKAN RAILWAY CORPORATION LTD.
FOR THE YEAR ENDED 31ST MARCH 2001
BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA.**

NOTE :- Review of Accounts has been prepared without taking into account comments under Section 619(4) of the Companies Act, 1956 and qualifications contained in the Statutory Auditor's Report.

Particulars	(Rs.in Lakh) 1998-99	(Rs.in Lakh) 1999-00	(Rs.in Lakh) 2000-01
LIABILITIES			
a) Paidup Capital			
i) Government (Application money)	76876.94 175.00	77280.02 ---	77577.00 325.00
ii) Others	---	---	---
b) Reserves & Surplus			
i) Free Reserves & Surplus	---	---	---
ii) Share premium account	181.65	966.98	1521.87
iii) Capital Reserves	---	---	---
c) Borrowings			
i) From Govt. of India	5000.00	31000.00	63400.00
ii) From Financial Institutions	251475.55	261999.76	307642.64
iii) Foreign Currency Loans	49697.23	50859.03	496.15
iv) Cash Credit	5009.41	7.54	752.17
v) Others	5000.00	---	---
vi) Interest accrued and due	242.83	242.83	---
d) i) Current liabilities and Provisions	20254.63	20860.85	25844.74
ii) Provision for Gratuity	---	---	---
TOTAL	413913.24	443217.01	477559.57
ASSETS			
e) Gross block	342151.22	344916.89	350384.20
f) less : Depreciation	8018.62	14937.78	22038.42
g) Net Block	334132.60	329979.11	328345.78
h) Capital work in progress	1037.46	1066.22	1236.19
i) Investments	368.46
j) Current assets, Loans and advances	21212.73	16977.91	15095.83
k) Misc-expenditure not written off	3547.69	3109.88	2635.54
l) Accumulated loss	53614.30	92083.88	130246.23
TOTAL	413913.24	443217.01	477559.57
m) Working Capital (j-d(i)-c(vi))	715.27	(-)4125.77	(-)10748.91
n) Capital Employed (g + m)	334847.87	325853.34	317596.87
o) Net Worth (a + b(i) + b(ii) - k -l)	20071.60	(-) 16946.76	(-) 53457.90
p) Net Worth per Rupee of paid up capital in Rs.	0.2605	(-) 0.2193	(-) 0.6862



2. WORKING RESULTS			
Particulars	(Rs.in Lakh) 1998-99	(Rs.in Lakh) 1999-00	(Rs.in Lakh) 2000-01
(i) Traffic Earnings	8061.55	11812.88	15165.65
(ii) Less Excise Duty	----	----	----
(iii) Net Traffic Earnings	8061.55	11812.88	15165.65
(iv) Other or Misc. Income	1812.73	1208.93	1589.71
(v) Profit/Loss before tax and prior Period adjustments	(-)38110.98	(-) 38271.10	(-) 38004.42
(vi) Priod period adjustments	4080.40	(-) 198.48	(-) 157.92
(vii) Profit/Loss before tax	(-)34030.58	(-) 38469.58	(-) 38162.34
(viii) Tax provisions	----	----	----
(ix) Profit/Loss after tax	(-) 34030.58	(-) 38469.58	(-) 38162.34
(x) Proposed Dividend	----	----	----
(xi) Accumulated Loss	53614.30	92083.88	130246.23
(xii) Percentage of accumulated loss to paid up capital	69.58	119.16	167.19

Paid up Capital of Rs. 779.02 crore has been fully eroded by the accumulated loss of Rs.1302.46 crore

3. RATIO ANALYSIS

Some important financial ratios on the financial health and working of the Company at the end of last 3 years are as under :-

	(in percentage)		
	1998-99	1999-2000	2000-2001
A. LIQUIDITY RATIO	1035	0.804	0.584
Current Ratio (current assets to current liabilities & provisions and interest accrued and due but excluding provisions for Gratuity) (i/d(i) + c(vi))			
B. DEBT EQUITY RATIO	3.94	4.42	4.71
Long term debt equity (c(i) to v but excluding short term loans/o)			
C. Profitability Ratios			
a) Profit before tax to	---	---	---
i) Capital employed	---	---	---
ii) Net worth	---	---	---
iii) Sales	---	---	---
b) Profit after tax to equity	N.A.	N.A.	N.A.
c) Earning per share (in Rupees)	N.A.	N.A.	N.A.

sd/-
(Anjali Sen)
Principal Director of Audit



Ganapati Pule Temple