

12 वीं वार्षिक रिपोर्ट

12<sup>TH</sup> ANNUAL REPORT

2001-2002



कोंकण रेलवे कॉर्पोरेशन लिमिटेड

( भारत सरकार का उपक्रम )

**KONKAN RAILWAY CORPORATION LTD.**

( A GOVERNMENT OF INDIA UNDERTAKING )

## SKY BUS METRO



HIGH SPEED MASS TRANSPORTATION SOLUTION  
ECONOMIC, ECO-FRIENDLY AND SAFER THAN RAILWAY  
A GIFT TO URBAN COMMUTERS

स्काई बस मेट्रो के मालिक बनें  
केवल 15,000 रुपये दें और मुफ्त में आजीवन वातानुकूलित यात्रा करें  
\*अधिकतम रफ्तार 100 कि.मी. प्र. घं. \*किराया 50 पैसे प्रति कि.मी.

Transports Containerised Cargo into city &  
Garbage out, eliminating trucks in city  
Mechanised cleaning of city streets  
maintaining Urban Habitat

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## **BOARD OF DIRECTORS**

- |                              |   |  |
|------------------------------|---|--|
| 1. SHRI KANWARJIT SINGH      | : | 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 K. K. GUPTA          | : | Addl Member (Traffic), Railway Board                             |
| 7. SHRI V. RANGANATHAN       | : | Chief Secretary, Govt. of maharashtra                            |
| Alteranate                   |   |  |
| SHRI K. NALINAKSHAN          | : | Principal Secretary, (Transport)                                 |
| 8. SHRI A. RAVINDRA          | : | Chier Secretary, (Govt. of Karnataka)                            |
| Alteranate                   |   |  |
| SHRI KRISHNAKUMAR            | : | Principal Secretary, (Infrastructure & development)              |
| 9. SHRI BALESHWAR RAI        | : | Chief Secretary, Govt. of GOA                                    |
| Alteranate                   |   |  |
| SHRI S. C. PODDAR            | : | Secretary, (Transport)   |
| 10. SHRI V. KRISHNAMURTHY    | : | Chief Secretary, Govt. of KERALA                                 |
| Alteranate                   |   |  |
| SHRI N. CHANDRASHEKARAN NAIR | : | Principal Secretary (Transport)                                  |
| SHRI B. SATYANARAYANA        | : | Company Secretary  |
| M/s. KIRTANE & PANDIT        | : | Statutory Auditors   |
| C & A G AUDITRORS            | : | Principal Director of Audit<br>Central Railway, C. S. T. Mumbai. |

### **Register 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 TWELFTH ANNUAL GENERAL MEETING

Notice is hereby given that the 12<sup>th</sup> Annual General Meeting of Konkan Railway Corporation Limited will be held on 25<sup>th</sup> September, 2002 at 12.30 hrs. at Conference Hall, 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 31.03.2002 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 2002-03.

### SPECIAL BUSINESS:

Item No.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 1:6"



**(b) BORROWING POWERS**

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.4700 crores (Rupees four thousand seven hundred crores only) or 6 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 No.3. (c) POWER TO CREATE CHARGE / MORTGAGE**

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 : 02/09/2002





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

As on date the Corporation is having an outstanding debt of Rs.4167.41 crores as follows :

Bonds	:	Rs.	2505.05
BITS Loan	:	RS.	0.98
Interest Free Loan From Railways	:	Rs.	1661.38
			-----
Total			Rs. 4167.41
			-----

The Corporation is yet to receive Rs.138 crores towards interest on bonds and Rs.121.5 crores towards redemption from the Ministry of Railways as interest-free loan making the total outstanding debt of Rs.4426.91 crores during the year 2002-2003.

The Corporation requires an amount of Rs.888.40 crores for the financial year 2003-04 towards the redemption of bonds worth Rs.629.82 crores and interest of Rs.258.58 crores. Thus, the total outstanding loans will be around Rs.4685.49 crores.

The paid-up capital of the Company as on date is Rs.783.67 crores against the authorized capital of Rs.806.4661 crores. If the debt-equity ratio is enhanced from 5.5:1 to 6:1 the borrowing limit of the Corporation will be Rs.4702.02 crores.

Therefore the debt-equity ratio should be increased to 6:1 from the present 5.5:1.

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

Hence the resolutions commend the approval of the shareholders.

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## CHAIRMAN'S SPEECH

Gentlemen,

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

The performance of the Corporation for the year 2001-2002 has been covered in the Directors' Report and therefore it does not call for any further elaboration from my side. The revenues have increased from Rs.168 crores to Rs.188 crores showing an increase of 12% compared to the previous year. The traffic revenues have been increased from Rs.152 crores to Rs.179 crores showing an increase of 17%. The Company is making steady improvement in its train operations and I am sure that in the current year also we shall maintain similar increase in revenue.

I would like to inform that the Corporation is yet to receive an amount of Rs.22.7909 crores towards equity capital from the shareholders, out of which Government of Maharashtra has to pay Rs.17.1550 crores and Government of Goa has to pay Rs.5.2380 crores.

We are grateful that the Ministry of Railways has provided financial assistance by way of long term loan of Rs.1774.57 crores to the Corporation till date for servicing the debt liabilities.

The Corporation has undertaken the following other activities for augmenting its revenues -

### 1. Tunnel Projects :

Project at Owk, Andhra Pradesh and Jawahar Tunnel, Jammu & Kashmir have been completed as planned.

### 2. Commercial Exploitation of Spare Capacity in Optic Fibre Cable System :

The Corporation has entered into an agreement with M/s. Bharati Telesonic Ltd. and others for exploitation of surplus dark fibre on 29/07/2002 and earned revenue of Rs.4.17 Crores. The proposal for hiring out of optic fibre cable to RailTel for commercial exploitation is also under consideration.



### 3. Raksha Kavach :

The networked ACD system "Raksha Kavach, dedicated to the nation in October, 2001 by Hon'ble Minister of Railways, Shri Nitish Kumarji is undergoing line field trials on Jalandhar – Amritsar section of Northern Railway from 15<sup>th</sup> August 2002. Indian Railways have crossed a milestone in the history of world Railways to be the first to start a Railway route having the Raksha Kavach.

### 4. Sky-Bus Metro Projects :

The proposals for implementing the Sky-Bus Metro Projects in Mumbai, Pune and Cochin are under consideration and the Corporation is following it up vigorously for getting the necessary approvals. Government of Maharashtra is keen to implement the Sky-Bus Metro on Andheri-Ghatkopar section of 9 km at an estimated cost of Rs.400 crores through Maharashtra Metropolitan Region Development Authority (MMRDA).

### 5. Road Over Bridges In Jharkhand State :

The Railway Board has given in principle approval to the Corporation for execution of the work of construction of 16 nos. of Road over Bridges at an estimated cost of Rs.178.84 crores in Jharkhand State. The Corporation has submitted detailed estimates for getting necessary sanctions for implementing the same.

### 6. Construction Of Railway Line Between Katra And Qazigund :

The Railway Board in principle decided to entrust to the Corporation the work of construction of 90 km new Railway line between Katra & Qazigund in Jammu & Kashmir.

I am also happy to inform the shareholders that the Corporation has been able to develop, IT enabled technologies for better management of Rail operations. Its' train charting modules has been implemented in Kharagpur Division of South Eastern Railway and its Raksha Kavach is presently undergoing extensive field trials in Jalandhar-Ludhiana section of Northern Railway. The Corporation is also developing a product to monitor the health of Rolling Stock (ROSHAN) in collaboration with BARC. These technologies, when implemented will usher in a new era of train operations with much greater safety and substantial reduction in operating costs.

It is a matter of pride that the Company has filed for 11 patents both in India & Abroad adding to the intellectual property.



I am also happy to announce that the Corporation has signed the Memorandum as per DPE guidelines with the Ministry Of Railways on 24/05/2002. The Corporation has also entered into a working agreement with Ministry of Railways on 16/07/2002 to have better coordination with other zonal railways.

I would like to conclude by thanking Ministry of Railways and Central Government Departments and agencies as well as the Government of the States 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 of the Corporation in the challenging environment.

Thanking you,

**(KANWARJIT SINGH)**  
CHAIRMAN



## DIRECTORS' REPORT

Gentlemen,

The Directors of Konkan Railway Corporation Limited have great pleasure in presenting the Twelfth- Annual Report on the working of Your Corporation.

### 1. OPERATIONS OF THE COMPANY

The Company has been making steady strides in its train operations and improving its earnings and customer orientation by harnessing its core competences, proven strengths and professionalism.

#### A) TRAIN OPERATIONS:

##### I. HIGHLIGHTS :

- \* Gross Revenues have increased Rs.19.99 crores over last year .
- \* Net operating revenue have grown 7.19% over last year.
- \* Konkan Railway for the first time instituted a high-level core group called KR Freight transport users group, which is consortium of all regular freight users on KR system including ports to facilitate better co-ordination & regular interaction amongst the members.
- \* RO-RO service on KR has earned Rs.4.59 Crores in the 2001-2002. This earning is single largest originating traffic earning on KR.
- \* Ticket booking agency outlet in Goa is computerised on 5<sup>th</sup> March 2002 to facilitate on line booking of reservations by town booking agents.
- \* KR ran 146 special trains in 2001-02 as compared to 100 specials in the previous year. Two new weekly trains (Marusagar & Poorna Express) were introduced and frequency of Okha- Ernakulam Express was increased from weekly to bi-weekly.
- \* Maximum permissible speed in KR is raised to 110 Kmph from 100 Kmph. This has improved punctuality on KR and facilitated to increase number of halts to Mail/Express trains on KR system.
- \* KR started Internet booking of tickets on 11 March, 2002 to facilitate ticket booking for international travelers on Internet by using credit cards.
- \* Ticket booking against Credit cards at MADGAO started on 5<sup>th</sup> March, 2002.

#### II. FREIGHT OPERATIONS :

##### i) Earnings:

The freight earnings for the year are Rs.36.68 Crores as compared to Rs.32.55 Crores in the corresponding period of the previous year, showing an increase of Rs.4.13 crores.

## ii) Traffic:

Traffic generated during the year under review mainly includes Fertilizers, Iron Ore & Pig Iron in addition to cement and Petroleum products, clinker, LPG etc.

Freight Summary: (No. of trains excluding RO-RO train)

Traffic	1999-2000	2000-2001	2001-2002
Terminating Traffic	91	102	139
Originating Traffic	67	110	87
Cross Traffic	153	157	215
Total	311	369	441

## III. Passenger Services:

- Passenger traffic has been the main revenue generating activity for Konkan Railway, while satisfying various aspiration of the public at large.
- The coaching earning in the year 2001-2002 is Rs.142.24 crores as compared to Rs.119.99 Crores of the previous year. This growth is to the tune of Rs.22.25 crores i.e. 18.54%.

## IV. Trains on KR Route :

- At present there are 13 pairs of Express trains running over Konkan Railway route, including the prestigious Jan-Shatabdi & Nizamuddin-Trivandrum Rajdhani Express. The others are Kurla-Mangalore Matsyagandha Express, Kurla-Trivandrum Netravati Express, CSTM-Madgaon Konkankanya Express, Gandhidham-Nagarcoil Express, Okha-Ernakulam Express, Hapa-Cochin Express, CSTM-Madgaon Mandovi Express, New Delhi Ernakulam Mangala Express, Hapa-Trivandrum Express, Jaipur-Ernakulam Express & Pune-Ernakulam Express. There are 5 pairs of Passenger trains: Dadar-Ratnagiri, Diwa-Sawantwadi, Sawantwadi-Madgaon, Mangalore-Madgaon and Karwar-Madgaon (DMU).
- Mandovi and Konkankanya Express trains rakes have been increased to 21 coaches (including Pantry Car) & the rakes of these trains integrated to have better efficiency. To cater the pressing needs of the people additional halts have been provided for Matsyagandha Express at Murdeshwar, Cancona & Thivim stations. Konkankanya Express was given halt at Sindhudurg & Vaibhavwadi stations. Mandovi Express was given additional halt at Veer, Vaibhavwadi, Pernem, Verna, Nandgaon and Adavali stations. Netravati Express was given additional halt at Thivim station.
- New traffic is attracted by package tours from Mumbai to Goa. There is an ample potential for tourist traffic to Goa/Kerala via Konkan Railway and efforts are being made to attract this traffic.

## B. PROJECTS DIVISION:

Konkan Railway has gained very valuable expertise in mega construction works during the



construction of the 760 kms Railway Project. Now, Konkan Railway is considered as a leader in the tunneling, bridges, track, information technology and other construction fields and is providing It's expertise in other mega projects elsewhere in the country. We are also exploring project exports opportunities to augment our income.

### 1 ROAD OVER BRIDGES IN JHARKHAND STATE :

Ministry Of Railways has entrusted to the Corporation the task of construction of 15 Road Over Bridges (ROB) in Jharkhand State at an estimated cost of Rs. 178.84 Crores.

### 2. TUNNEL PROJECTS:

#### 2.1. Mumbai-Pune Expressway Tunneling Work:

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.

#### 2.2. Construction of OWK tunnel for Srisaïlam Right Bank Canal Project of Andhra Pradesh:

The Government of Andhra Pradesh has awarded contract worth Rs 18.5 Crores for construction of Owk Tunnel. The Tunnel is completed in time as per schedule.

#### 2.3 Construction of Rohtang Bypass tunnel in Himachal Pradesh:

The KRCL's technical feasibility report for the proposed construction of 9 Kms long Rohtang Bypass tunnel on Manali-Leh Highway which will enable the traffic to move throughout the year is under active consideration of Border Roads Organisation and Defence Ministry. The estimated cost of the project is Rs.500 crores at 1999 price level as per the Corporation's estimate.

#### 2.4 Provision of lighting and ventilation for Jawahar Tunnel in J&K:

The corporation has executed lighting, ventilation and control work in 2.5 Km long Jawahar twin Tunnels and the Corporation has undertaken maintenance work.

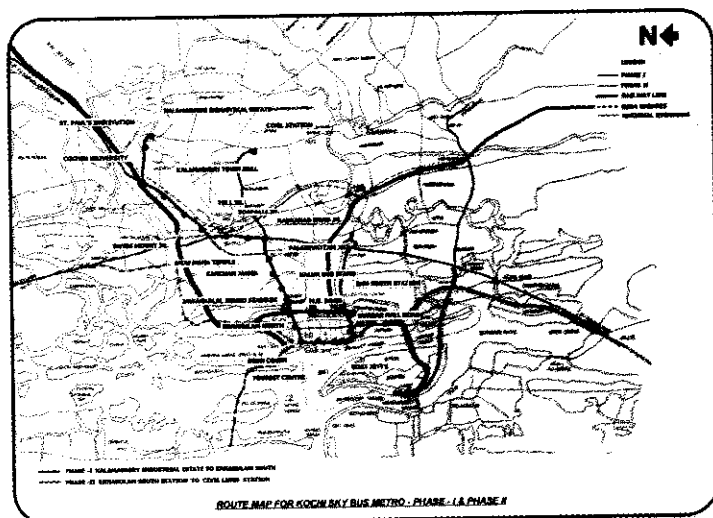
### 3 SKY BUS METRO:

Konkan Railway has developed an innovative proposal of construction of an elevated mass rapid transit system for medium and large size metropolitan cities.

Proposals for Sky Bus Metro have been submitted for several cities viz, Ahmedabad, Bangalore, Chennai, Coimbatore, Delhi, Panaji, Hyderabad, Kochi, Kolkata, Lucknow, Mumbai, Pune, Thane, Noida in India and for Baghdad, Damascus, Singapore, Dubai, Sharjah, Dhaka and Mecca- Madina cities abroad. The total business scope is USD 12 billions.

#### 3.1 SKY BUS at Cochin:

Preliminary report for Sky Bus was submitted to Kerala Government for Cochin City and detailed project report for Sky Bus at Kochi from Kalamasserri to Ernakulam South Junction is in progress.



### 3.2 Sky Bus Metro in Mumbai:

Proposal for Sky Bus Metro in Mumbai City for 85.6 km has been submitted.

Maharashtra Metropolitan Regional Development Authority (MMRDA), Government of Maharashtra is keen to implement the Sky Bus Metro on Andheri-Ghatkopar Section on priority. The total length is about 9 km. with an estimated cost for Rs.400 crores.

### 3.3 Sky Bus Metro in Pune:

The Pune Municipal Corporation has approved one route viz. Shivajinagar to Warje & advised KRCL to submit Detailed Project Report for the 5.5 Km. Shivajinagar to Karve Road as phase I proposal.

## 4 CONSTRUCTION OF RAILWAY PROJECTS:

Konkan Railway is under active consideration for awarding of Katra - Qazigund section of Udhampur - Srinagar - Baramullah rail line. The scope of works include construction of 74 tunnels aggregating to a cumulative length of 89.034 Kms, 62 major bridges, earthwork and laying of track for 142 Kms. The estimated cost of the works is Rs.2300 Crores.

## 5 INTERNATIONAL PROJECTS:

5.1 An MOU has been signed by His Excellency Dr. Ahmed Murtadha Ahmed, Minister of Transport & Communication, Iraq & His Excellency Mr. Digvijay Singh, Minister of State for Railways, India for the following projects.

- **Mussayeb-Samawa New Railway Line Project:** Konkan Railway has submitted revised offer which is under active consideration of SCITAC (State Company for Implementation of Transport & Communication Projects).
- **Baghdad-Kiruk New Railway Line Project:** KRCL has been pre-qualified and tenders are being examined by SCITAC
- **New Railway Projects:** There are 14 projects coming up in Republic of Iraq that involves construction of New Railway Line in Iraq. KRCL will be assisting technically on all the projects of Republic of Iraq. The technology break through achieved by KR will be jointly implemented.



- Sky Bus Metro: SCITAC and KRCL have agreed to work on possibility of implementation of Sky Bus Metro in Baghdad City on identified routes.
- Sleeper Factory: KRCL will also assist SCITAC to upgrade & develop necessary expertise and capability to manufacture the pre-stressed concrete sleepers for turnouts. The approximate value of the above works to be executed by the KRCL is US\$ 2 Billions.

#### 6 TRACK MONITORING WORK IN MALAYSIA :

Konkan Railway was awarded the work of recording lateral and vertical oscillations on railway sections KUANTAN – KERTEH, Malaysia. The work was started on 6<sup>th</sup> April and successfully completed on 26<sup>th</sup> April 2002.

#### 7 IPOH - BUTTERWORTH RAILWAY PROJECT , MALAYSIA :

In strategic alliance with M/s IRCON, KRCL is to execute a part of this work. the IPOH - BUTTERWORTH Electrified high speed double track meter gauge railway project in Malaysia. The scope of works include 200 Kms of new track construction and rehabilitation of 200 Kms of old track. The estimated cost of the project is 4 Billion RM.

#### 8 SKY BUS METRO PROPOSALS :

The status of the SKY BUS METRO proposals in various countries :-

Sr.No	Country	Particulars	Estimated Cost (Million US\$)	Status
1	Iraq	Sky Bus Metro for Baghdad City.	268	MOU signed between KRCL and SCITAC, IRAQ , during August 2001.
2	Syria	Sky Bus Metro for Damascus City.	850	Preliminary survey conducted and feasibility report submitted.
3	Singapore	Sky Bus Metro for Singapore City.	750	Preliminary feasibility report submitted.
4	United Arab Emirates	Sky Bus Metro for Dubai City.	2433	Preliminary survey conducted and feasibility report submitted.
5	Bangladesh	Sky Bus Metro for Dhaka City.	580	Preliminary feasibility report submitted.
6	Saudi Arabia	Sky Bus Metro for Mecca – Madinah City.	2250	Preliminary survey conducted and feasibility report submitted.
Total			7131	

## 2. FINANCIAL STATUS

### A. FINANCIAL RESULTS :

The train operations have yielded a gross earning of Rs.178.92 Crores on apportioned basis. After meeting the operating costs, there is a net revenue of Rs. 43.95 Crores inclusive of other income of Rs.9.51 crores from train operations before interest, depreciation & amortization. The loss during the year is Rs. 369.80 Crores, after providing Rs. 334.56 Crores towards Financing costs, Rs. 73.02 Crores towards depreciation, Rs. 6.17 Crores for amortization expenses. Ministry of Railways has been supporting the Corporation with interest-free loans to meet the financing costs.

### B. SHARE CAPITAL :

The paid up share capital of the Corporation stood at Rs.783.6752 Crores as on 31.03.2002 against the Authorized Share Capital of Rs.806.4661 crores. All efforts are being made to receive the balance amount of Rs.22.7909 crores. The details are as under:

	Rs. in thousand)	
	As on 31.03.2002	As on 31.03.2001
Ministry of Railways	411,28,77 *	411,25,00
Government of Maharashtra	160,26,75	156,65,00
Government of Goa	43,15,00	42,15,00
Government of Karnataka	120,96,99	120,96,99
Government of Kerala	48,00,01	48,00,01
<b>Total</b>	<b>783,67,52</b>	<b>779,02,00</b>

### C. ISSUE/REISSUE OF BONDS :

During the year under review the Corporation has redeemed an amount of Rs.273.64 Crores including IRFC loan of Rs.111.64 Crores and an amount of Rs.171.45 Crores was redeemed to other investors, after exercising put and call options as the case may be. In the current financial year (2002-2003) an amount of Rs.114 Crores tax free bonds and IRFC loan of Rs.10.5 Crores are falling due for redemption for which the Corporation has taken necessary action and the corporation also exercised call option for an amount of Rs. 122.05 Crores to reduce the interest burden on the corporation. The corporation is planning to reissue those bonds including RS 114 Crores (Except IRFC loan of RS 10.5 Crores) at lower rate of interest.

**D. SHORT TERM BORROWINGS :**

No outstanding short term borrowings as on 31.03.2002.

**E. LONG TERM BORROWINGS :**

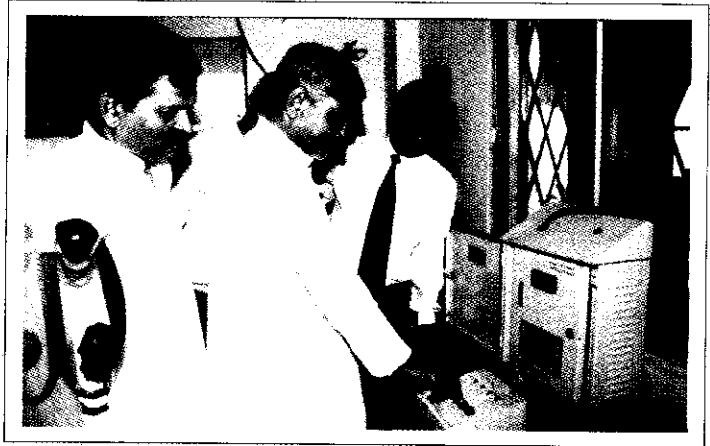
The foreign loan outstanding is RS 2.6137 Crores as on 31.03.2002. The loan will be cleared on 07.01.2003.

**3. TECHNOLOGICAL INITIATIVES**

Konkan Railway Corporation has been a pioneer and trendsetter in providing technological solutions, to various facets of Railway maintenance & operations

**1) Raksha Kavach :**

The Corporation has dedicated 'Raksha Kavach' to the nation at the hands of Hon. Minister of Railways Shri Nitish Kumar. Safety has always been given the highest priority. Further development of Sat-dham system – wirefree train control system at stations is in progress.



**2) High Strength Steel Boulder Net :**

High Strength Steel Boulder Net to trap and channelise the boulder falls to ensure the safety of the track.

**3) ANCODRAIN :**

During the rain lot of water seeps into the ground, builds hydrostatic pressure, which causes failure of many of the cuttings. Therefore, an innovative idea of draining and encouraging soil mass has been developed. This consists of a perforated pipe with screw threads welded on it. This pipe wrapped with geotextile is driven in the soil mass to facilitate anchoring of soil and its draining.

**4) Light Weight Motor Trolley :**

The Corporation developed a light weight motor trolley with an approx. weight of 160 kg replacing push trolley, which can be easily lifted by 4 persons. This motor trolley has a trailer to carry gang tools and can run at a speed of 20 kmph.

**5) Self Stabilising Track System :**

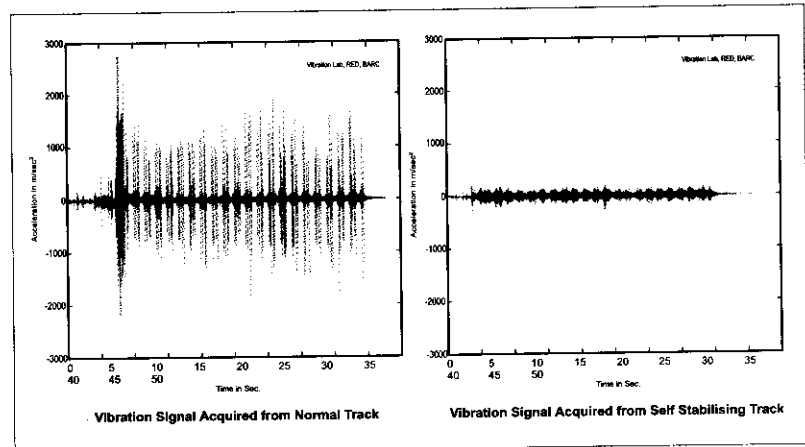
The self-stabilizing track system aims at controlling the inertia of the mass of ballast that vibrates in the track and thereby response of the track under the trains tends to stabilise rather than

destabilise the track. Trial sections are laid at Veer station.

6) *Rolling Stock Health Analyst (ROSHAN) :*

ROSHAN (Rolling Stock Health Analyst) is a tool to reduce the train derailments. When the wheel passes on the rail, it generates vibrations. The vibration patterns (acceleration, amplitude, RMS values & Kurtosis values) are different for healthy wagon wheel and for defective wagon wheel having either suspension defect or flat tyre defect. It

is therefore possible to find out the defects by measuring and analysing the vibration patterns generated by the wheels on rails by using the ROSHAN.



7) *Commercial Exploitation Of Spare Capacity In Optic Fibre Cable System Of Konkan Railway :*

- a) After obtaining Infrastructure Provider Category – I (IP-I) License from Department of Telecommunications, Konkan Railway entered into a dark fibre agreement with M/s. Bharti Telesonic Ltd., on 25<sup>th</sup> October, 2001.

Under this agreement, The Corporation has hired out one pair of its spare dark fibres to M/s. Bharti Telesonic Ltd. On its Belapur (Navi Mumbai) – Mangalore route for a period of one year w.e.f. 18.01.2002. The Corporation will collect hire charges of Rs.3.223 Crores per annum.

- b) Recently, an MOU between RailTel Corporation of India Ltd. And The Corporation for utilizing two pairs of spare dark fibres (one pair for commissioning of OFC system and one pair as spare) was signed on 10.05.2002. Under this agreement, RailTel will market the telecom services on commercial terms and earn revenue by utilizing the OFC of The Corporation and its own equipments. Both The Corporation and RailTel will then share the revenue so earned by RailTel as per the mutually agreed terms and conditions.

9) *Anti-Collision Device (ACD) Project On Indian Railways :*

Extended Field trials of Networked ACD System (Raksha Kavach) has been planned in Jalandhar-Amritsar section of Northern Railway for a period of 90 days, starting from 15<sup>th</sup> August, 2002. Based on the outcome of the trials, implementation of ACD System will be planned by Indian Railways. In the meantime, ACD (GPS and Radio) Survey has also been ordered by Indian



Railways covering the entire BG route of Northeast Frontier Railways (RKms. – 1700 Kms, Stations – 181 nos). Further, Indian Railways has also proposed to cover 1500 Kms of section in other zonal railways. The survey work will be undertaken on receipt of funds.

10. AFFORESTATION :

In its commitment to ecology preservation, the Corporation is tying up with Directorate of Social Forestry, Govt. of Maharashtra for herbal plantation at selected locations where some of the herbal plants like Kokum, Sagargotta, Chellar etc., can be planted and is also trying a novel scheme of giving license to Railway land to Registered Co-operative Societies formed by the persons who lost their land due to construction of the corporation, who can cultivate Herbal and Medicinal plantation on the corporation's land.

11. Intellectual Property Of Konkan Railway :

The Corporation has filed for patents – a total 11 nos. as per details given below :

Sr.No.	Description	Application No.
1	COPY RIGHT APPLICATION FOR SKY BUS METRO WITH REGISTRAR OF COPY RIGHT NEW DELHI	L-19152/2001 DATED 29.01.2001
2	PATENT APPLICATION FOR ANTI COLLISION DEVICE WITH CONTROLLER OF PATENTS , MUMBAI	668/BOM/99
3	PATENT CO-OPERATION TREATY ( PCT ) FOR ANTI COLLISION DEVICE	
4	PATENT APPLICATION IN RESPECT OF INVENTION - A NOVEL SUSPENDED COACH TRANSPORTATION SYSTEM	715/MUM/2001 DATED 26.07.01
5	PATENT APPLICATION IN RESPECT OF INVENTION - A NOVEL SUSPENDED COACH TRANSPORTATION SYSTEM	716/MUM/2001 DATED 26.07.2001
6	PATENT APPLICATION IN RESPECT OF INVENTION - A NOVEL SUSPENDED COACH TRANSPORTATION SYSTEM	717/MUM/2001 DATED 26.07.2001
7	PATENT APPLICATION IN RESPECT OF INVENTION - A NOVEL SUSPENDED COACH TRANSPORTATION SYSTEM	718/MUM/2001 DATED 26.07.2001
8	PATENT APPLICATION IN RESPECT OF INVENTION - A NOVEL SUSPENDED COACH TRANSPORTATION SYSTEM	719/MUM/2001 DATED 26.07.2001

Sr.No.	Description	Application No.
9	PATENT APPLICATION IN RESPECT OF INVENTION OF SELF STABILISING TRACK SYSTEM	900/MUM/2001 DATED 18.09.2001
10	PATENT APPLICATION IN RESPECT OF INVENTION OF AN INTELLIGENT SIGNALLING AND TRANSPORT SYSTEM OF KRCL	1150/MUM/2001 DATED 29.11.2001
11	FILING OF PATENT APPLICATION IN THE USA FOR SKY BUS RELATED INVENTIONS FOR KRCL	—

#### 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 is Concerned. However, Corporation has taken the following steps for Energy Conservation.

- \* The maximum demand for HT connection at Karwar tunnel has been reviewed and reduced from 350 KVA to 250 KVA, thereby resulting in substantial saving towards reduction in fixed charges.
- \* The original HT connection at Pernem station has been permanently surrendered and LT connections availed for station, tunnel, staff quarters, pumps, etc. separately. Similarly, LT load requirement at other small stations and rest houses have been reviewed and reduced.
- \* Automatic timers have been provided in 70% circuit of platform lighting at important stations like Suratkal, Udupi, Kundapura, Bhatkal, Murudeshwar, Kumta, Karwar, Canacona, Karmali, Thivim stations in Karwar zone and at Sawantvadi, Kudal, Sindudar, Kankaoli, Sangameshwar, Chiplun, Khed & Mangaon stations in Ratnagiri zone. The automatic timer switches off 70% platform lights automatically within pre-set time.
- \* Provision of timer switches for flood light projectors in the yards of major stations like Chiplun, Ratnagiri, Verna & Madgaon and their time settings based on sunrise and sunset has been made. Similarly provision of electronic ballast for fluorescent tubes in air conditioned area at all the stations has been made. Periodical clearing of luminaries and use of efficient reflectors and covers are being ensured.

#### 6. PARTICULARS OF EMPLOYEES

During the year under review, no employee of the Company was in receipt of salary of Rs.2,00,000 per month or Rs.24,00,000 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

Name	Tenure
1. Shri Ashok Kumar, Chairman	From 01.09.2000 To 31.08.2001
2. Shri I.I.M.S. Rana	From 18.09.2001 To 01.05.2002
3. Shri Kanwarjit Singh	From 01.05.2002
4. Shri B. Rajaram, Managing Director	From 15.12.1997
5. Shri R.K. Sinha, D(F)	From 05.05.1998
6. Shri D.G. Diwate D(W&W)	From 22.05.2000
7. Shri K.K. Gokhale D(O&C)	From 25.04.2000
8. Shri S.S. Bhandari	From 23.11.2000 To 31.03.2002
9. Shri V. Ranganathan	From 24.01.2001
10. Smt. Teresa Bhattacharya	From 01.01.2001 To 31.03.2002
11. Shri Baleswar Rai	From 21.05.2001
12. Shri V. Krishnamurthy	From 01.03.2001
13. Dr. A. Ravindra	From 31.03.2002
14. Shri V.K. Sahay	From 22.04.2002

The attendance of Directors at the Board Meetings during the year and at the last Annual General Meeting is as follows:

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM
Shri Ashok Kumar	Part-time Chairman	2	NO
Shri B. Rajaram	Managing Director	5	YES
Shri R.K. Sinha	Director (Finance)	5	YES



Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM
Shri D.G. Diwate	Director (Way & Works)	5	YES
Shri K.K. Gokhale	Director (Operations)	5	YES
Shri S.S. Bhandari	Part-time Official Director	3	YES
Shri V. Ranganathan	- DO -	0	NO
Smt. Teresa Bhattacharya	- DO -	1	NO
Shri Baleswar Rai	- DO -	4	NO
Shri V. Krishnamurthy	- DO -	1	NO
Shri I.I.M.S. Rana	Part-time Chairman	3	YES

#### 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)

The Audit Committee met five times during the year under review and the attendance of the Members at the meetings is as follows:

NAME OF MEMBER	STATUS	No. of Meetings attended
Shri V. Ranganathan/ Alternate Director Shri S.V. Joshi	Chairman	5
Smt. Teresa Bhattacharya/ Alternate Director Shri A. Ravindra	Member	2
Shri S.S. Bhandari	Member	4
Shri D.G. Diwate	Member	5



Shri R.K. Sinha, Director (Finance), M/s. Kirtane & Pandit- Statutory Auditors and Shri Abodh Khandelwal- Internal Auditors are permanent invitees. Shri B. Satyanarayana, Company Secretary is the Secretary.

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

The Board of Directors of the Company confirms

- i) That in the preparation of th annual accounts, the applicable accounting standards have been followedn along-with proper explanation relating to material departures.
- ii) That the selected accounting policies were applied consistently and the directors 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 as at March 31, 2002 and of the profit of the Company for the year ended on that date.
- iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the annual accounts have been prepared on a going concern basis.

#### 10. AUDITORS

The Comptroller & Auditor General of India, has appointed M/s. Kirtane & Pandit as Statutory Auditors for the year 2001-2002.

#### 11. HUMAN RESOURCES DEVELOPMENT

The Corporation views 'Human Resources' as a central input to achieve its objectives and goals in order to improve the potential and efficiency of these groups, the Corporation has set up its own training institutes at Mangalore and Bhatkal which organise various Refresher courses on safety, operations, customer care and disaster management, etc. It has also organised various workshops at fields to enable staff participation without having to leave the work place.



During the year 1956 staff and 11 executives have gone through either training or workshops or distance education programmes.

#### 12. VIGILANCE

The Vigilance Department focuses on the preventive aspect of vigilance. During the year under



review, 132 Nos. of vigilance Preventive Checks were conducted covering all the departments. As a result of these checks, irregularities were detected and recovery of Rs.5.85 lakhs was effected from the defaulters. While action under Disciplinary & Appeal Rule was initiated against the delinquent officials (43 cases of Minor Penalty and 16 cases of Major Penalty), System Improvements were suggested and effected to plug the leakage of revenue. Further in order to instil vigilance awareness among staff and officers, seminars/lectures were organised and Vigilance week was observed from 31-Oct., 2001 to 6-Nov., 2001, at the instance of CVC.

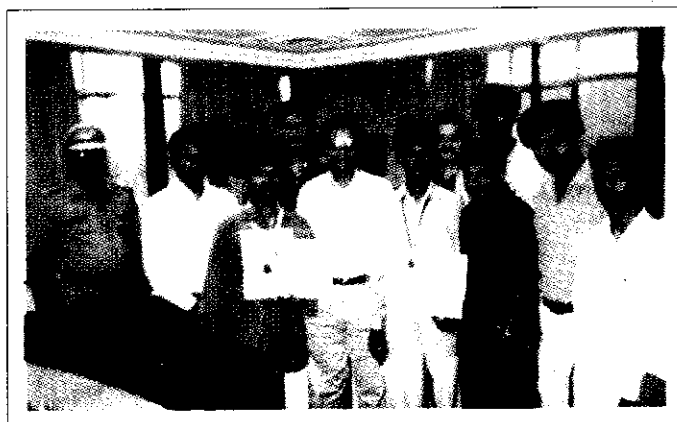
### 13. HEALTH CARE

Innovative, user friendly health care system has been developed using gainful utilisation of available resources. This has helped in minimising expenditure to the Corporation. The Corporation had ensured the availability of potable water at all the stations in Konkan Railway. The average annual mandays loss on medical account is around 1%.

### 14. INFORMATION TECHNOLOGY

The Corporation has developed a fully customised ERP package to deal with Train operations and management in association with Tata Infotech Ltd. The Corporation has the most modern RAILOA APPLICATIONS PACHAGE (RAP) which we planned to market both domestically and internationally.

1. Ticket booking offices have been opened in Madgaon, Vasco and Cancona towns for the convenience of the travelling public. We are now taking services to remote villages like Malwan, Vengurla, etc.; who can get KR tickets on computers.
2. The financial accounting and annual accounts modules were implemented in the Corporation.
3. The contract of South-Eastern Railway for Computerization of the control office in the Kharagpur Division is completed and is ready. The corporation won at National level award for the best company implementing Business Processes through Information Technology.



### 15. SECURITY

- i) Konkan Railway has evolved a unique security system moving away from Govt. Railway Police. Therefore, on the Principles of "Security by Self", Konkan Railway has been training its employees in self defense using karate. One-third of Konkan Railway employees have already received the basic training in karate and so far a total no. 326 employees in



cluding 20 lady employees have achieved efficiency in different belt categories such as White, Yellow, Green and Brown belt.

The trained employees under the corporation's own association called Konkan Railway Goju-Ryu Karate-Do Association (KRGKA) have also won 6 Gold, 5 Silver and 6 Bronze medals in the last three annual meets at National levels in Goju-Ryu style of karate.

## 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 and to tackle Passenger queries, attend telephones of operational control and in emergencies, help refund tickets, arrange police/RPF help, secure themselves and the property of the Corporation.

## 16. SAFETY

The alignment of Konkan Railway passes through Western -Ghat hugging the coast for the entire length consists of number of long tunnels (92 Nos.) deep cuttings and tall major bridges (179 Nos). Due to these peculiarities of the terrain, Konkan Railway has built up higher degree of SAFETY FEATURES as under :

State of art trade & signaling & communication infrastructure supported by RAP is ensuring safe operations.

During the current year we have the following accidents.

DATE NO.	TRAIN	LOCATION		TYPE OF ACCIDENTS	CAUSE
		KM	BETWEEN STATIONS		
01.07.01	KR-6 UP	61/4-5	VEER-KHED	Derailment	Boulder Fall

### Vulnerable Cuttings :

- 1) In the first 3 years of operations, the line had 3.54 m yearly average rainfall and suffered 50 Major land slides. Very detailed engineering analysis and design of solutions spending Rs 11 crores has now resulted in a stable formation and now initial teething problems are over.

Remedial measures adopted are :

- i) Easing slopes
- ii) Rock bolting & shortcreting
- iii) Steal nets
- iv) Drainage improvements

A total of 386 nos. of personnel have been again trained during the year.

In addition to the above, Context specific instruction booklets on various safety subjects supplemented by Joint Circulars, Procedure Orders and Safety Bulletins were issued. In addition, various Foundation and Refresher Training Courses have been arranged at KRIST/MAO and KRTTC/BTJL for improving and updating the knowledge of staff.

#### 17. PROGRESS MADE IN USE OF HINDI IN THE CORPORATION

With a view to comply with the requirements of Official Language Policy, various Hindi competitions like Hindi Essay competition, Hindi Noting and Drafting competition, Hindi Elocution competition, Rajbhasha quiz were organised. A Hindi Workshop for staff was also arranged during the year. 2 employees were imparted Hindi training for Praveen examination. One employee is undergoing Hindi Stenography training. Hindi articles written by employees were published in In-house magazine "K.R. Hamara". Prizes were also awarded among the staff doing exemplary work in Hindi. All public contact material, brochures etc. were published in bilingual. As such, efforts are continued to propagate progressive use of Hindi in official work. The Corporation also won an award at National level in using Information Technology for Hindi implementation.

#### 18. INDUSTRIAL RELATIONS

Throughout the year 2001-2002 very congenial Industrial Relations were maintained. During this year, the scheme of equivalent graduation qualification has been started in which the willing staff of the Corporation go through the preparation based on the materials made available by KRIST and then through on line system of examination obtains knowledge equivalent to Bachelor's Degree for the purpose of Promotion etc. within the Corporation. The Promotion Policy for executive has also been formulated and is under finalization in consultation with the Konkan Railway Executives Association.

The Corporation now an MOU signing Company. The first MOU has been signed with Ministry of Railways committing to targets and efficiency factor on 24.05.2002.

#### 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:

The Management philosophy is to provide excellent services to the Shareholders, customers and Investors. The logo of the Corporation is "WE CARE". Summarising our attitude – We work to achieve our mission statement.



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 which are yet to be filled by Public Enterprise Selection Board. During this year, 56<sup>th</sup> to 60<sup>th</sup> Board Meetings were held on 28<sup>th</sup> June, 2001, 21<sup>st</sup> July 2001, 25<sup>th</sup> September, 2001, 10<sup>th</sup> December, 2001, 4<sup>th</sup> March, 2001 respectively.

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

4. Remuneration Committee:-

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

5. Shareholder 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 27<sup>th</sup> September 1999, 26<sup>th</sup> September 2000 and 25<sup>th</sup> September, 2001.

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). Audited Balance sheets and Profit & Loss accounts of the previous years are made The Corporation Web site is [www.konkanrailway.com](http://www.konkanrailway.com).

9. General Shareholders information:-

Share/Bond Transfer System

The Corporation is maintaining In-House all the transfers, transmissions etc.

10. Dates of Book Closure:

The Book closure for payment of Interest to the bondholders is 16th to 30th June & 16th to 31st December every year.

11. Listing of Bonds:

The bonds were listed in National Stock Exchange, Delhi & Mumbai Stock Exchanges.

12. Equity Capital :

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.

13. Address for correspondence:

The Company's Registered Office is situated at 101, Rail Bhavan, Raisina Road, New Delhi 110001.

The investors' correspondence should be addressed to Corporate Office at Sector 11, Plot No.6, Belapur Bhavan, CBD Belapur, Navi Mumbai 400 614.

14. Financial Calendar:

Annual results of previous year	August
Annual General Meeting	September
First Quarter results	July
Second Quarter results	October
Third Quarter results	January
Forth Quarter results	April

Stock Code at Mumbai Stock Exchange:

2A Series	:	111554
6B Series	:	912156
Stock Code at NSE	:	2257





15. Shareholding Pattern:

	Percentage of shareholding	
	As on 31.03.2002	
Ministry of Railways	411,28,77 *	52.48
Government of Maharashtra	160,26,75	20.45
Government of Goa	43,15,00	5.51
Government of Karnataka	120,96,99	15.44
Government of Kerala	48,00,01	6.12
Total	783,67,52	

16. Dematerialisation of Bonds :

The Corporation has given dematerialisation option to the bond holders.

17. Disclosures :

1. During the year, there were no transactions of material nature with the directors or the management or their subsidiaries or relatives that had potential conflict with the interest of the Company.
2. There were no instances of non-compliance on any matter related to the capital markets, during the last three years.

18. Non-mandatory requirements:-

A) Remuneration Committee:-

Being a Govt. Company the Remuneration to the Directors will be fixed by the Central Govt. while appointing them.

B) Shareholders Rights:-

As the financial performance of the Company is publicised individual communication of half yearly results is not sent to the shareholders.

C) Postal Ballot:-

The provisions of the Companies Act in this regard will be followed.



19. MANAGEMENT DISCUSSION & ANALYSIS

The enclosed Strategic business plan of Konkan Railway Corporation is part and parcel of this Directors' Report.

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 expresses 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

B. Rajaram  
Managing Director



## **Strategic Business Plan of the Konkan Railway**

Experience after opening of the new railway line shows that depending merely on earnings from traffic will not be able to meet the debt servicing obligations even over next 15 years. (Independent report by IDFC, commissioned by MOF confirms this position.)

However the Konkan Railway will not be sparing any effort towards developing its market share in transportation of freight and passengers.

### **Passengers :**

Currently the Konkan Railway is effectively able to meet the rising passenger demand by adopting a strategy of longer trains that is 16 /22 coach trains, as well as running special extra trains for summer/holiday season peaks in traffic demand.

More importantly to augment revenues, value added services like :

1. Business tie up with hoteliers for integrated holiday packages to promote tourism
2. Special services of ticket booking through computerized ticketing being taken to remote towns/village so that passengers need not make expensive two trips to station for booking and travelling- a model where we take service to doorstep of the customer- treated as value added service and a satisfactory win-win scene for the passenger and the railway
3. For those who want short notice reservations, universal access through internet to get on line confirmed reservation on nominated trains-another value addition with extra income for the railway
4. Improved value added al-a-carte catering services on the Konkan railway trains- achieving more satisfied customer while the railway gains additional income in the process
5. High speed trains- with reduced journey times and improved comfort, can bear higher charges with additional income and retain market share

### **Freight Services :**

The bulk carrier that the railway is, quite often loses the traffic, which is of multi-point origin/destination in small quantities and generated more frequently, with requirements of assured delivery times, in intact condition. The businesses have moved to a scene of cost cutting to improve competitive edge for them selves in the market and unless we become flexible and dynamically match the market requirements, we are losing out our share in the market. In a combined study with IIM/Ahmedabad in 1998, the Konkan Railway decided that we have to provide total services – a transport solution which is total- to the business concern where their logistic risks and challenge to ensure assured goods movement both raw and finished, have to be taken over by us. Effectively instead of being a mute, reactive one-dimensional service of just carrying what is offered at OUR doorstep, we carry transport service to the customer's doorstep. The true



and full role of a multi-dimensional transport service provider is the key to capture the market share. The industry budget for logistic support we examine and offer a total solution to, in fact, reduce their costs by leveraging our strengths, outsourcing the strengths we lack, and create perception of value addition to the customer when they deal with us.

In the natural catchment area for the Konkan Railway- Gujarat and Kerala as well as movement from Punjab via KR, the Konkan Railway tried to build up this role – loosely understood in classic terms as freight forwarder, in the Indian railways, but actually with much larger scope. Certain policy constraints in the jurisdiction of adjacent railways, prevented full realization of this potential. Even then, the Konkan railway managed in a limited manner to move cement, pig iron, sponge iron, fertilizers, even POL- which never would have moved on the system-but for the pro-active response of the Konkan Railway to the market.

On a small scale we tried to achieve the planned synergy between road transporters and rail through RO-RO services and we are also exploiting the total solution concepts for industry specific requirements like moving hazardous sulphuric acid etc.]

#### Container trains :

On the west coast container traffic is minimal. The Konkan railway is tying up with CONCOR, for establishing a regular container service on the west coast. As part of providing a total service the container mode is one of the dimensions, which the Konkan railway will actively pursue.

As a strategy the Konkan Railway has been pursuing with the expansion of Cochin port for developing the international container hub, which if it happens, will factor the Konkan railway as the rail bridging partner for the hub to move containers to north and back- almost a potential of 5 to 6 trains a day.

Similarly, the Konkan Railway has recognized the business potential it has as a result of closure of Chennai port for the iron ore movement from Hospet- we are now coordinating with exporters from Hospet, port developers on west coast, in particular Karwar district, as well as funding the Hubli-Ankola section as purely a mineral line with FDI. A potential 5 to 6 m tonnes to be handled can create the largest handling facility on the west coast while the Konkan Railway gains in the new line construction/operation with their typical efficiencies, with augmented revenues.

#### Reserve land- value addition :

The Konkan Railway has adopted the route of developing medicinal herbal plants, with a pre-fixed market for the produce –in which the farmers with land holdings adjacent to ours, will be made proactive partners. The farmers gain and the railway too gains. This is a new approach, and efforts in this direction in the last two years are likely to yield sustained results over next five years.

Additionally the Konkan Railway also promoted Railotel concept, which promotes rail – based tourism with private participation.



### Marketing the Konkan Railway expertise :

We must consciously examine other sources of income to augment the traffic earnings by having a focused effort to market the strengths of the organisation.

The spirit of innovation characterised the creation of the Konkan Railway and a zealous attitude to face fortitude and overcome has made us unique in Konkan railway.

Use of technology to improve competitive edge of our activities is evident at every stage of construction and completion of the project and more so in operations.

To list our strengths :

Experience not as mere project manager but as infrastructure program manager

Project management expertise for mega-scale turnkey type- including survey, design, quality assurance, contract management, financing, expenditure control and technology innovation and implementation for lowered costs of asset management & operations: Perhaps we are the first successful programme manager, successful and recognised in our country. This background gives us the springboard to launch into market offering services as strategic planning/execution and operation of mega-infrastructure projects involving complex and innovative technologies in railway field.

In addition to construction of new lines and rehabilitation of existing routes, there are business opportunities worth more than Rs 25000 cr currently identified.

### Intellectual Property and Technology innovations :

The Konkan Railway has developed or developing new innovative technologies and technology products, with patents filed for the same, with a very large market potential.

They are :

1. Anti-collision Device: a safety device for railways to prevent collisions of trains automatically without human inputs (with market potential of Rs 1800 cr for India alone)
2. Moving block-system using "Raksha Kavach" built on ACD's
3. Sat-dham Systems- improved train control systems at stations eliminating fixed optical signals and eliminating human errors.
4. Self-stabilising track systems: improved tracks requiring almost no maintenance with superior performance saving further in ballast costs.
5. ROSHAN – for rolling stock health monitoring in dynamic conditions of running, and preventing defective ones from getting derailed or cause accident, by pre-warning.
6. RAP- the Railway Applications Package is the unique one of its kind in the world railways,



developed and implemented by the Konkan Railway which gives comprehensive IT support spanning all disciplines including real time train control. (items 2 to 6 have capacity to reduce the operating costs of a railway by 20 to 30%, and a business potential for the Konkan Railway of about Rs 1000 to 2000 cr in India and abroad.)

7. Sky Bus Metro system: basically rail based mass transport system using proven state of art technologies, but re-engineered to provide a futuristic urban rapid mass transport system, declared technically sound by Prof. Abdul Kalam and other distinguished scientists, engineers and consultants- costing less than half of current choices, promotes paradigm shift for urban transport by being the first metro in the world which can eliminate truck entry into city. (It has market potential of Rs 25000 cr in India, and inception reports abroad have been prepared indicating additional market potential of Rs 25000 cr.- totalling to Rs 50000 cr.)

Both international and domestic projects form a base for realising net revenues at 10% of project turn over. Being a strategic value adding programme manager for mega infrastructure projects involving bridges, tunnels, rail and roadways. The role is not that of a contractor to merely execute a fixed scope contract, but manage the infrastructure programme of the client- a very much larger role as compared to common understanding of just a project management capability.

Proven Prudence of the Konkan Railway in incurring expenditure :

As a public body the Konkan Railway being answerable for their activities to the President, with in-built checks and balances in terms of CAG and CVC keeping a watch and reporting to the Parliament, the Konkan railway has no other path other than to act with due diligence and responsibility as enjoined for any other state. The Konkan Railway views this as a strength for increasing comfort levels of the clients who would like to entrust the responsibility to spend public money as diligently as one would do as a State. Only difference is that within the framework, the Konkan Railway stands out as an example to achieve efficiencies, unbeatable by any other agency both public and private.

So the State or center which hands over a mega-infrastructure to the Konkan railway, can save on their own D&G charges, while rest assured, that the expenditure is prudently controlled to realise full value of rupee by timely execution of the programme of planned infrastructure development.

Thus the valuable experience gained by the Konkan Railway will be used to add value to society and one can structure a win-win strategy where both the Konkan Railway and the client-the public, benefit when infrastructure programme is executed without time and cost over run.

Railways and Defence ministry will have to be approached to maximise the benefit of their expenditure on infrastructure development by handing over complex technology and capital-intensive infrastructure development to the Konkan railway as the preferred programme manager.

In international arena, now-a-days, countries look for robust technology based builders willing to give hands on operating expertise- with knowledge transfer capabilities, with proven programme management expertise like that of Konkan railway. An appropriate focused marketing to export this capability for



goods required by our country forms a viable business development model- sustainable over a long period. In-fact a the role of strategic value added support provided in this model leverages the local available strengths and actually minimises the quantum's of manpower export, but quality and knowledge based workers in smaller number form the core. The returns in this business thrust can be very substantial. At the same time tremendous amount of goodwill for the country also gets built up because the model is not mutually exploitative but forms a win-win strategy both for the client country as well as our country. The Konkan railway has already demonstrated this opportunity in mid-east countries.

Without adding to proportionately larger manpower, the Konkan railway should play the role of programme managers - thus will be able to handle mega projects with annual turn over of Rs 5000 cr to generate a steady annual income of Rs 500 cr, needed for effectively pay off the entire debt burden of the corporation. However in the absence of any current major Projects in hand, it is assumed that only 15% of the market potential may be realised.

Project execution structures :

Very innovative approaches will be used to structure the project specific organisations with the Konkan Railway providing the catalytic knowledge based dynamic leadership for strengths of various public and private enterprises of our country. Thus if one carefully observes, what we are responsible to manage is the margin money of Rs 500 cr to the Konkan Railway- and not to become apprehensive about the absolute number of say, Rs 50,000 cr!

Projects for BOT partners :

The Konkan Railway has established a loyal and trusting partnership with some financiers abroad who are structuring BOT projects, in which the Konkan Railway moves in as their technology provider and the financial risks are taken by them.

Taking over management and operation of unviable running lines :

The Konkan railway plans to offer its services to take over and operate un-remunerative railway routes for railway administrations both in India and abroad on the basis of being compensated for the reduction of operating expenses by using their technologies and expertise. The savings thus affected to the administration may be shared with the Konkan Railway on mutually agreed terms. This will be another win-win strategy.

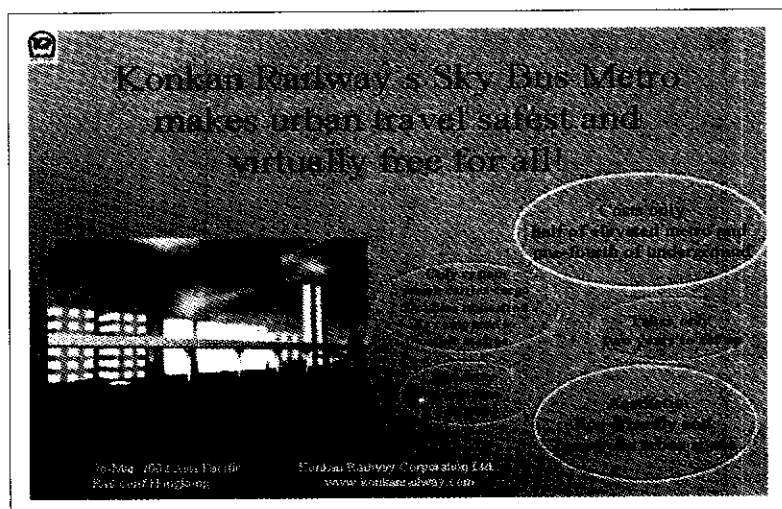
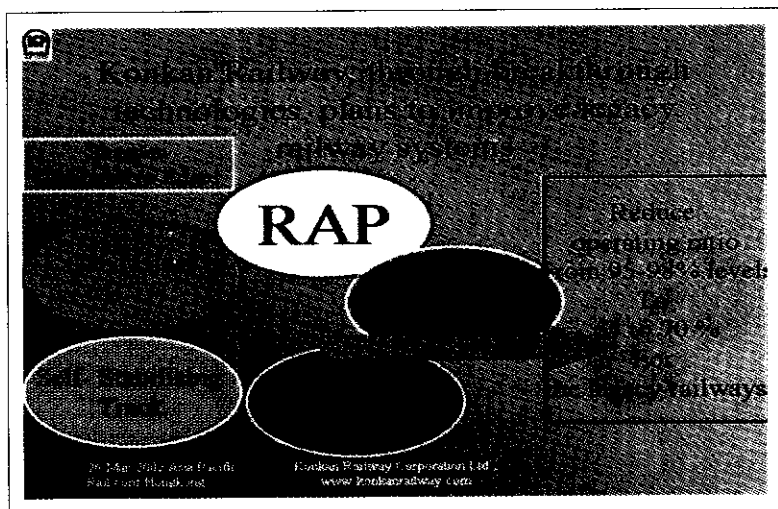
To retain the market leadership and maintain the competitive edge of the Konkan railway, the creative spirit and innovation must be converted as solid intellectual property and create unique niche markets for new technologies of the Konkan railway. These should be relevant and finally lead to better quality of life to people and more economic transportation to industry. The Konkan railway towards this goal achieved distinction developing the technologies as mentioned above.

Being niche areas, including royalties and profits from execution, corporation plans to make Rs 500 cr per annum net revenues from these activities.

However, hectic marketing at higher intellectual and technological levels are required To achieve this goal. Local research and proving in field, simultaneously is to be done. The tasks are onerous and we are doing without adding to any additional staff or engineers We are happy that we progressed substantially in these multiple- parallel activities.

We plan to adopt a two-pronged approach :

1. Improve efficiencies of existing railway systems in the world and share the benefits
2. Cause paradigm shift in urban transport with Sky Bus in India and abroad.



Attached are the summary sheets showing the areas where the projects have been identified, and the projected earnings upto 2010, assuming only 15% realisation.



<b>Over next 5 years we must aim to build up an order book of</b>			
<b>Rs 40 to 45000 cr value.</b>			
1	PROJECTS:	Value	50708 Cr INR
	Project Marketing International	US\$ bn	eq Value in INR cr
	SSS, SST, ACD, MBS, Sky Bus		
1.1	Iraq Sector	1.5	7350
1.2	UAE sector	1.5	7350
1.3	Saudi Arabia sector	1.5	7350
1.4	USA/Australia sector	1.5	7350
1.5	Russia/ CIS group sector	0.5	2450
1.6	Malaysia/Singapore/Indonesia sector	0.5	2450
1.7	South-africa region	0.5	2450
2	<b>Project Marketing National</b>	INR Cr	
2.1	<b>Sky Bus Projects</b>		
	Delhi	4500	4500
	Ahmedabad	1000	1000
	Mumbai	4000	4000
	Chennai	2000	2000
	Coimabre	400	400
	Indian railways		0
	New railways.	500	500
2.2	<b>Project Implementation</b>		0
2.21	ACD -Raksha Kavach Jalandhar-Amritsar	7	7
2.22	Sky Bus Kochi	900	900
2.23	Sky Bus Andheri-Ghatkopar	400	400
2.24	Owk Tunnel	20	20
2.25	Jawahar Tunnel	10	10
2.26	Express highway-MSRDC closure	200	200
2.27	RAP (MIS) implementation SE railway - KGP	1	1
2.28	Telemedicine	0.2	0.2
2.29	OFC Broadband Sale	20	20
3	<b>Research &amp; Design: addition to Intellectual Wealth</b>		
3.1	Field trials SST		
3.2	Field Trials Moving Block System (MBS)		
3.3	Field Trials Sahdham System		
3.4	Field Trials ROSHAN		

However, we may succeed only to an extent of 15 to 20% of the above market potential. For the purpose of this Business Plan, lower value of 15% is assumed.3



**GROSS MARGIN GROSS PROFIT AND NET PROFIT PARTICULARS**  
 Figures in Crores of Rs.

PARTICULARS	1998-1999	1999-2000	2000-2001	2001-02	2002-2003	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
					(PROJECTED)							
<b>TOTAL INCOME</b>	98.74	130.22	167.56	188.42	195.00	219	244	266	331	373	403	436
(a) Operating/Services/ Sales/Accretion/Depletion to finished stocks to Work In -progress	80.61	118.13	151.66	178.92	185.00	203.5	224	246	271	298	328	361
(b) Other Income	18.13	12.09	15.90	9.50	10.00	15.00	20.00	40.00	60.00	75.00	75.00	75.00
<b>TOTAL EXPENDITURE</b>	87.96	109.70	130.95	137.58	146.00	150.24	155	159	164	169	174	179
(a) Fire charges	9.05	13.62	14.46	18.58	18	18.36	19	19	19	20	20	21
(b) Repairs & Maintenance	15.79	25.21	31.99	37	38	38.76	40	40	41	42	43	44
(c) Fuel Expenses	13.44	20.39	26.23	30.95	36.00	36.72	37	38	39	40	41	41
(d) Salaries and Wages	32.18	35.66	40.29	39.33	44	46.2	49	51	53	56	59	62
(e) Other Expenses	17.50	14.83	17.98	11.72	10.00	10.2	10	11	11	11	11	11
<b>GROSS MARGIN</b>	10.78	20.52	36.61	50.84	49	68.26	89	127	167	204	229	256
Prior Period Adjustment Depreciation	-40.81	1.98	1.58	6.89	0.00	77.00	79.00	81.00	83.00	85.00	87.00	89.00
<b>GROSS PROFIT</b>	-16.53	-50.74	-36.10	-35.24	-26.00	-8.74	10.22	46.06	83.97	119.17	141.91	167.43
Interest	303.81	313.99	325.35	309.83	276.12	234.70	199.50	169.57	144.14	122.52	104.14	88.52
<b>NET PROFIT</b>	-320.34	-364.73	-361.45	-345.07	-302.12	-243	-189	-124	-60	-3	38	79



**BALANCE SHEET as at 31st March 2002**

Particulars	Schedule No	As at 31st March 2002		As at 31st March 2001	
		Rs.	Rs.	Rs.	Rs.
<b>I. SOURCES OF FUNDS</b>					
(1) Shareholders' funds:					
(a) Share Capital	1	7,836,752,000		7,790,200,000	
(b) Reserves and Surplus	2	<u>152,187,000</u>		<u>152,187,000</u>	
			7,988,939,000		7,942,387,000
(2) Loan Funds					
(a) Secured Loans	3	26,705,433,067		30,339,481,381	
(b) Unsecured Loans	4	<u>13,808,037,173</u>		<u>6,889,614,870</u>	
			40,513,470,240		37,229,096,251
(3) Current Liabilities & Provisions	5	2,354,834,487		2,584,473,952	
Less:					
Current Assets, Loans and Advances	6	<u>1,600,156,988</u>		1,509,582,861	
			754,677,499		1,074,891,091
			<u>49,257,086,739</u>		<u>46,246,374,342</u>
<b>II APPLICATION OF FUNDS</b>					
(1) Fixed Assets	7				
(a) Gross Block		35,191,771,548		35,038,419,921	
(b) Less depreciation		<u>2,872,420,124</u>		<u>2,203,841,571</u>	
(c) Net Block		32,319,351,424		32,834,578,350	
(d) Capital works in progress	8	<u>4,655,611</u>		<u>123,619,409</u>	
			32,324,007,035		32,958,197,759
(2) Miscellaneous Expenditure (to the extent not written off or adjusted)					
a. Preliminary Expenses		2,040,214		2,448,257	
b. Expenditure on Public Issue		157,493,254		181,023,131	
c. Discount on Bonds Issue		<u>50,853,229</u>		80,082,384	
			210,386,697		263,553,772
(3) Profit and Loss Account			<u>16,722,693,007</u>		<u>13,024,622,811</u>
Contingent liabilities and Notes to Accounts forming part of Accounts	15		<u>49,257,086,739</u>		<u>46,246,374,342</u>

As per our report of even date appended hereto

On behalf of the Board

For KIRTANE & PANDIT  
Chartered Accountants

(R. K. SINHA)  
DIRECTOR (FINANCE)

(B. RAJARAM)  
MANAGING DIRECTOR

Ashutosh C Date  
PARTNER

(B. SATYANARAYANA)  
COMPANY SECRETARY

PLACE : Navi Mumbai  
DATE : July, 17th 2002.



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2002

Particulars	Schedule No	As at 31st March 2002		As at 31st March 2001	
		Rs.	Rs.	Rs.	Rs.
<b>A. INCOME</b>					
a. Traffic Earnings	9		1,789,160,060		1,525,375,869
b. Other income	10		95,052,157		158,971,362
(A)			<u>1,884,212,217</u>		<u>1,684,347,231</u>
<b>B. EXPENDITURE</b>					
1. Expenses on staff	11		393,345,454		373,520,668
2. Hire charges for Rolling Stock & Motive Power			185,846,847		144,564,036
3. Fuel			309,515,004		262,305,042
4. Lease rentals			247,321,000		201,740,177
5. Repairs and Maintenance					
a) Permanant Way		226,627,681		193,022,868	
b) Station and Other buildings		29,523,119		26,945,011	
c) Equipment		62,314,693		54,437,834	
d) Bridges & Tunnels		26,750,342		17,001,515	
e) Rolling stock		<u>24,747,699</u>	369,963,534	<u>28,504,756</u>	319,911,984
6. Loss on sale of assets	7		(35,742,375)		593,728
7. Depreciation			711,01,9435		704,697,787
8. Depreciation Written back			(27,89,579)		-
9. Depreciation for earlier years			21,888,753		6,551,561
10. Misc. & other operating Expenditure	12		214,635,141		217,434,632
11. Finance charges	13		3,098,296,699		3,253,469,970
(B)			<u>5,513,349,913</u>		<u>5,484,789,585</u>
(A-B)			(3,629,137,696)		(3,800,442,354)
12. Prior period adjustments	14		<u>(68,932,500)</u>		<u>(15,792,377)</u>
Net loss during the year			(3,698,070,196)		(3,816,234,731)
Add loss brought forward			(13,024,622,811)		(9,208,388,080)
Total loss transferred to Balance Sheet			<u>(16,722,693,007)</u>		<u>(13,024,622,811)</u>
Accounting Policies and Notes to Accounts forming part of accounts	15				

As per our report of even date appended hereto

On behalf of the Board

For KIRTANE & PANDIT  
Chartered Accountants

(R. K. SINHA)  
DIRECTOR (FINANCE)

(B. RAJARAM)  
MANAGING DIRECTOR

Ashutosh C Date  
PARTNER

(B. SATYANARAYANA)  
COMPANY SECRETARY

PLACE : Navi Mumbai  
DATE : July, 17th 2002.



### SCHEDULE 1 - SHARE CAPITAL

Particulars	As at 31st March 2002		As at 31st March 2001	
	Rs.	Rs.	Rs.	Rs.
AUTHORISED				
80,64,661 equity shares of Rs.1000 each		8,064,661,000		8,064,661,000
ISSUED		8,064,661,000		8,064,661,000
80,64,661 equity shares of Rs.1000 each (Previous year 80,64,661 equity shares of Rs 1000/- each)				
SUBSCRIBED AND PAID UP				
Subscribed	8,042,577,000		8,009,700,000	
8042577 equity shares of Rs 1000 each. (Previous year 8009700 shares)				
Paid up				
7836752 equity shares of Rs.1000 each fully paid up (Previous year 7757700 shares)				
Less Calls in Arrears (calls in arrears for the previous year 252000000)	<u>205,825,000</u>	7,836,752,000	<u>252,000,000</u>	7,757,700,000
SHARE APPLICATION MONEY FOR ALLOTMENT for the year NIL ( previous year 32500 shares of Rs. 1000 each)		--		32,500,000
TOTAL		7,836,752,000		7,790,200,000

### SCHEDULE 2 - RESERVES & SURPLUS

Particulars	As at 31st March 2002	As at 31st March 2001
	Rs.	Rs.
CAPITAL RESERVE		
Premium on Issue of Bonds.	1,52,187,000	1,52,187,000
TOTAL	1,52,187,000	1,52,187,000



**SCHEDULE - 3 - SECURED LOANS**

Particulars	As at 31st March 2002 Rs.	As at 31st March 2001 Rs.
1 BONDS		
A. PUBLIC ISSUE 2A SERIES 10.5% secured, non-cumulative, non-convertible tax-free bonds of Rs. 1000 each redeemable on 01.03.2004 (LOC issued by Ministry of Railways)	2,290,763,000	2,294,423,000
B. PUBLIC ISSUE 6B SERIES 10.5% secured, non-cumulative, non-convertible taxfree bonds of Rs. 1000 each issued at 5% discount redeemable at par on 09.01.2007 LOC issued by MoR	1,978,312,000	2,000,000,000
C. PRIVATE PLACEMENT 10.5% secured, redeemable, non-cumulative, non-convertible bonds of Rs. 1000 each issued at par.		
1 519800 bonds of series 1A redeemable on 30.06.2003	519,800,000	519,800,000
2 3100 bonds of series 1B redeemable on 01.10.2003	3,100,000	3,100,000
3 218900 bonds on series 1C redeemable on 30.11.2003	218,900,000	218,900,000
4 1407000 bonds of series 2B redeemable on 31.03.2004	1,407,000,000	1,407,000,000
5 715000 bonds of series 2C redeemable on 05.05.2004	714,800,000	714,800,000
6 1366500 bonds of series 2D redeemable on 01.08.2004	1,366,500,000	1,366,500,000
7 2761000 bonds of series 3A redeemable on 25.08.2004 to 22.09.2004	2,761,000,000	2,761,000,000
8 740000 bonds of series 3B redeemable on 12.10.2001 to 31.10.2001	500,000	740,000,000
9 645000 bonds of series 3C redeemable on 31.10.2004	645,000,000	645,000,000
10 120000 bonds of series 4A redeemable on 07.02.2005	120,000,000	120,000,000
11 630000 bonds of series 4B redeemable on 20.02.2005	630,000,000	630,000,000
12 750000 bonds of series 4C redeemable on 18.04.2005 to 05.07.2005	750,000,000	750,000,000
13 3,80,000 bonds of series 6A redeemable on 18.05.2001	-	380,000,000
14 8.75% Taxfree 420000 bonds of series 5A redeemable on 05.08.2005	420,000,000	420,000,000



**SCHEDULE - 3 Continued.....**

Particulars	As at 31st March 2002 Rs.	As at 31st March 2001 Rs.
15 8.75% Taxfree 150000 bonds of 5B - I series redeemable on 11.10.2005	150,000,000	150,000,000
16 9% Taxfree 50000 bonds of 5B - II series redeemable on 11.10.2005	50,000,000	50,000,000
17 8.25% Taxfree 1330000 bonds of 5C-I series redeemable on 30.03.2006	133,000,000	133,000,000
18 8.95% Taxfree 500000 bonds of 5C-II series redeemable on 30.03.2006	299,500,000	50,000,000
19 10.5% Taxfree 129178 bonds of 6C series issued at 5% discount redeemable on 09.01.2007	129,178,000	129,178,000
20 10.5% Taxfree 11,40,000 bonds of 7A series redeemable on 23.06.02	1,140,000,000	1,140,000,000
21 9.25% 17,650 Infrastructure bonds 7B series issued at 5% discount redeemable on 25.12.2004 (LOC issued by Ministry of Railways)	1,765,000,000	1,765,000,000
22 13% Taxable 5771 bonds - 8A series of Rs.1 Lakh each redeemable on 30.05.2005	577,100,000	577,100,000
23 10.5% 10000 Tax free bonds 8B series of Rs. 1 Lakh each redeemable on 11.08.2008	1,000,000,000	1,000,000,000
24 10.15% 6000 Tax free bonds 8C series of Rs. 1 Lakh each redeemable on 29.01.2006	600,000,000	600,000,000
25 10.5% 3579 Infrastructure bonds 8D series of Rs. 1 lakh each redeemable on 04.02.2006	357,900,000	357,900,000
26 12.60% 5000 taxable American put bonds 8E Series of Rs. 1 lakh each redemable on 12.02.2002	-	500,000,000
27 12.36% 25000 taxable bonds of Rs. 1000 each 9A-I series redeemable on 01.10.2005	25,000,000	25,000,000
28 12.52% 1972563 taxable bonds of Rs.1000 each 9A-II series redeemable on 01.10.2006	1,972,563,000	1,972,563,000
29 8.55% 10000 taxfree bonds of Rs.1 Lakh each 9B series redeemable on 06.01.2010	1,000,000,000	1,000,000,000
30 10.65% 3100 taxable bonds of Rs. 1 lakh each 10A -I series redeemable from 26.06.2010 to 28.06.2010	310,000,000	310,000,000

**SCHEDULE - 3 Continued.....**

Particulars	As at 31st March 2002 Rs.	As at 31st March 2001 Rs.
31 11.20% 8876 taxable bonds of Rs. 1 lakh each 10 A - II series redeemable from 13.06.2005 to 30.06.2005	887,600,000	887,600,000
32 8.77% 7000 taxfree bonds of Rs. 1 lakh each 10 B series redeemable from 28.06.2005 to 19.07.2005	700,000,000	700,000,000
33 11% 500 taxable bonds of Rs. 1 lakh each 10D - I series redeemable on 31.07.2001]	-	50,000,000
34 11% 300 taxable bonds of Rs. 1 lakh each 10D-II series redeemable on 07.08.2005	30,000,000	30,000,000
35 11.75% 10000 taxable bonds of Rs. 1 lakh each 10 E - I series redeemable on 18.08.2001	-	1,000,000,000
36 11.75% 10805 taxable bonds of Rs. 1 lakh each 10 E -II series redeemable from 29.08.2005 to 20.09.2005	880,500,000	1,080,500,000
37 11.60% 820 taxable bonds of Rs. 1 lakh each 10 F - I series redeemable from 27.09.2001 to 03.10.2001	-	82,000,000
38 11.60% 3325 taxable bonds of Rs. 1 lakh each 10 F-II series redeemable from 09.10.2005 to 30.10.2005	-	332,500,000
39 10.80% 500 taxable bonds of Rs. 1 lakh each 10 H-I series redeemable on 09.01.2002	-	50,000,000
40 11% 6674 taxable bonds of Rs. 1 lakh each 10 H-II series redeemable on 09.01.2006	667,400,000	-
41 11.10% 100 taxable bonds of Rs. 1 lakh each 10 I series redeemable on 15.02.2006	10,000,000	10,000,000
Amount repayable within one year Rs 266.55 Cr. (Previous year Rs 447.57 Cr.)		
<b>TOTAL</b> C/F	<b>26,510,416,000</b>	<b>28,952,864,000</b>



**SCHEDULE - 3 Continued.....**

Particulars	As at 31st March 2002 Rs.	Asat 31st March 2001 Rs.
B/F	26,510,416,000	28,952,864,000
2 LOANS FROM I R F C (Being the proceeds of 10.5% tax free bonds for Rs.19.5 Crores issued by IRFC for Konkan Railway projects )	195,000,000	1,311,400,000
3 From Bank - Cash credit (Secured by Hypothecation of all tangible, movable property, present and future)	17,067	75,217,381
<b>TOTAL</b>	<b>26,705,433,067</b>	<b>30,339,481,381</b>

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 Holder )

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).

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**SCHEDULE 4 - UNSECURED LOANS**

Particulars	As at 31st March 2002 Rs.	Asat 31st March 2001 Rs.
<b>i. <u>SHORT TERM LOANS</u></b>		
From Banks (Short term F C N R loan ) Inter corporate deposit	-	500,000,000
	-	500,000,000
<b>ii. <u>FOREIGN CURRENCY LOAN</u></b>		
From a Bank [Amount repayable within next one Year Rs.26137173 ] [Previous Year Rs. 25105286 ]	26,137,173	49,614,870
<b>iii. <u>MINISTRY OF RAILWAYS</u></b>	13,781,900,000	6,340,000,000
<b>TOTAL</b>	<b>13,808,037,173</b>	<b>6,889,614,870</b>



**SCHEDULE 5 - CURRENT LIABILITIES & PROVISIONS**

Particulars	As at 31st March 2002		As at 31st March 2001	
	Rs.	Rs.	Rs.	Rs.
<b>A. CURRENT LIABILITIES</b>				
1 Sundry Creditors				
i. Contractors		246,922,921		331,702,315
ii. Expenses		87,775,859		60,389,872
iii. Deposits from contractors & others		79,166,363		110,032,146
iv. Payable to Railways				
a) Train operating expenses	761,457,840		555,702,441	
b) Apportioned share of earnings	<u>110,904,058</u>		<u>244,953,993</u>	
		872,361,898		800,656,434
v. Other Liabilities		72,879,335		34,392,257
2 Interest accrued but not due on				
a) Loans	142,075		25,854,281	
b) Bonds	<u>878,963,247</u>		<u>996,290,617</u>	
		879,105,322		1,022,144,898
3 Unclaimed Interest on Bonds		76,465,601		128,805,191
4 Unclaimed Application Money		82,500		82,500
5 Advance against sales		9,525,455		88,834,189
6 Unclaimed Bonds Redeemed		23,968,033		212,680
7 Sundry Advance Received		6,581,200		7,221,470
<b>TOTAL</b>		<b>2,354,834,487</b>		<b>2,584,473,952</b>



**SCHEDULE 6 - CURRENT ASSETS, LOANS & ADVANCES**

Particulars	As at 31st March 2002		As at 31st March 2001	
	Rs.	Rs.	Rs.	Rs.
<b>A CURRENT ASSETS</b>				
I i. Interest Accrued		1,601,390		513,290
ii. Cash in Hand		9,676,347		9,463,751
iii. Funds in Transit		183,449		501,538
iv. Balance with Scheduled banks in				
a) Current Account	362,513,071		317,699,195	
b) Term Deposit [Out of this	238,489,000		26,623,127	
An amount of Rs. 13479000		601,002,071		344,322,322
is pledged with bank . (Previous				
year RS. 25536127 )				
v. Traffic Earnings receivable				
a) over 6 months	13,011,800		6,055,724	
b) less than 6 months	125,443,649		274,802,383	
		138,455,449		280,858,107
ii. Sundry receivables				
a) over 6 months	155,902,281		197,913,602	
b) less than 6 months	116,615,787			
		272,518,068		
Total (I)		1,023,436,774		833,572,610
II Inventory (Schedule-6A)		134,184,749		170,358,643
<b>A (I + II)</b>		<b>1,157,621,523</b>		<b>1,003,931,253</b>





**SCHEDULE 6 - CURRENT ASSETS, LOANS & ADVANCES Continued.....**

Particulars	As at 31st March 2002		As at 31st March 2001	
	Rs.	Rs.	Rs.	Rs.
<b>B LOANS &amp; ADVANCES</b> [Unsecured, considered good unless otherwise stated]				
I i Advances recoverable in cash or in kind or for value to be received	9,768,639		25,056,801	
ii Recoverable from contractors/ others			99,324,594	
- considered good 81,799,166				
- considered doubtful 9,100,000				
<u>90,899,166</u>				
Less: Prov for Doubtful debts 2,000,000	88,899,166			
iii Advances to employees	1,464,055		1,711,790	
iv Deposits for accomodation	1,061,534		917,634	
v Deposit with government agencies	38,558,907		35,092,847	
vi Other Deposits	633,748		4,178,067	
vii Deposit for lease of assets	216,000,000		216,000,000	
viii TDS deduction from interest income	<u>50,455,592</u>	406,841,641	<u>47,471,676</u>	429,753,409
II Advances and deposits for Capital Works				
i Contractors & Suppliers	19,543,935		16,799,453	
ii Land Acquisition	9,805,150		10,483,359	
iii Purchase of Material & Equipment			21,420,823	
- considered good 6,146,143				
- considered doubtful 1,959,000				
<u>8,105,143</u>				
Less: Prov for Bad/Doubtful debts 1,959,000	6,146,143			
iv Advance to Govt agencies for works	198,596		198,596	
v Project division	-	35,693,824	<u>26,995,968</u>	75,898,199
<b>B (I + II)</b>		<u>442,535,465</u>		<u>505,651,608</u>
<b>GRAND TOTAL [ A + B ]</b>		<u>1,600,156,988</u>		<u>1,509,582,861</u>



**SCHEDULE 6A - INVENTORY**

Particulars		As at 31st March 2002 Rs.	Asat 31st March 2001 Rs.
1	Rails	35,577,435	48,447,178
2	Sleepers	71,178,634	76,416,213
3	Cement	103,866	670,965
4	Steel	4,277,586	6,506,310
5	Diesel	5,461,929	10,324,752
6	Others	17,585,299	27,993,225
[Includes materials in transit Rs.1024856 ] (previous year Rs. 2301335)]			
TOTAL		134,184,749	170,358,643



**SCHEDULE - 7 FIXED ASSETS**

SR No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		ASSET VALUE AS AT 01.04.2001	ADDITION DURING 2001-02	ADJ. TRANS/DELE OF ASSETS 2001-02	ASSET VALUE AS ON 31.03.2002	DEPR. AS AT 01.04.2001	DEPR. FOR 2001-02	ADJ. OF TRF/DEL DEPR. IN 2001-02	CUMULATIVE DEPR. TO END 2001-02	AS AT 31.3.2002	AS AT 31.3.2001
1	2	3	4	5	6	7	8	9	10	11	12
1	LAND	1,197,098,161	9,715,424	(6,549,097)	1,200,264,488					1,200,264,488	1,197,098,161
2	FORMATION	23,501,167,862	83,588,886	157,055,366	23,741,812,114	782,915,209	252,936,941	6,648,492	1,042,500,642	22,699,311,472	22,718,252,653
3	RWAY	5,835,002,181 (c)	12,447,719	27,009,576	5,874,459,477	858,254,622	277,594,955	8,424,334	1,144,273,911	4,730,185,566	4,976,747,558
4	BUILDINGS	1,766,301,010	12,571,152	18,792,472	1,797,664,634	89,599,993	29,262,483	1,590,210	120,452,686	1,677,211,948	1,676,701,018
5	PLANT & EQUIPMENT	2,338,447,298	14,138,406 (b)	(161,035,889)	2,191,549,816 (c)	370,821,417	114,995,981	(58,939,966)	426,877,432	1,764,672,384	1,967,625,880
6	LOCCOS & OTHER ROLLING STOCK	183,567,972	5,270,000	(22,500,000)	166,337,971	18,002,871	4,169,858	(1,689,139)	20,483,590	145,854,381	165,565,101
7	FURNITURE & FIXTURES	3,582,902	657,712	(3,588)	4,237,026	419,788	250,694	55,651	726,133	3,510,893	3,163,115
8	OFFICE EQUIP & PERIPHERALS	196,124,328	7,253,619	(5,105,566)	198,272,381	79,388,988	30,167,830	1,439,983	110,996,801	87,275,580	116,735,340
9	VEHICLE	17,128,206	59,554	(14,119)	17,173,641	4,438,683	1,640,693	29,553	6,108,929	11,064,712	12,689,524
	TOTAL	35,038,419,920	145,702,472	7,649,155	35,191,771,548	2,203,841,571	711,019,435	(42,440,882) (d)	2,872,420,124	32,319,351,424	32,834,578,350
	Previous yr	34,491,689,185	475,569,054	71,161,682	35,038,419,921	1,493,778,283	704,697,787	5,365,501	2,203,841,571	32,834,578,350	33,413,259,985

a. The value of PWay Track excludes an amount of Rs. 131.66 crores being the sale and lease back.

b. Includes six Dumnet Concrete Sleeper Laying Machines received free of cost from Australian International Development Assistance Bureau otherwise at Rs. 323.54 Lakhs, however other incidental costs are capitalised of Rs. 458209/-

c. The addition during the year on account of Foreign Exchange Fluctuation on BITS Loan is Rs. 1843274.28 charged to assets.

d. The adjustment of R. (42,440,882) indepreciation includes depreciation for earlier year Rs. 19,149,174 (net) (Previous year Rs. 6,55,561)



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

Particulars	As at 31st March 2002 Rs.	As at 31st March 2001 Rs.
<b>A. CAPITAL WORKS IN PROGRESS</b>		
Works		
i) Structural Engg Works	4,333,184	111,198,577
<b>TOTAL - A</b>	<b>4,333,184</b>	<b>111,198,577</b>
<b>B. - I - EXPENDITURE ON CONSTRUCTION AND ESTABLISHMENT</b>		
i) Salaries, Allowance & Benefits 8A	120,211	6,040,344
ii) Other Administrative Expenses 8B	197,089	6,422,871
iii) Prior period adjustments Other Expenses	5,127	145,320
<b>TOTAL</b>	<b>322,427</b>	<b>12,608,535</b>
<b>II. LESS INCIDENTAL INCOME 8C</b>	<b>-</b>	<b>187,703</b>
<b>TOTAL B</b>	<b>322,427</b>	<b>12,420,832</b>
<b>TOTAL [A+B]</b>	<b>4,655,611</b>	<b>123,619,409</b>

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

Particulars	For the year ended 31st March 2002 Rs.	For the year ended 31st March 2001 Rs.
1 Salaries & Allowances	106,907	4,817,733
2 Contribution to Provident & other funds	6,234	941,305
3 Gratuity	-	39,997
4 Foreign Service Contribution	6,768	
5 Staff Welfare	302	241,309
<b>TOTAL</b>	<b>120,211</b>	<b>6,040,344</b>



**SCHEDULE 8B - OTHER ADMINISTRATIVE EXPENSES (DEVELOPMENT ACCOUNT)**

Particulars	For the year ended 31st March 2002 Rs.	For the year ended 31st March 2001 Rs.
1 Rent	7,766	599,393
2 Insurance and Taxes	1,485	31,023
3 Printing and Stationery	10,097	22,863
4 Postage , Telephone & Telex	4,059	31,573
5 Travelling and Conveyance	2,014	4,370
6 Vehicles Expenses	44,395	296,034
7 Advertisement and publicity	-	54,298
8 Other Expenses	127,273	5,383,317
<b>TOTAL</b>	<b>197,089</b>	<b>6,422,871</b>

**SCHEDULE 8C - INCIDENTAL INCOME (DEVELOPMENT ACCOUNT )**

Particulars	For the year ended 31st March 2002 Rs.	For the year ended 31st March 2001 Rs.
1 Sale of Tender Forms etc.	-	1,148
2 Rent recovery	-	5,480
3 Other receipts	-	181,075
<b>TOTAL</b>	<b>-</b>	<b>187,703</b>



**SCHEDULE 9 - TRAFFIC EARNINGS**

Particulars	For the year ended 31st March 2002 Rs.	For the year ended 31st March 2001 Rs.
1 Passenger	1,359,553,475	1,156,974,441
2 Other Coaching	28,565,370	19,089,252
3 Goods	366,775,442	325,501,396
4 Sundry	34,265,773	23,810,780
<b>TOTAL</b>	<b>1,789,160,060</b>	<b>1,525,375,869</b>

**SCHEDULE - 10 - OTHER INCOME**

Particulars	For the year ended 31st March 2002 Rs.	For the year ended 31st March 2001 Rs.
1 Interest on investments Current year TDS Rs 29.83 Lacs (Previous year TDS Rs 97.85 Lacs)	43,505,997	39,834,900
2 Rent for residence	1,963,256	2,306,389
3 Miscellaneous receipts including management fee received from MSRDC	49,199,650	116,594,822
4 Furniture hire charges	7,089	15,719
5 Other earnings	376,165	219,532
<b>TOTAL</b>	<b>95,052,157</b>	<b>158,971,362</b>



**SCHEDULE 11 - EXPENSES ON STAFF**

Particulars	For the year ended 31st March 2002 Rs.	For the year ended 31st March 2001 Rs.
1 Salary, wages and allowances etc.	325,018,127	311,930,569
2 Cash award	448,575	827,475
3 Contribution to Provident and other Funds	27,360,228	23,415,352
4 Foreign Service Contribution	4,131,090	5,085,835
5 Staff Welfare Expenses	36,387,434	32,261,437
Total	393,345,454	373,520,668



**SCHEDULE 12 - MISCELLANEOUS EXPENSES**

Particulars	For the year ended 31st March 2002 Rs.	For the year ended 31st March 2001 Rs.
1 Electricity and Water Charges	7,842,830	6,356,465
2 Cost of tickets and forms	127,980	445,522
3 Telephone and Communications	7,806,466	9,244,620
4 Vehicle Expenses	8,786,052	11,058,607
5 Rent for Residential buildings	1,879,923	1,210,344
6 Rent for Office buildings	430,817	210,007
7 Other sundry Expenses		
a) Other sundry Expenses	37,732,723	
b) Amount written off (F.Assets)	23,134,971	
c) Water & Genl. Stores in trains	<u>24,532,260</u>	
	85,399,954	51,399,029
8 Expenses Written Off	61,695,428	59,629,614
9 Expenses due to Forex	27,923	34,497,501
10 Doubtful debts	3,959,000	--
11 Legal Expenses	6,446,086	3,160,032
12 Advertisement & publicity	864,589	1,986,021
13 Demurrage/wharfage waived off	4,717,280	8,810,766
14 Travelling expenses	24,650,813	29,426,104
<b>T otal</b>	<b>214,635,141</b>	<b>217,434,632</b>



### SCHEDULE 13 - FINANCE CHARGES

Particulars	For the year ended 31st March 2002 Rs.	For the year ended 31st March 2001 Rs.
1 Interest on Bonds (includes Rs 1575 (previous year Rs.1575) paid to directors.)	3,090,822,610	3,020,631,998
2 Interest on Loans	5,431,669	223,610,740
3 Management fee on bonds	1,824,201	9,227,232
4 Others	218,219	-
Total	3,098,296,699	3,253,469,970

### SCHEDULE 14 - PRIOR PERIOD ADJUSTMENTS

Particulars	For the year ended 31st March 2002 Rs.	For the year ended 31st March 2001 Rs.
1 Hire charges on - Coaches/Wagons	-	299,006
2 Salary and establishment	140,521	-
3 Miscellaneous expenses	12,316,378	1,294,608
4 Financing charges	-	498,277
5 Repairs & mntc - P & M stn bldgs etc	12,433,237	9,436,952
6 Other operating expenses	3,854,751	-
7 Loss on sale of Assets	1,320,847	5,653,808
8 Other Misc.expenditure/( Receipts)	38,866,766	(1,390,274)
Total	68,932,500	15,792,377



**SCHEDULE NO. 15: 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, however this year same has been entirely adjusted in the carrying cost of plant and machinery acquired out of the foreign currency loan. Consequently the foreign exchange fluctuation adjusted in the carrying cost of plant and machinery is higher by Rs. 17,24,432/- and also the depreciation for the year is higher by Rs. 9,325/-.
  - (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 asset 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 pro-rata from the month of addition except in the case of adjustment in the carrying cost of fixed assets on account of foreign exchange fluctuations arising at the end of the year:- 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, Residence, Other Service Buildings, Stations, Workshops, Tunnels, Balla Road Crossing & Fencing, Bridges, ROB, RUB	1.63%
ii) Plant & Machinery includes Civil, Station equipment , Optic fiber, Mechanical, Electrical, S&T, P. Way Track, Airconditioners & others	4.75%
iii) Loco/Other Rolling Stock/Cranes	2.50%
iv) Furniture & Fixtures including Station Plant & Equipment	6.33%
v) Other Construction Plant & Machinery	11.31%
vi) Computer & peripherals	16.21%
vii) Vehicles	9.50%
viii) Temporary Structures	100%
ix) Medical Equipment	7.07%
x) Assets other than furniture and fixture costing below Rs.5000/- are charged off fully under "Stores and Spares consumed" head in the P & L account.	

- (e) Computer and peripherals include cost of development of software.
- (f) As per the practice followed in Railways, the cost of furniture and fixtures lying at offices, stations and rest houses have been added to the respective building cost at the time of initial capitalization at the time of opening the line for traffic. Furniture & Fixtures acquired subsequently for open line have been shown separately under the head "Furniture & Fixtures".
- (g) 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 end the depreciation on the revised unamortised depreciable amount is provided prospectively over the residual useful life of the asset from the year following such capitalization. In case of discharge of foreign exchange liability during the year, depreciation is provided from the month of such addition.
- (h) Hitherto leasehold land was not amortized; however from this year lease hold land will be amortized. Corporation has amortized Rs 61,67,253/- during the year including the previous year's amounts. Consequently loss for the year is higher by an equivalent amount.

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 transaction 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 payable is accounted for with reference to lease terms and other conditions.
9. Income Recognition.
  - I. Income recognition in the case of contracts executed by the Corporation is made by following percentage completion method, subject to minimum completion of 25%.
  - 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 recognized on accrual basis.
    - (f) Service charges recoverable from the project by the Project Division is recognized on accrual basis, as per the terms of contract
10. Contractor's claims.
  - (a) Claims for escalation by contractors are accounted for only when such claims are accepted after due verification.
  - (b) The contractor's liabilities are taken into account on the basis of percentage of works



- completed as on the date of the balance sheet by making suitable provision. Provision is made for all known liability as on the date of balance sheet.
- (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.
- (b) Prior period /Extra ordinary items.  
All expenses or income exceeding 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 are being amortized over a period of 10 years. Discount/Other Expenses on issue of bonds is being amortised 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.
15. The Corporation recognizes the operation of passenger and goods traffic as one business segment and income generated out of the contracts executed for others as an other reportable segment as per Accounting standard on Segment Reporting issued by Institute of Chartered Accountant of India

## B. NOTES TO THE ACCOUNTS.

16. 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 from financing the Project.
- According to the Memorandum of Understanding the contributions made by the State Government towards equity would be paid at par by the Government of India on the Corporation liquidating the loans obtained for completing the Project.
17. (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 the Ministry of Railways regarding Inter Railway Adjustment on 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.
- (c) Similarly, operating expenses like hire charges for coaches and engines, fuel charges, salary of crew have been provided for based on formula adopted in Indian Railways and bills received.
18. 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.
19. (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 SLAO'S are received.
- (b) An aggregate amount of Rs. 0.98 crores (previous year Rs1.05 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.
20. Advance for materials and other advances could not be adjusted to the final head amounting to Rs. 0.12 crores (previous year Rs.1.57 crores) for want of full reconciliation
21. (a) Transactions of Receipts/Issues for the year in respect of construction materials are recorded in the stores and charged to the works. However there is a difference between book balance and ground balance, which is still under consideration.
- (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.
22. (a) Sundry balances in debit and credit accounts of contractors, Government authorities, Companies suppliers and others are subject to confirmation, reconciliation and require adjustment, if any.
- (b) Stores in Transit is having balance of Rs. 10.24 lakhs (previous year Rs.19.49 lakhs) which is still to be adjusted.





23. 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.
24. (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/mortgage created / to be created on movable/immovable fixed 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.
25. Future obligations towards lease rentals under the lease agreements as on 31<sup>st</sup> March 2002 in case of primary lease are Rs. 24 crores and in case of secondary lease of Rs. 3.89 crores net of security deposit of Rs.21.60 crores
26. Sales Tax assessment from the year 1990-91 to 1999-00 except 1995-96 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 finalized.
27. Loans and Advances include due from Directors Rs.2,800/- (previous year Rs.2,800/-) Maximum balance outstanding on any day during the year was Rs.6,20,183/- (previous year Rs.1,43,281/-)
28. 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. 8,73,07,020/- (previous year Rs.7,34,39,043/-) and Rs. 8,34,96,138/- (previous year Rs.6,12,36,630/-) respectively.
29. Advance payments for steel amounting to Rs. 57.70 lakhs (previous year Rs. 57.70 lakhs), mostly on account of long pending items above 3 years, are under reconciliation. The provision has been made for Rs.19.59 lakhs during the year (previous year Rs NIL).
30. Foreign Service Contribution payable to Indian Railways, shows Rs 41,311/- outstanding for a long time, which are not adjusted due to non-receipt of bills (previous year Rs.1,87,122/-).
31. Fixed assets excludes Track measuring 185.275 kms (of book value Rs.131.66 crores) which has been sold for Rs 108 crores 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 23<sup>rd</sup> September 1996 and 19<sup>th</sup> December 1997.
32. a. Management fees shown as income has been received from MSRDC against the total turnover of Rs.5.68 crores (previous year 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.2.01crores (previous year Rs.5.12 Crores) and work of Owk Tunnel in A.P State of Rs. 11.37 crores (previous year Rs.6.82 Crores).

b. As per the Accounting Standard on "Accounting for construction contracts" issued by ICAI the works carried out by the project division during the year is as follows:

i) The amount of construction work in progress Rs. 2613.07 lakhs

ii) Progress Payments received and advances & retention's on account of contracts included in construction work in progress :

Payment received	Rs. 2443.18 lakhs
: Advances	Rs 100.00 lakhs
: Retention	Nil

iii) The amount receivable in respect of income accrued under cost plus contracts not included in construction work in progress is Rs.20.20 lakhs

- 33 The corporation has to receive an amount of Rs.3.68 crores from M/s Punwire Communication Ltd. Chandigarh against their cheques that were dishonored. Punjab and Haryana High court has appointed a provisional liquidator to take charge of the assets of M/s Punwire to prevent their withering away. The Corporation has initiated criminal proceeding under sec.138 of the Negotiable Instruments Act and also filed a summary suit for the recovery of the amount. The corporation is of the opinion that the entire amount is recoverable and the debt is good and hence no provision is made.
- 34 The Share capital amount of Rs.1 Crore received from State of Goa and State of Maharashtra of Rs. 3.62 crores has been adjusted for calls in arrears.
- 35 According to the information available, there are no suppliers under Small Scale and Ancillary Undertaking Act 1993, against whom the outstanding balance payable exceeds Rs. 1 Lakh and pending for a period more than a month.
36. The Accounting Standard AS18 on "Related Party Disclosures " is not applicable.
37. As per the Accounting Standard AS19 on "Leases" issued by ICAI the total amount of lease rentals for residential accommodation payable for less than one year is amounting to Rs.7,54,535/-.
38. The Corporation is having unabsorbed carry forward business losses of Rs.1,413.43 crores as per income tax and the current year loss of Rs.530.98 crores. Since the corporation is not likely to make profits considering the past trend and servicing of interest payment, provision for deferred income tax assets was not made as stated in the Accounting Standard on "Accounting for taxes on Income" [AS 22] issued by ICAI.



39 Segment reporting information.

Rs in Crores

DETAILS	TRAFFIC	PROJECTS	TOTAL
<b>REVENUE</b>			
Segmental Income	178.91	3.04	181.95
Less : Inter Segment	—	—	—
<b>NET REVENUE</b>	178.91	3.04	181.95
Segment Expenses	(171.37)	(0.68)	(172.05)
Depreciation	(71.10)		(71.10)
<b>SEGMENT RESULT</b>	(63.56)	2.36	(61.20)
Unallocated Income	—	—	2.12
Income from Investment	4.35		4.35
Finance Charges			(309.83)
Loss Before Extra Ordinary Item			(364.56)
Extraordinary Item			(5.24)
Loss Before Tax			(369.80)
Provision for Taxation	—	—	—
Loss After Tax	—	—	(369.80)
<b>OTHER INFORMATION</b>			
Segment Assets	3519.16	0.02	3519.18
Segment Liabilities	4051.35	—	4051.35
Net Current Liabilities	75.45	0.02	75.47
Capital Expenditure	14.57		14.57
Depreciation	71.10	—	71.10

40. Contingent liabilities not provided for:

- Estimated amount of contract remaining to be executed and not provided for as certified by management was Rs. 0.54 crores (previous year Rs NIL)
- Contract and other claims against corporation not acknowledged as debt as per the certificate submitted by management are Rs.133.14 crores (previous year Rs 233.20 crores).
- A demand of Rs 22.04 Crores raised by income tax department was decided by Income Tax Commissioner (Appeals) in favour of the Corporation. However, the Joint commissioner of Income Tax has appealed to Income Tax Tribunal against the CIT (Appeals) decision.
- Excise duty demands are disputed to the extent of Rs.4.84 Crores (Previous yr. Rs.4.84 Crores)
- Various Court cases have been filed by the landowners in several courts for revision of amount of the award passed by the State Government. The amount of likely liability on



these accounts is unascertainable at present.

- f) Sales Tax demands being disputed of Rs 0.67 Crores(previous year Rs0.67 Crores).
- g) As per accounting policy of 10(c) the total estimated Risk and Cost of Rs 16.28 crores is recoverable from various contracts.
41. 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.
42 (a) Directors Remuneration		
The remuneration of Directors is as under :-		
Salary and Allowances	1773825	1577471
Contribution to Provident Fund		
Pension Contribution paid to Rlys.	350018	343026
	<u>2123843</u>	<u>1920497</u>
(b) Auditors Remuneration		
Auditors remuneration is as under:-		
For Audit fees	100000	75000
For Tax Audit	30000	30000
For Income Tax matters	5000	5000
For limited review	21000	21000
For reimbursement of out of pocket expenses	100000	64040
	<u>256000</u>	<u>191640</u>
43 Earnings in foreign exchange :-	NIL	NIL
44 Foreign currency expenditure :-		
Travelling	3234702	1225364
Interest, Handling & Other Charges	1064033	201769470
Other than Capital goods	NIL	NIL
Value of imports on C.I.F. basis :-		
I. Component and spare parts	1107053	NIL
II. Capital Goods	NIL	1291181
45 Balance Sheet Abstract and a Company's General Business Profile as per Schedule VI part (iv) of the Companies Act, 1956.		



II.	Capital Registration Details :	
	Registration No. :	55-40891
	State Code No.	55
	Balance Sheet Date	31-3-2002
II.	Capital Raised during the year	
	Public Issue	
	Rights Issue	Nil
	Bonus Issue	
	Private placement (Firm allotment to the promoters and their associates)	
	Share capital received during the year :	Rs 4.66 Crores
III	Position of Mobilisation and Deployment Of funds:-	
	Total Liabilities	50857243727
	Total Assets	50857243727
	<b>SOURCES OF FUNDS</b>	
	Paid-up Capital	7836752000
	Reserves & Surplus	152187000
	Secured Loans	26705433067
	Unsecured Loans	13808037173
	Net Current Liabilities	754677499
	<b>APPLICATION OF FUNDS</b>	
	Gross Fixed Assets including Capital WIP	35196427159
	Investments	0
	Misc.Expenditure	210386697
	Accumulated Losses	16722693007
IV	Performance of Company	
	Turnover	1884212217
	Total Expenditure	5582282413
	(Including prior period adjustment)	
	Profit/(Loss) before Tax	( 3698070196)
	Profit/(Loss) after Tax	( 3698070196)
	Earnings per share Rs.	(474.28)
	Dividend Rate %	N.A

V	Generic name of Principal Product of Company (as per monetary terms)	
	Item Code No.	700 as per industrial
	Product Description	Classification of Joint stock companies Railway Transportation

46. CASH FLOW STATEMENT FOR 2001-2002 figures in Rs.00,000

A CASH FLOW FROM OPERATING ACTIVITIES

Net profit before tax & extraordinary item	- 36981
Adjustments for :-	
Expenditure written off	617
Depreciation	7302
Interest & other income	951
Prior period adjustments	689
Interest Expenses	30983
'Operating loss before working capital changes	- 1659
Decrease in Sundry debtors	1310
Decrease in inventories	362
Decrease in Sundry creditors	8049
Cash generated from operations	- 4718
Income tax paid	Nil
Cash flow before extraordinary item	- 4718
NET CASH FROM OPERATING ACTIVITIES	- 4718

B CASH FLOW FROM INVESTMENT ACTIVITIES

Purchase of fixed assets	1682
Decrease in CWIP	1189
Proceeds from sale of equipment	1154
Interest received	0
NET CASH FROM INVESTMENT ACTIVITIES	661

C CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from issuance of share capital	466
Proceeds from long term borrowings	83588
Repayment of long term borrowings	- 45019
Interest paid	- 32412



NET CASH USED IN FINANCING ACTIVITIES	6623
Net increases in cash & cash equivalents	2566
Cash & cash equivalents at beginning of period	3543
Cash & Cash equivalents at end of period	6109

signatures for schedules 1 to 15

[ R.K.SINHA ]  
DIRECTOR [F]

[ B.RAJARAM ]  
MANAGING DIRECTOR

[ B. SATYANARAYANA ]  
COMPANY SECRETARY

PLACE : NAVI MUMBAI  
DATE JULY, 17<sup>TH</sup> 2002

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**AUDITOR'S CERTIFICATE**

We have examined the attached Cash Flow Statement of Konkan Railway Corporation Limited. This statement has been prepared by the Company in accordance with the Listing requirement of the Listing agreement with various Stock Exchanges and is based on and derived from the audited accounts of the Company for the year ended 31<sup>st</sup> March 2002.

PLACE: NAVI MUMBAI  
DATE : 17<sup>th</sup> July,2002

FOR KIRTANE & PANDIT  
Chartered Accountants

Ashutosh C. Date.  
Partner



## AUDITOR'S REPORT

The Members,

Konkan Railway Corporation Limited.

We have audited the attached Balance Sheet of Konkan Railway Corporation Limited as at 31<sup>st</sup> March 2002 and the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 give in the Annexure, a statement on the matters, specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph (1) 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 accounts as required by law have been kept by the Company so far as appears from our examination of such books.
  - c) the Balance sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
  - d) so far as appears from our scrutiny of books of accounts and other records, we are of the opinion that the company has complied with the relevant and applicable Accounting Standards referred to in the subsection 3(C) of Section 211 of the Companies Act 1956 except –
    - i) certain items referred to in note nos. 3, 9(II)(b) & 10(c) are accounted for on cash basis
    - ii) Accounting Standard 19 (AS-19) on "Leases" relating to disclosure requirement prescribed under the standard for "Lessor" in respect of "Optic Fibre Cable" given on lease by the Company.
  - e) on the basis of the written representations received from the directors as on 31<sup>st</sup> March 2002 and taken on record by the Board of Directors, we report that none of the directors is



disqualified as on 31<sup>st</sup> March 2002 from being appointed as the director in terms of clause (g) of subsection (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. During the year Company has changed its policy of not amortising the lease hold land and has adopted a policy to amortise the said land over the lease period of the land. Consequently an amount of Rs. 61.67 lacs has been amortised in the current year. As a result of such a change in accounting policy the net loss for the current year is higher by Rs. 61.67 lacs and accumulated losses as at the end of the year are also higher by an equivalent amount. [Refer Note No. 4(h)]
- ii) Land cost is subject to reconciliation, arising out of outstanding statements to be received from SLAO pending final awards. [Refer Note No. 19 (a)]
- iii) Non-adjustment of advances Rs. 98.05 lacs to Land account [Refer Note No. 19(b)]
- d) Advances to the extent of Rs. 12.85 lacs are pending adjustment to final head as full reconciliation details are not available. No provision has been made in respect of this in the accounts, consequently the loss for the current year is lower by Rs. 12.85 lacs and accumulated losses as at the end of the year are also lower by an equivalent amount and loans and advances are stated higher by an equivalent amount. (Refer note No. 20)
- e) Advances recoverable in cash or kind includes an amount of Rs. 38.11 Lacs towards advance payments for Steel the amounts are pending for more than 3 year and are under reconciliation. We are unable to comment on the ultimate recoverability of this amount. (Refer note No.29)
- f) i) 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 No. 21 (b)]
- ii) Stores in transit to the extent of Rs. 10.24 lacs is pending adjustment for more than 3 years. No provision has been made in respect of this in the accounts, consequently the loss for the current year is lower by Rs. 10.24 lacs and accumulated losses as at the end of the year are also lower by an equivalent amount and inventories are stated higher by an equivalent amount [Refer note No. 22 (b)]
- g) Sundry balances in debit and credit accounts of contractors, Government authorities, Company's suppliers and others are subject to confirmation / reconciliation. "Advances



recoverable from contractors and others" include an amount of Rs. 3.83 crores 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. Though the management is confident of recovery of the same, however the ultimate recoverability of this amount is doubtful as M/s. Punwire Communications Ltd is under liquidation. No provision is made in respect of this receivable amount, consequently the loss for the current year is lower by Rs. 3.83 crores and accumulated losses as at the end of the year are also lower by an equivalent amount and loans and advances are stated higher by an equivalent amount (Refer note no.33)

- h) Loans and advances includes Rs. 8.18 crores recoverable from contractors and others, out of which recovery of advances amounting to Rs. 91 lacs are doubtful, however the Corporation has made a provision of Rs. 20 lacs only against such doubtful advances, consequently the loss for the current year is lower by Rs. 71 lacs and accumulated losses as at the end of the year are also lower by an equivalent amount and loans and advances are stated higher by an equivalent amount

In our opinion and 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 in 3(a) to (h) above, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2002; and
- ii. in the case of the Profit & Loss Account, of the loss for the financial year ended on that date.

For Kirtane & Pandit  
Chartered Accountants

Ashutosh C. Date  
Partner

Place : Navi Mumbai

Date : July 17, 2002





Annexure referred to in Paragraph 1 of the Auditors Report on the Accounts of Konkan Railway Corporation Limited for the year ended 31<sup>st</sup> March 2002

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 with in 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 and 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 site were not physically verified during the year. We have been given to understand that the 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. 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 explanations 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 explanations given to us, the Company has not granted any loans secured or unsecured to companies, firms or other parties listed in the registers maintained U/S 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 employees, 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. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchases of stores, services, construction materials, equipment, other assets and sale of services.

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. As explained to us, there are adequate procedures for determination of unserviceable or damaged material and reasonable 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 Company has an internal audit system commensurate with its size and the nature of business.
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 the 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, except an amount of Rs. 54,728/- towards sales tax, there were no undisputed amounts payable in respect of Income Tax, Customs Duty on 31st March, 2002 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 and 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.

For Kirtane & Pandit  
Chartered Accountants  
Ashutosh C. Date  
Partner

Place : Navi Mumbai  
Date : July 17, 2002



Comments of the Comptroller & Auditor General of India under Section 619 (4) of Companies Act 1956 on the Accounts of Konkan Railway Corporation Ltd (KRCL) for the year ended 31 <sup>st</sup> March 2002.	Management' s Remarks
<p>The Annual Accounts of the Company (Schedule 12 &amp; 15) had been revised as a result of acceptance of a few observations made by the Comptroller and Auditor General of India. The following further comments have been made on the revised Annual Accounts of the Company:</p> <p>A-Revision of Accounts: The fact of the revision of Accounts has neither been disclosed in the notes on accounts forming part of the revised Accounts of the Company nor reported by Statutory Auditor by way of revised Auditors Report.</p>	<p>Not acceptable. The reclassification of expenditure disclosed in Schedule 12 and rewording of notes forming part of account under Schedule 15 are made in order to fulfil the requirements of Part II of Schedule VI of the Companies Act, 1956.</p> <p>It is not mandatory to disclose such a revision either under the law, or accounting standards. Since the reclassification does not have any financial impact and only provides additional information, it was not considered necessary to disclose the same by way of notes as suggested by Audit. Moreover, the changes made in the Schedule 12 &amp; 15 have been approved by the BOD by circulation and authenticated by the Statutory Audit also.</p>
<p>B- Balance Sheet :</p> <p>Application of Funds Schedule 7 – Fixed Assets Gross Book – Rs. 3519.18 crore The fixed assets having gross value of Rs.3.80 crore has been completely written off and losses accounted for without ascertaining the realizable value. This is inconsistent with accounting policy N.9 II-(d).</p>	<p>Determination of residual value of these assets retired from active use and held for disposal is not possible due to the fact that similar assets, that have reached the end of the useful lives and have operated under conditions similar to those in which the assets will be used, are not at all available for comparison. Accordingly, the Corporation has not assigned any realizable value in accordance with principles of prudence and conservatism.</p> <p>Accounting policies 9-II(d) refers to recognition of Profit/loss on sale of assets at the time of delivery to the buyer is not applicable in the instant case due to the fact that the scrapped assets are yet to be disposed off by sale.</p>



C-General:	Not accepted. The expenditure relates to international tendering (Rs.59 lakhs), marketing of new technology (Rs.26 lakhs), and fee for processing of patents (Rs. 3.00 lakhs).
(i) Rs. 0.88 crore being the amount of expenditure incurred on Business Development has been charged to Revenue. The same should have been treated as deferred revenue expenditure.	The allocation of the cost of such activities to accounting period is determined by their relationship to the expected future benefits to be derived from these activities. In the instance case where the international tender has not resulted in a contract, and other products are under evaluation by prospective clients, a relationship with future benefits can not be established. Therefore it is proper to charge the expenditure in the period in which they are incurred.
(ii) Profit on sale of Assets is overstated by the amount of forex fluctuation, not allocated to the assets sold. This is inconsistent with Accounting standard 11. The amount could not be quantified in audit.	Not acceptable. The accounting standard on "changes in Foreign Exchange Rates" provides that the exchange difference arising on repayment of liabilities incurred for the purpose of acquiring fixed assets which are carried in terms of historical cost, should be adjusted in the carrying amount of the respective fixed asset as on the Balance Sheet date. Since, the Corporation have disposed some of the fixed assets during the year, no exchange difference can be charged on those assets which are not physically available on the Balance Sheet date.
(iii) Schedule 15- Accounting Policies and Notes forming part of accounts. Item 45- Balance Sheet Abstract and Company's General Business Profile as per Schedule VI Part (iv) of the Companies Act 1956.  The Company has not inserted the correct figures in respect of Paragraph I and IV of the General Business Profile of the Company.	Accepted. However, these are only derived figures and do not requires revision of accounts. Necessary corrections will be carried out and the same will be placed before Audit Committee and Board of Directors prior to AGM.



REVIEW OF ACCOUNTS ON KONKAN RAILWAY CORPORATION LTD.  
FOR THE YEAR ENDED 31ST MARCH 2002  
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.

	(Rs. in Lakh) 1999-00	(Rs. in Lakh) 2000-01	(Rs. in Lakh) 2001-02
<b>LIABILITIES</b>			
a) Paidup Capital			
i) Government	77280.02	77577.00	78367.52
(Application money)	---	325.00	
ii) Others	---	---	
b) Reserves & Surplus			
i) Free Reserves & Surplus	---	---	
ii) Share premium account	966.98	1521.87	1521.87
iii) Capital Reserves	---	---	
c) Borrowings			
i) From Govt. of India	31000.00	63400.00	137819.00
ii) From Financial Institutions	261999.76	307642.64	267054.16
iii) Foreign Currency Loans	50859.03	496.15	261.37
iv) Cash Credit	7.54	752.17	0.17
v) Others	---	---	---
vi) Interest accrued and due	242.83	---	---
d) (i) current liabilities and Provisions	20860.85	25844.74	23548.34
(ii) Provision for Gratuity	---	---	
e) Deferred tax liabilities			
<b>TOTAL</b>	<b>443217.01</b>	<b>477559.57</b>	<b>508572.43</b>
<b>ASSETS</b>			
f) Gross block	344916.89	350384.20	351917.71
g) less: Depreciation	14937.78	22038.42	28724.20
h) Net Block	329979.11	328345.78	323193.51
i) Capital work in progress	1066.22	1236.19	46.55
j) Investments	---	---	---
k) Current assets, Loans and advances	16977.91	15095.83	16001.57
l) Deferred tax assets			
m) Misc-expenditure not written off	3109.88	2635.54	2103.87
n) Accumulated loss	92083.88	130246.23	167226.93
<b>TOTAL</b>	<b>4430217.01</b>	<b>477559.57</b>	<b>508572.43</b>
o) Working Capital (k-d (i)-c (vi))	(-)4125.77	(-)10748.91	(-)7546.77
p) Capital Employed (h+o)	325853.34	317596.87	315646.74
q) Net Worth (a+b(i)+b(ii)-m-n)	(-)16946.76	(-)53457.90	(-)89441.41
r) Net Worth per Rupee of paid up capital in Rs.	(-)0.2193	(-)0.6862	(-)1.1413



2 :- WORKING RESULTS			
PARITICULARS	(Rs. in Lakh) 1999-00	(Rs. in Lakh) 2000-01	(Rs. in Lakh) 2001-02
(i) Traffic Earnings	11812.88	15253.76	17891.60
(ii) Less Excise Duty	---	---	---
(iii) Net Traffic Earnings	11812.88	15253.76	17891.60
(iv) Other or Misc. Income	1208.93	1589.71	950.52
(v) Profit/Loss before tax and prior period adjustments	(-)38271.10	(-)38004.42	(-)36291.38
(vi) Prior period adjustments	(-)198.48	(-)157.92	(-)689.32
(vii) Profit/Loss before tax	(-)38469.58	(-)38162.34	(-)36980.70
(viii) Tax provisions	---	---	---
(ix) Profit/Loss after tax	(-)38469.58	(-)38162.34	(-)36980.70
(x) Proposed Dividend	---	---	---
(xi) Accumulated Loss	92083.88	130246.23	167226.93
(xii) Percentage of accumulated loss to paid up capital	119.16	167.19	213.39

Paid up Capital of 783.67 crore has been fully eroded by the accumulated loss of Rs. 1672.27 crore

### 3 . Ratio Analysis

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

	(in percentage)		
	1999-2000	2000-01	2001-02
A. Liquidity Ratio	0.804	0.584	0.680
Current Ratio (current assets to current liabilities & provisions and interest accrued and due but excluding provisions for Gratuity) $(k/(d(i) + c(vi)))$			
B. Debt Equity Ratio	4.42	4.71	5.17
Long term debt equity $(c(i) \text{ to } v \text{ but excluding short term loans}/a)$			
C. Profitability Ratios			
a) Profit before tax to	---	---	---
i) Capital employed	---	---	---
ii) Net worth	---	---	---
iii) Sales	---	---	---
b) Profit after tax to equity	NA	NA	NA
c) Earning per share (in Rupees)	NA	NA	NA

(Mala Sinha)

Pr. Director of Audit,  
Central Railway, Mumbai CST



### MISSION

Konkan Railway shall evolve into economic, eco-friendly & cost effective catalyst for growth & prosperity in the Konkan region.

### MODE

#### ❖ Konkan Railway cares & Provides

#### ❖ For people

safety	comfort
Punctuality	amenities services

#### ❖ For goods

on time loading	in time delivery
instant compensation	intact transit
value added logistic support	

#### ❖ Konkan Railway adds value to the society

integrity & self-discipline	austerity & economy
polite & confident	skilled & trained
true public servants	

#### \* Konkan Railway Technology

cutting edge for this millennium  
eco-friendly & promotes sustainable growth  
less-maintenance or maintenance free  
fault - tolerant and open to growth for future needs.  
reliable, available and enabling

### MILESTONE

Konkan Railway will generate Rs. 500 crores surpluses annually from the year 2005 to redeem all public debt successfully.

### SALENT FEATURES OF KONKAN RAILWAY

Gauge	: Board Gauge (1676 mm.)
Length	: 760 km.
Ruling Gradient	: 1:150 (Compensated)
Number of Stations	: 58
Number of Major Bridges	: 174 (with a total linear waterway of 19.823 km.)
ROB, RUB & FOB	: 300
Number of Minor Bridges	: 1679 (with total linear waterway of 5.113 km.)
Number of Tunnels	: 91 (Total length 84.496 km.)
Longest Tunnel	: 6.5 km. (Karbude tunnel)
Longest Bridge	: 2.065 km. (On Sharavati River)
Tallest Viaduct	: 64 meters in height (Panvel River)
Track Structure	: Rails 52 kg. (90 U.T.S.) LWR laid on monobloc PSC sleepers @ 1540 per km.
Turnouts	: Thickweb Switches on PSC sleepers.
Number of Sleepers	: 12.87 lakhs Prestressed Concrete monoblock.
Total quality of earthwork	: 996 Lakh Cubic meter

### वचन बद्धता

कोंकण रेलवे कोंकण क्षेत्र का पर्यावरण संतुलन बनाये रखते हुए क्षेत्र के विकास एवं समृद्धि के लिए एक किफायती और प्रभावी प्रेरणा

### कार्य के मूलभूत सिद्धांत

#### ❖ कोंकण रेलवे जसगतापूर्ण संपूर्ण सेवा प्रदान करेगी

#### ❖ यात्रियों के लिए -

संरक्षा	समयपालन
आराम	सेवाएं
सुविधाएं	

#### ❖ माल के लिए -

समय पर लदान	समय पर सुपुर्दगी
सुरक्षित परिवहन	तुरंत क्षतिपूर्ति

मूल्यवर्धित संधार सहायता

#### ❖ कोंकण रेलवे परिवार अपने आचरण से समाज के इन का वर्धन करेगा

सत्यनिष्ठा एवं स्वयं-अनुशासन	सादागी एवं किफायत
सुशिष्टता एवं निर्भीकता	कुशलता एवं प्रशिक्षितता
जनता का सच्चा सेवक	

#### ❖ कोंकण रेलवे विशिष्ट प्रौद्योगिकी का प्रयोग करेगी ।

इस सहस्रक के लिए अद्यावत पर्यावरण संरक्षण और निरंतर वृद्धि को प्रोत्साहन अनुरक्षण की न्यूनतम आवश्यकता त्रुटियों के प्रति सहनशीलव भविष्य की आवश्यकताओं के लिए विश्वसनीय, सदा उपलब्ध और सामर्थ्यदायी

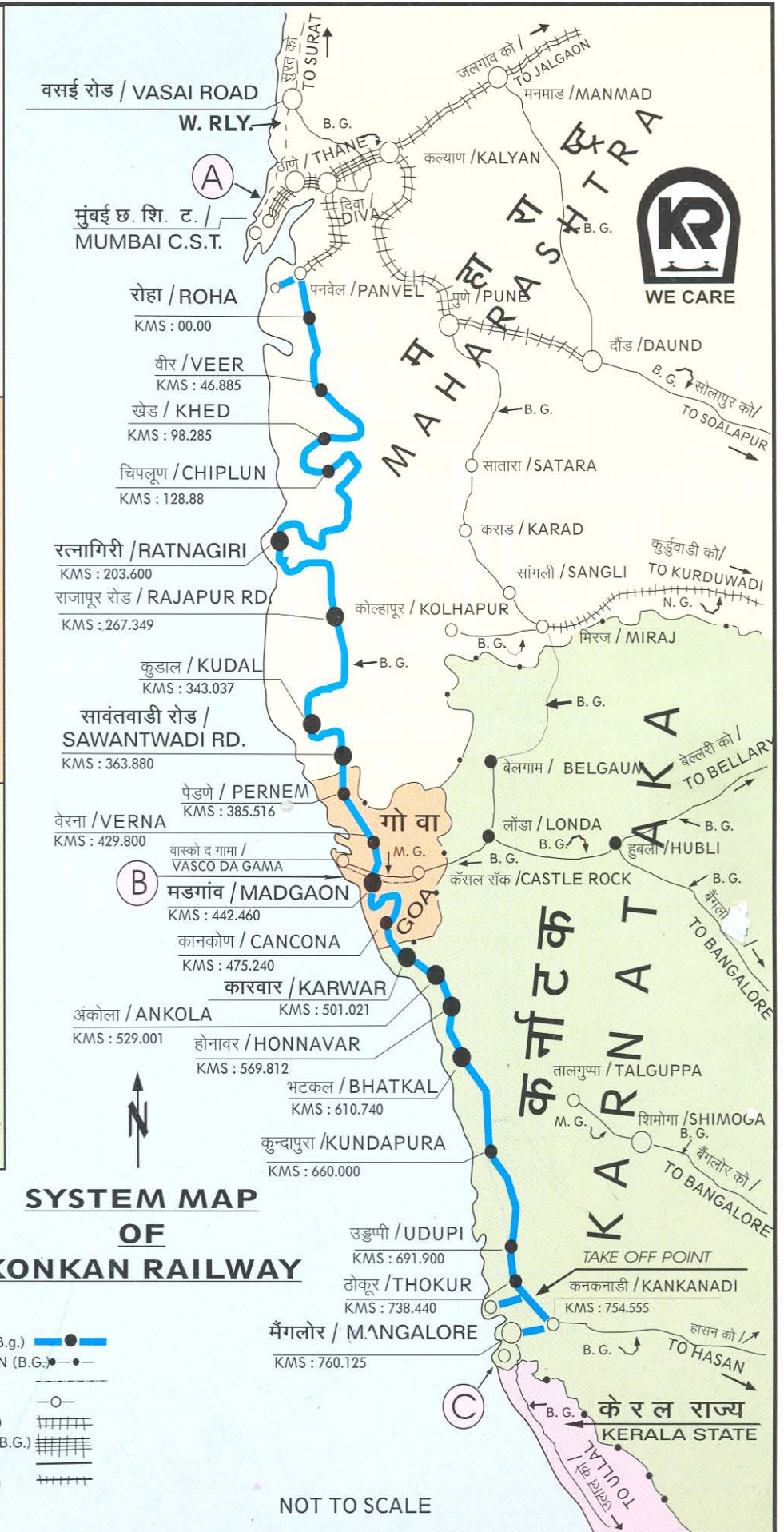
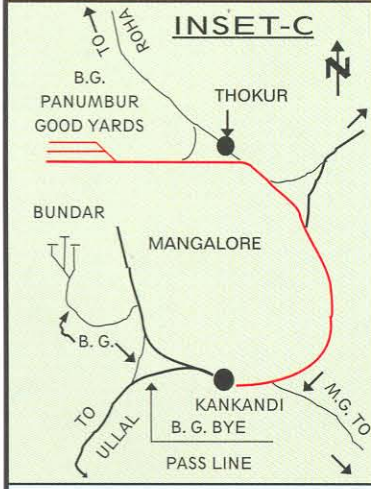
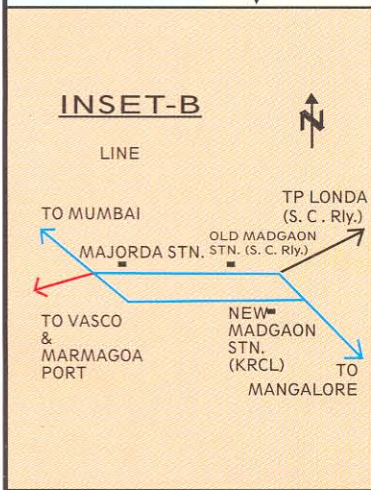
### प्रगति का महत्वपूर्ण मुकाम

वर्ष 2005 से कोंकण रेलवे वार्षिक रु. 500 करोड का अधिशेष ताकि सभी सार्वजनिक ऋण सफलतापूर्वक लौटाए जाए

### कोंकण रेलवे की प्रमुख विशेषताएं

आमान	: बड़ी लाइन (1676 मि. मि.)
लम्बाई	: 760 कि. मी.
नियंत्रक ढलान	: 1:150 (समकृत)
स्टेशनों की संख्या	: 58
बड़े पुलों की संख्या	: 174 (कुलरेखीय जलमार्ग 19.823 कि. मी.)
आरओबी, आरयूबी व एफओबी	: 300
छोटे पुलों की संख्या	: 1679 (कुलरेखीय जलमार्ग 5.113 कि. मी.)
सुरंगों की संख्या	: 91 (कुललम्बाई 84-496 कि. मी.)
सबसे लम्बी सुरंग	: 6-5 कि. मी. (करबुडे सुरंग)
सबसे लम्बा पुल	: 2-065 कि. मी. (शरावती नदी पर)
सबसे ऊंची भूमि सेतु	: 64 मी. ऊंचा (पानवलनदी पर)
रेलपथ मार्ग संरचना	: 52 कि. ग्राम (90 यू.टी.एस.)पटरि 1540 मोनो ब्लॉक पीएससी स्लीपर्स कि. मी. पर बिछायी गई लम्बी झलाईवाली रेलें.
टर्न आउटस्	: पी. एस. सी. स्लीपर्स पर थिकावेब स्विचेस
स्लीपरों की संख्या	: 12-87 लाख प्रीस्ट्रेस्ड कॉक्रिट मोनोब्लॉक
मिट्टी कार्य की कुलमात्रा	: 996 लाख घनमीटर





- KONKAN RAILWAY SINGLE LINE (B.g.)
- DOUBLING UNDER CONSTRUCTION (B.G.)
- M.G.CONVERSION INTO B. G.
- SINGLE LINE (B.G.)
  - DOUBLE LINE (B.G.)
  - QUADRUPLR LINE (B.G.)
  - SINGLE LINE (M.G.)
  - SINGLE LINE (N.G.)

NOT TO SCALE

