

कोंकण रेलवे कॉर्पोरेशन लिमिटेड KONKAN RAILWAY CORPORATION LTD.

Vision

To become a world class surface transport company and infrastructure solution provider.

Mission

- To develop economical, safe, eco-friendly and cost effective railway transport infrastructure for growth and prosperity of the Nation in general and Konkan Region in particular.
- To promote and encourage best practices in the construction and maintenance thereof to achieve "Total Customer Satisfaction" while delivering innovative, cost effective and value added services keeping in view the safety aspects.
- To ensure growth and professional excellence by building intellectual capital and distinctive core competencies.
- Nurture innovative technologies like ACD and other railway related technologies to improve revenues & to enhance safety for Railways.
- To turn around and become a Mini-Ratna company in next three years.

Objectives

- Train Operations: -
To provide safe, punctual and comfortable transportation for passengers and freight for the section under the control of Corporation so as to maximize the net operating revenues, with optimum utilization of resources.
- Project division: -
To evolve Konkan Railway Technologies & building Intellectual Property to enhance efficiency and reliability of performance and to undertake challenging projects.

FINANCIAL SUMMARY FOR YEAR 2004-05 TO 2013-14

(₹ in Crore)

Sr. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Total Income (including other income)	289	630	669	787	787	766	924	1001	1136	1277
2.	Expenditure (incl. increase /decrease in stock)	217	499	510	555	600	520	697	758	978	1059
3.	Operating Margin	72	131	159	232	187	246	227	243	158	218
4.	Interest Expenses	304	303	321	305	190	166	140	134	133	121
5.	Depreciation	73	70	70	70	76	77	85	90	89	84
6.	Profit/(Loss) Before Prior Period Adj.and Tax	(305)	(242)	(232)	(143)	(79)	3	3	19	(64)	13
7.	Prior Period Adj./Exceptional item	1	(7)	0	2	1	(8)	1	1	172	0
8.	Profit/(Loss) after Prior Period Adj.	(304)	(235)	(232)	(145)	(80)	11	2	19	(236)	13
9.	Tax	0	0.65	0.78	0.80	0.42	0.01	0.03	0	0	0
10.	Profit/(Loss) After Tax (PAT)	(304)	(236)	(233)	(146)	(80)	11	2	19	(236)	13
11.	Gross Block	3615	3656	3687	3732	3792	3876	3929	4039	4087	4141
12.	Net Fixed Assets	3137	3148	3137	3121	3110	3100	3053	3049	3003	2984
13.	Inventories	61	16	13	11	16	14	24	19	27	35
14.	Current Assets	403	476	575	625	811	978	1191	1102	1043	1049
15.	Current Liabilities	367	441	584	513	604	685	889	836	1040	1413
16.	Current ratio	1.098	1.079	0.985	1.218	1.343	1.428	1.340	1.319	1.003	0.742
17.	Equity Share Capital (held by Govt.of India & State Govts.)	790	803	803	803	806	806	806	806	806	806
18.	Preference Share Capital (held by Govt.of India)	-	-	-	-	3474	3771	4080	4080	4080	4080
19.	Total Share Capital	790	803	803	803	4280	4577	4886	4886	4886	4886
20.	Accumulated Losses	2648	2883	3117	3262	3343	3330	3329	-	-	-
21.	Reserves & Surplus	6	-	-	-	-	-	-	(3310)	(3546)	(3533)
22.	Net Worth	(1859)	(2080)	(2314)	(2459)	937	1247	1557	1576	1340	1353
23.	Capital Employed	3184	3172	3112	3222	3307	3366	3355	3316	3007	2620
24.	Secured Loan	2711	2625	2498	2459	2369	2118	1798	1740	1667	1266
25.	Unsecured Loan (Ministry of Railways)	2332	2628	2928	3222	0	0	0	0	0	0
26.	Total Debt (Secured Loan + Unsecured Loan)	5043	5253	5426	5681	2369	2118	1798	1740	1667	1266
27.	PAT to Capital Employed	(0.095)	(0.074)	(0.075)	(0.045)	(0.024)	0.003	0.001	0.006	(0.078)	0.005
28.	Operating Margin to Capital Employed	0.023	0.041	0.051	0.072	0.057	0.073	0.068	0.073	0.053	0.083
29.	PAT to Share Capital	(0.384)	(0.293)	(0.290)	(0.182)	(0.100)	0.014	0.002	0.023	(0.292)	0.016
30.	Expenditure to Income Ratio	2.054	1.384	1.347	1.182	1.100	0.996	0.997	0.981	1.207	0.990
31.	Number of Employees	3722	4119	4160	4304	4308	4353	4656	4703	4785	4847
32.	Income per employee	0.078	0.153	0.161	0.183	0.183	0.176	0.199	0.213	0.237	0.264
33.	Debt Equity ratio including losses	(2.722)	(2.525)	(2.345)	(2.310)	2.528	1.698	1.155	1.104	1.244	0.936
34.	Debt Equity ratio excluding losses	6.384	6.542	6.757	7.075	0.554	0.463	0.368	0.356	0.341	0.259

Notes:-

- As per revised schedule VI, w.e.f. 2011-12 onwards, 'Accumulated losses' is disclosed under 'Reserves & Surplus'
- As per revised schedule VI, w.e.f. 2011-12 onwards, 'Prior Period Adjustments' is included in 'Other Expenses' Instead of being shown separately.

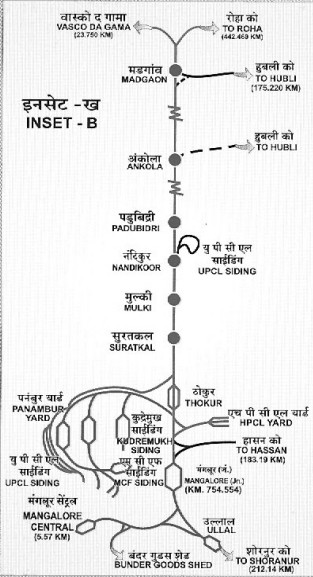
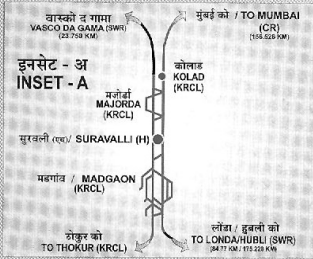


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कोंकण रेलवे का मानचित्र KONKAN RAILWAY System Map

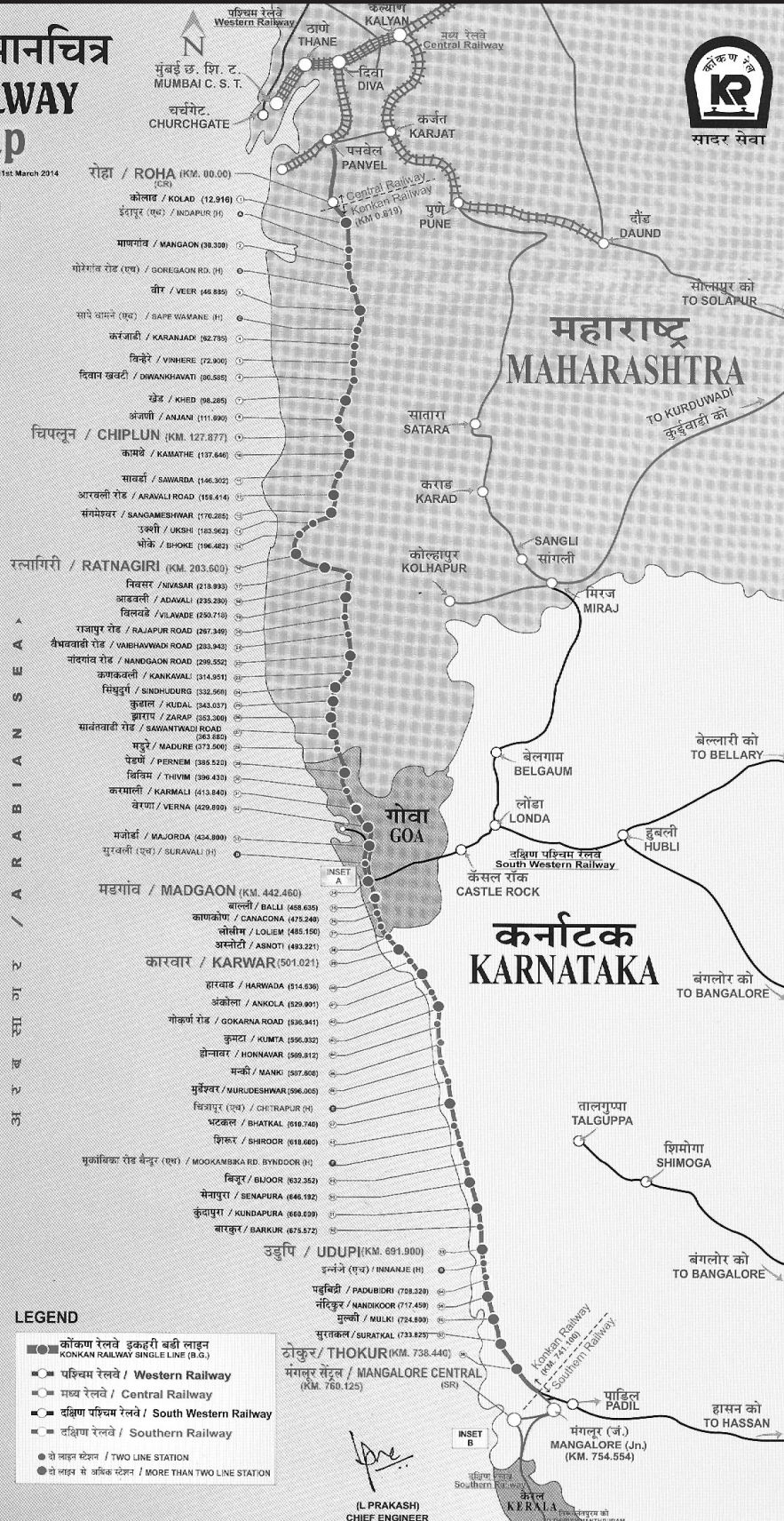
31 मार्च 2014 तक संशोधित किया गया है। / Corrected upto 31st March 2014



हॉल्ट (एच) स्टेशन / HALT (H) STATIONS

● इंदरपुर / INDAPUR	- KM. 23.860
● गोरगांव रोड / GOREGAON ROAD	- KM. 40.785
● सापे वामने / SAPE WAMANE	- KM. 55.000
● सुरवली / SURAVALI	- KM. 437.800
● चित्रापूर / CHITRAPUR	- KM. 604.580
● मुकांबिका रोड बंदर (एच) / MOKAMBIKA RD. BYNDOOR (H)	- KM. 626.475
● इन्नंजे (एच) / INNANJE (H)	- KM. 701.250

मानक अनुसार नहीं / NOT TO SCALE
KR/CO/SM/01/2014



(L PRAKASHI)
CHIEF ENGINEER

BOARD OF DIRECTORS

FUNCTIONAL DIRECTORS:

1. Chairman and Managing Director : Shri Bhanu Prakash Tayal
2. Director (Finance) : Shri Amitabh Banerjee
3. Director (Operations & Commercial) : Shri Sanjay Gupta
4. Director (Way & Works) : Vacant

GOVERNMENT DIRECTORS:

RAILWAY BOARD:

1. Shri Alok Ranjan : Advisor, (Land and Amenities)
2. Shri Ram Chandra Rai : Executive Director (F/ PPP)

STATE GOVERNMENTS:

	Director	Alternate Director
1. Maharashtra	Shri Swadheen Kshatriya Chief Secretary	Dr. S. K. Sharma Principal Secretary (Transport, Excise & Ports)
2. Karnataka	Smt. Vandita Sharma Principal Secretary (IDD)	Smt. Vandana Gurnani Resident Commissioner
3. Goa	Shri B. Vijayan Chief Secretary	Shri Parimal Rai Principal Secretary (Transport)
4. Kerala	Shri E. K. Bharat Bhushan Chief Secretary	Dr. V. M. Gopala Menon Principal Secretary (Transport)

NON-OFFICIAL DIRECTORS:

1. Shri Ravindra Nath Verma
2. Shri Mulkh Raj Pasrija
3. Shri Chintaman Mahadeo Dixit
4. Lt.Gen. (Retd.) Arvind Mahajan

SHRI B. SATYANARAYANA: Company Secretary

M/s Pathak H.D. & Associates
Statutory Auditors

C & A. G. AUDITORS
Principal Director
Indian Audit and Accounts Department
Office of the Principal Director of Audit
Central Railway, 4th Floor, New Administrative Building,
D.N. Road, Mumbai – 400 001.

Registered & Corporate Office:

Belapur Bhavan, Plot No. 6, Sector 11, CBD Belapur, Navi Mumbai – 400 614.

ई-मेल (E-mail): general@konkanrailway.gov.in कॉर्पोरेट पहचान संख्या (Corporate Identity Number): U35201MH1990GOI223738

पूर्वकीत एवं प्रदत्त शेयर पूंजी Subscribed & Paid-up Share Capital : ₹ 4885.9662 Crore Website : www.konkanrailway.com

Tel.: 022 27572015 - 18 ; Fax : 022 27572420

NOTICE OF THE TWENTY FOURTH ANNUAL GENERAL MEETING

Notice is hereby given that the 24th Annual General Meeting of the members of Konkan Railway Corporation Limited will be held on Monday 29th September, 2014 at 14.30 hrs. at Konkan Railway Corporation Ltd., Board Room, Third Floor, Sector-11, CBD Belapur, Navi Mumbai-400614 to transact the following business:

ORDINARY BUSINESS:

ITEM NO.1 ADOPTION OF FINANCIAL STATEMENTS

To receive, consider and adopt the audited Financial Statements of the Company for the year ended March 31, 2014, the reports of the Board of Directors and Auditors thereon .

ITEM NO.2 FIXATION OF REMUNERATION TO STATUTORY AUDITORS

To fix the remuneration to the Statutory Auditors appointed by the Comptroller & Auditor General of India for the year 2014-15.

SPECIAL BUSINESS:

ITEM NO.3 ISSUE AND REDEMPTION OF BONDS DURING THE YEAR 2014-15

To consider and if thought fit, to pass with or without modification(s) the following resolutions as Special Resolutions:

- (i) "RESOLVED THAT pursuant to Sections 42,71 and 180 of the Companies Act, 2013, and Rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and any other applicable statutory provisions (including any statutory modification or re-enactments thereof) the Board of Directors of the Company (the "Board") be and are hereby authorized to make offer (s) or invitations (s) to subscribe to the secured/unsecured, redeemable, non-convertible, bonds/ debentures/ debt securities ("Bonds") through private placement offer letter(s) prepared in conformity with (a) Form PAS-4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, (b) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations issued from time to time and other applicable provisions in this regard, during a period of one year from the date of passing of this Resolution within the overall borrowing limits of the Company, as approved by the Members, from time to time."
- (ii) RESOLVED FURTHER THAT the Board be and is hereby authorized to issue redeemable, non-convertible, taxable bonds, in one or more tranches, of value aggregating up to ₹ 900 Crore of tenure not exceeding 10 years up to a date of all such bonds taken together with secured/unsecured, loans/borrowings, commercial papers, guarantees shall not exceed the borrowing powers approved by the shareholders of the Company under section 180 of the Companies Act, 2013."
- (iii) RESOLVED FURTHER THAT the Board of Directors of the Company or any duly constituted Committee of the Board or such other authority as approved by the Board be and are hereby authorized to do, from time to time, all such acts, deeds and things as may be deemed necessary in respect of issue of Bonds including but not limited to number of issues/tranches, face value, issue price, issue size, tenor, timing, security, coupon/interest rate(s), yield, listing, allotment, dematerialization and other terms and conditions of issue of Bonds, including delegation from time to time by the Board, as they may, in their absolute discretion, deem necessary."

ITEM NO 4 BORROWING LIMITS OF THE COMPANY

To consider and if thought fit, to pass with or without modification(s) the following resolutions as Special Resolution:

“RESOLVED THAT in supersession of the Resolution passed under Section 293(1)(d) of the Companies Act, 1956 at the Extra-Ordinary General Meeting of the Company held on 16/02/2009 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the Shareholders be and are hereby accorded to the Board of Directors of the Company 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 ₹ 3200 crore (Rupees three thousand two hundred crore only) or 4 times of the paid-up Equity Share Capital, whichever is less, irrespective of the fact that such aggregate amount of borrowings outstanding at any time may exceed the aggregate of the paid up capital of the Company and its free reserves.”

ITEM NO.5: CREATION OF MORTGAGE AND/OR CHARGE OVER THE MOVABLE AND IMMOVABLE PROPERTIES OF THE COMPANY

To consider and if thought fit, to pass with or without modification(s) the following resolutions as Special Resolutions

- (i) “RESOLVED THAT in supersession of the resolution passed under Section 293(1)(a) of the Companies Act, 1956, at the 15th Annual General Meeting of the Company held on 27/09/2005 and pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the Shareholders be and is hereby accorded 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.
- (ii) RESOLVED FURTHER THAT the Board be and is hereby authorized and it shall always be deemed to have been so authorized to finalize and execute with the Lenders the requisite agreement, documents, deeds and writings for borrowing and/ or creating the aforesaid mortgage(s) and/ or charge(s) and to do all such other acts, deeds and things as may be necessary to give effect to the above resolutions.”
- (iii) “RESOLVED FURTHER THAT the Board of Directors of the Company or any duly constituted Committee of the Board or such other authority as approved by the Board be and are hereby authorized to do, from time to time, all such acts, deeds and things as may be deemed necessary in respect of issue of Bonds .

ITEM NO.6 AMENDMENT TO THE ARTICLES OF ASSOCIATION

To consider and if thought fit, to pass with or without modification(s) the following resolutions as Special Resolutions :

- A) “RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification (s) or re-enactment thereof, for the time being in force) the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company”.
- B) a) “RESOLVED subject to the approval of the President of India and pursuant to the provisions of Section 14(1) of the Companies Act, 2013, the existing Article 65(1) of the Articles of Association of the Company be and is hereby deleted and in its place the following article is to be substituted thereof:
Article 65 (1) The President shall have power to appoint:
 - (a) Chairman and Managing Director and other full-time Directors;
 - (b) The Directors representing the Government of India;

- (c) Non-official Directors in consultation with the Chairman and Managing Director
- (d) At least one woman director in consultation with the Chairman and Managing Director.

- b) “RESOLVED subject to the approval of the President of India and pursuant to the provisions of Section 14(1) of the Companies Act, 2013, the existing Article 66(1) of the Articles of Association of the Company be and is hereby deleted and in its place the following article is to be substituted thereof:

Article 66 – (1)

The Governor of each State shall have the right to nominate an official not below the rank of Secretary of the respective State Government equivalent to Joint Secretary to the Government of India on the Board of Directors of the Company and an alternate Director for such director during his absence for a period of not less than three months from India. The Directors and alternate Directors so nominated shall be non-executive Directors.

C) Appointment of Directors:

“RESOLVED subject to the approval of the President of India and pursuant to the provisions of Section 14(1) of the Companies Act, 2013, the Articles of Association of the Company be altered by inserting immediately after article 67 the following article numbered 67A to the Articles of Association of the Company as proposed hereunder :

ARTICLE 67A

Subject to section 161 (3) of the Companies Act, 2013, the Board may appoint any person as a director nominated by any institution in pursuance of the provisions of any law for the time being in force or of any agreement or by the Central Government or the State Government by virtue of its shareholding in a Government company.

D) Retirement of Directors:

“RESOLVED subject to the approval of the President of India and pursuant to the provisions of Section 14(1) of the Companies Act, 2013, the Articles of Association of the Company be altered by inserting immediately after article 67A the following article numbered 67B to the Articles of Association of the Company as proposed hereunder:

ARTICLE 67B

- (a) Two-thirds (any fraction to be rounded off to the next number) Directors of the Company shall be persons, whose period of office shall be liable to determination by retirement by rotation and save as otherwise expressly provided in the Act, be appointed by the Company in General Meeting. Independent Directors shall not be liable to retire by rotation.
- (b) At every Annual General Meeting of a public company one-third of such of the Directors for the time being are liable to retire by rotation, or if their number is neither three nor a multiple of three, then, the number nearest to one-third, shall retire from office.
- (c) The Directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons, who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot.
- (d) At the Annual General Meeting at which a director retires as aforesaid, the company may fill up the vacancy by appointing the retiring director or some other person thereto.

{Explanation: — “total number of Directors” shall not include independent Directors, whether appointed

under the Companies Act, 2013 or any other law for the time being in force, on the Board of a company.}

- (e) (I) If the vacancy of the retiring director is not so filled-up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a holiday, at the same time and place.
- (II) If at the adjourned meeting also, the vacancy of the retiring director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring director shall be deemed to have been re-appointed at the adjourned meeting, unless—
- (i) at that meeting or at the previous meeting a resolution for the re-appointment of such director has been put to the meeting and lost;
 - (ii) the retiring director has, by a notice in writing addressed to the company or its Board of Directors, expressed his unwillingness to be so re-appointed;
 - (iii) he is not qualified or is disqualified for appointment;
 - (iv) a resolution, whether special or ordinary, is required for his appointment or re-appointment by virtue of any provisions of this Act; or
 - (v) section 162 is applicable to the case.

{Explanation:—The expression “retiring director” means a director retiring by rotation.}

- E) “RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution and delegating all or any of the powers conferred herein to any Committee of Directors or Officers of the Company.”

ITEM NO 7 APPOINTMENT OF SHRI MULKH RAJ PASRIJA (DIN: 00447645) AS AN INDEPENDENT DIRECTOR

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under(including any statutory modification(s) or re-enactment thereof for the time being in force) Shri Mulkh Raj Pasrija (DIN:00447645), Independent Director of the Company and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for a term up to 27/06/2015”.

ITEM NO 8 APPOINTMENT OF SHRI RAVINDRA NATH VERMA (DIN: 00232763) AS AN INDEPENDENT DIRECTOR

To consider and if thought fit, to pass with or without modification(s) the following resolutions as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under(including any statutory modification(s) or re-enactment thereof for the time being in force) Shri R.N.Verma (DIN: 00232763), Independent Director of the Company and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for a term up to 27/06/2015”.

ITEM NO 9 APPOINTMENT OF SHRI DIXIT CHINTAMAN MAHADEO (DIN:00524318) AS AN INDEPENDENT DIRECTOR

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution :

“RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Dixit Chintaman Mahadeo (DIN: 00524318), Independent Director of the Company and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for a term up to 27/06/2015”.

ITEM NO 10 APPOINTMENT OF LT. GEN. (RETD.) ARVIND MAHAJAN (DIN: 02410540) AS AN INDEPENDENT DIRECTOR

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution :

“RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Lt. Gen. (Retd.) Arvind Mahajan (DIN:02410540), Independent Director of the Company and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for a term up to 19/12/2016”.

Yours faithfully,
By the Order of the Board of Directors,
For Konkan Railway Corporation Ltd.

PLACE: CBD BELAPUR
Date: 01/08/2014

sd/-
B. SATYANARAYANA
Company Secretary

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend and vote instead of himself/herself. Such a proxy/ proxies need not be a member of the company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting.
2. Record date for closure of Register of Members and Share Transfer Books of the Company will be 15th September, 2014.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
4. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

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

The following Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") sets out all material facts relating to the business mentioned at Item Nos. 3 to 10 of the accompanying Notice dated 1/08/2014.

ITEM Nos. 3 to 5:

1. At the Extra-ordinary General Meeting of the Company held on 16/02/2009 the Members had, by way of Ordinary Resolution and in pursuance of the provisions of Section 293(1) (d) of the Companies Act, 1956, approved of:

borrowing monies on behalf of the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital of the Company and its free reserves, subject to the total outstanding amount so borrowed not exceeding a sum of ₹3200 crore or 4 times of the paid-up Equity Share Capital, whichever is less at any point of time;
2. At 15th Annual General Meeting of the Company held on 27/09/2005 the Members had, by way of Ordinary Resolution and in pursuance of the provisions of Section 293(1) (a) of the Companies Act, 1956, approved of:

creation of a mortgage or charge for the said borrowings, as security by way of mortgage / hypothecation on the Company's assets in favour of lending agencies and trustees for the amounts borrowed i.e. up to ₹ 3200 crore or 4 times of the paid-up Equity Share Capital, whichever is less at any point of time, including interest, charges, etc. payable thereon, as the documents for the said purpose could contain the power to take over the management of the Company, in certain events.
3. Under Section 180 of the new Companies Act, 2013 the above powers of the Board are required to be exercised only with the consent of the company by a Special Resolution.
4. The Ministry of Corporate Affairs ("MCA") has vide its General Circular No 4/2014 dated March 25, 2014 clarified that the Ordinary Resolutions passed under Sections 293(1)(a) and 293(1)(d) of the Companies Act, 1956 would be sufficient compliance of Section 180 of the Act until September 11, 2014.
5. Ministry of Corporate Affairs issued fresh notification no.1/21/2013-CL-V dated 30th June, 2014 stating that the Special Resolution could be passed within a period of six months from the date of commencement of "The Companies (Prospectus and allotment of Securities) Rules, 2014" for issuing Bonds on Private Placement basis.
6. As per Section 42 of the Act read with the Rules framed there under, a company offering or making an invitation to subscribe to Non-Convertible Bonds on a private placement basis, is required to obtain the approval of the Shareholders by way of a Special Resolution. Such an approval by way of special resolution can be obtained once a year for all the offers and invitations made for such bonds during the year. Bonds, including Commercial Papers, issued on private placement basis are a significant source of borrowings for the Company. The borrowings of the Company (bonds) presently aggregate approximately ₹ 1506.20 crore as on 1st August, 2014.
7. The Corporation has already mobilized ₹ 400 Crore through issue of bonds on private placement. The Corporation will mobilize ₹ 500 Crore through issue of bonds on private placement on receipt of 'letter of comfort' from Ministry of Railways.
8. The approval of the Members is also being sought by way of a Special Resolutions under Sections 42 and 71 of the Act read with the Rules made there under, to enable the Company to offer or invite subscriptions for Bonds on a

private placement basis, in one or more tranches, during the period of one year from the date of passing of the Resolution at Item No.3 within the overall borrowing limits of the Company, as approved by the Members from time to time.

9. The approval of the members is being sought for approval of the action taken/being taken by the Board of Directors in mobilizing funds through issue of bonds on private placement for an amount of ₹ 900 Cr. subject to the approval of the members by way of special resolution within a period of six months from the date of commencement of "The Companies (Prospectus and allotment of Securities) Rules, 2014".
10. The approval of the Members is being sought for the said borrowings and creation of a mortgage or charge for the said borrowing, by way of a Special Resolutions, pursuant to Section 180(1)(c) and 180(1)(a) of the companies Act 2013 respectively.
11. None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the passing of the Resolutions at Item Nos. 3 to 5.

ITEM NO. 6

1. The Articles of Association of the Company as presently in force since incorporation in 1990. The existing Articles of Association are based on the Companies Act, 1956 and several regulations in the existing Articles of Association contain references to specific section of the Companies Act, 1956 and some regulations in the existing Articles of Association are no longer in conformity with the Companies Act, 2013. The Act is now largely in force.
2. Ministry of Corporate Affairs (MCA) has so far notified 282 Sections and 7 Schedules of the Companies Act, 2013 ('the New Act') to replace the corresponding Sections/Schedules of the Companies Act, 1956 ('the Old Act'). Out of 282 Sections, 98 Sections came into effect from September 12, 2013 and 184 Sections came into effect from April 01, 2014 (barring those provisions which require sanction /confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter alia, relating to Investor Education and protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Act, which deal with the general working of companies stand notified.
3. With the coming into force of the Act, several regulations of the existing Articles of Association of the Company require alteration or deletions in several Articles. Given this position, it is considered expedient to wholly replace the existing Articles of Association by a new set of Articles.
4. A new Articles of Association to be substituted in place of the existing Articles of Association are based on Table 'F' of the Act sets out the model Articles of Association for a company limited by shares.
5. Pursuant to the provisions of Section 14 of the new Companies Act, 2013, amendment of Articles of Association would require approval of shareholders by way of special resolution. Accordingly, this matter has been placed before the shareholders for approval.
6. The existing Articles of Association of the Company along with the Articles of Association incorporating therein the proposed alterations are available for inspection to all the members of the Company at the Registered Office of the

Company during business hours on all week days. Copies also enclosed for perusal by the shareholders.

7. The proposed new draft Articles of Association is also being uploaded on the Company's website for perusal by the shareholders.
8. None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolutions set out at item No.6 of the Notice.
9. The Board commends the Special Resolutions set out at item No.6 of the Notice for approval by the shareholders.

ITEM NO. 7 to 10

1. The Company had, pursuant to the provisions of Clause 2.18 of the Listing Agreement entered with the Stock Exchange, appointed Shri M.R.Pasrija, Shri R. N. Verma, Shri C.M.Dixit and Lt.Gen. (Retd.) A. Mahajan as Independent Directors, in compliance with the requirements of the clause.
2. Pursuant to the provisions of section 149 of the Act, which came in to effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of Directors as independent Directors, who are not liable to retire by rotation. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri M.R.Pasrija, Shri R. N. Verma, Shri C.M.Dixit and Lt.Gen. (Retd.) A. Mahajan, being eligible, offer themselves for appointment, and are proposed to be appointed as Independent Directors for a term as stated in the Resolutions.
3. Shri M.R.Pasrija, Shri R. N. Verma, Shri C.M.Dixit and Lt.Gen. (Retd.) A. Mahajan, non-executive Directors of the Company have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these Directors fulfill the conditions specified in the Act and the Rules framed there under for appointment as Independent Director and they are independent of the Management.
4. In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these Directors as Independent Directors is now being placed before the Members for their approval.
5. The Independent Directors are not paid any remuneration except sitting fees of ₹ 10,000/- for attending each meeting of the Board or Committees thereof. "It can be increased from time to time as per rules notified under Section 197 of the Companies Act, 2013."
6. The explanatory statement may also be regarded as a disclosure under Clause 2.18 of the Listing Agreement with the Stock Exchange.
7. Shri M.R.Pasrija, Shri R. N. Verma, Shri C.M.Dixit and Lt.Gen. (Retd.) A. Mahajan respectively, are concerned or interested in the Resolutions of the accompanying Notice relating to their own appointment and none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial, or otherwise, in the resolutions set out at item nos.7 to 10.
8. The Board commends the Ordinary Resolutions set out at item No. 7 to 10 of the Notice for approval by the shareholders separately for each Independent Director.

9. None of the Directors of the Company is in any way related with each other.

10. A brief profile of the Independent Directors to be appointed is given below:

A) **Shri Mulkh Raj Pasrija** is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 27/06/2012. He is Chairman of the Nomination and Remuneration Committee and Chairman of the Risk Management Committee of the Board of Directors of the Company.

Qualifications	B.Com, FCA
Experience	A highly accomplished Executive with over 35 years of diverse working experience in the Hydrocarbon Industry with Oil India Limited (27 years), Indian Oil Corporation Limited (5 years) and Prize Petroleum Company Ltd (3 years).
Directorships held, If any, in other Companies including Company Identification Numbers:	NIL
Membership in Committees of other companies	NIL
Partnership in Firms	NIL
Name of the Firm & Address	NIL
Sole Proprietorship	Yes
Name of the Sole Proprietorship	Mulkh Raj Pasrija,

B) **Shri Ravindra Nath Verma** is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 27/06/2012. He is a member of the Audit Committee and a member of the Risk Management Committee of the Board of Directors of the Company.

Qualifications	M.Sc. (Statistics), M.A. (Transport Economics)
Experience	Retired General Manager/ Railways, having over 35 years' experience in Railway infrastructure planning, management and operations including about 4 years' experience in Port operations and management as Director in the Ministry of Surface Transport.
Directorships held, If any, in other Companies including Company Identification Numbers:	Nil at Present

C) **Shri Chintaman Mahadeo Dixit** is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 27/06/2012. He is a Chairman of the Audit Committee and member of the Nomination and Remuneration Committee, and a member of the Shareholders Committee of the Board of Directors of the Company.

Qualifications	<ul style="list-style-type: none"> • Commerce Graduate of University of Pune with Advanced Accounting & Auditing as special subjects. Passed in 1971 with Hons. • A fellow Member of The Institute of Chartered Accountants of India. Became a qualified Chartered Accountant in 1976.
Experience	<ul style="list-style-type: none"> • A Senior Partner in the oldest and the most reputed Pune based firm of Chartered Accountants with 37 years' varied experience to his credit. Has been handling assignments of Central Statutory Audits of Public Sector Banks, Private Sector Banks and Foreign Banks for all these years besides statutory and internal audits for Public & Private Corporates and Enterprises, Hospitals & Educational Institutions.
Directorships held, If any, in other Companies including Company Identification Numbers:	<ul style="list-style-type: none"> • SBI Mutual Fund Trustee Co. Pvt. Ltd. CIN-U65991MH2003PTC138496 • Shriram Chits (Maharashtra) Ltd. CIN-U65191MH1999PLC122247 • Shriram General Insurance Co. Ltd. CIN-U66010RJ2006PLC029979 • Stock Holding Corporation Ltd. CIN-U67190MH1986PLC040506
Membership in Committees of other companies	<ul style="list-style-type: none"> • Was a Member of study group appointed by Reserve Bank of India to study the NOSTRO accounts • Was a Member of Committee of MSME's constituted by Ministry of Finance • Was a co-opted member on various committees constituted by Institute of Chartered Accountants of India.
Partnership in Firms	Yes
Name of the Firm & Address	G.D. Apte & Co. Chartered Accountants GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune – 411038

- D) **Lt.Gen.(Retd.) Arvind Mahajan** is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 19/12/2013. He is member of the Nomination and Remuneration Committee of the Board of Directors of the Company.

Qualifications	<ul style="list-style-type: none"> • B.Sc, AMIE, MIE ,P .G .Degree in Automobile Engineering (Mechanical), Fellow of Institution of Engineers (FIE), M.Phil, P.G. Diploma in Business Management, Masters Diploma in Business & Administration
Experience	<ul style="list-style-type: none"> • Has a rich and varied experience as a Technical Consultant & Equipment Management Expert, Domain Expertise in Operation Logistics and Chain Supply Management , In procurement of Equipment and conduct of User and Maintainability Trials & Overhaul of Equipment and Indigenization of Spares, General Management, Support Services, Project Management Services, Strategic Planner & Financial Advisor, Environment & Infrastructure Advisor, Disaster Management Expert, Domain Expertise in Disaster Management Plans Formulation- Power, Steel & Mining Management (Operation & Maintenance of Plant & Equipment and Heavy Machineries, Corporate Administration, Corporate Governance.
Directorships held, If any, in other Companies.	<ul style="list-style-type: none"> • Independent Director, Rashtriya Ispat Nigam Limited (RINL)
Membership in Committees of other companies	<ul style="list-style-type: none"> • Chairman of the Ethics and HR Committee of Rashtriya Ispat Nigam Limited (RINL) • Was a member of Committee of Raw Material Security and Joint Ventures and Acquisitions and PSUs etc. of Rashtriya Ispat Nigam Limited

CHAIRMAN'S SPEECH

Dear Shareholders,

It gives me great pleasure to welcome you to the Twenty Fourth Annual General Meeting of your Company.

1. FINANCIAL & OPERATING PERFORMANCE:

- a) The performance of your Company for the year 2013-14 has been covered in the Directors' Report. I am glad to inform you that the total revenue has increased to ₹ 1277 crore during the year 2013-14 from ₹ 1136 crore of the previous year 2012-13. Traffic earnings have increased to ₹ 877 crore compared to the previous year's traffic earnings of ₹ 729 crore, which is 20% increase over the previous year. Project surplus was ₹ 30.64 crore and other income has increased to ₹ 55.73 crore during 2013-14 from ₹ 50.54 crore of the previous year. The operating expenditure has increased to ₹ 487 crore during 2013-14 from ₹ 369 crore of the previous year. This increase was mainly due to increase in coach and loco hire charges, increase in fuel rates. The Company has earned an operating margin of ₹ 218 crore during the year compared to the previous year amount of ₹ 158 crore. I am happy to state that the Company has earned a net profit of ₹ 13 crore, which is a very significant achievement during the year under review compared to the previous year's loss of ₹ 235 crore.
- b) The operating ratio, which is a parameter of operating efficiency has improved to 89% in the year 2013-14 as compared to 95% in the year 2012-13. The net worth of the Corporation as on 31.3.2014 stands at ₹ 1353 crore as compared to the net worth of ₹ 1340 crore as at 31.3.2013.
- c) Forty one passenger carrying trains were run on a daily average on this single line section during the year 2013-14. During the year under review 945 special trains were run to clear extra rush of passengers. In addition to this 2307 extra coaches were attached to regular trains from time to time to meet the passenger demand.
- d) On an average, daily nineteen freight trains including Roll-On & Roll-Off services were run on KRCL system during the year 2013-14. The innovative Roll-On & Roll-Off service has completed 15 years of its successful run. This year it has earned ₹ 65.72 crore compared to the previous year's earnings of ₹ 50 crore. During the year limestone loading of 0.631 Million Tonnes from Ratnagiri alone fetched an income of ₹ 79.64 crore.
- e) During the year 2013-14, the Corporation redeemed bonds worth ₹ 400.50 crore (Rupees four hundred crore fifty lakh only). Bonds worth ₹ 638.00 crore (Rupees six hundred thirty eight crore only) is due for redemption in 2014-15.
- f) The Corporation issued bonds worth ₹ 900 crore during the year 2014-15 to meet the huge redemption liability of ₹ 1038.50 crore and interest liability of around ₹ 250 crore during the year 2013-14 and 2014-15.

2. PROJECTS

- i) During the year 2013-14, 2.47 km of tunneling excavation, 6.154 kms of tunnel lining and 4.2 lakh cubic meters of earth work were completed and a turnover of ₹ 320 crore (Rupees three hundred twenty crore only) in USBRL Project was achieved. The cumulative turnover achieved up to 2013-14 was ₹ 2077 crore

(Rupees two thousand seventy seven crore only).

- ii) KRCL has been awarded Project Management Consultancy contract for construction of Railway siding of route length 11.65 Km at an approximate cost of ₹ 266 crore by National Thermal Power Corporation in Kudgi /Karnataka State.

3. SAFETY

The Corporation has spent ₹ 17 crore (Rupees seventeen crore only) on geo-safety works during the year under review. The boulder fall cases have come down considerably after execution of these works.

4. FUTURE OUTLOOK

- a) Passenger traffic on this line is buoyant but the goods traffic is mainly 'cross traffic' loaded from Indian Railways. With the Jaigad Port becoming operational, limestone loading has started from Ratnagiri by M/s. Jindal Steel since April 2011.
- b) In order to improve the originating traffic, the Corporation proposes to increase the number of rakes in RO-RO services.
- c)
 - i) Konkan Railway is participating in a Special Purpose Vehicle for construction of new line from proposed Digni Station (between Sangameshwar and Ukshi) to Jaigad port under Para 6.2 of the new Participative Policy issued on 10.12.2012 by Ministry of Railways (Railway Board).
 - ii) The Final Location Survey has been completed and the Detailed Project Report has been prepared for a new line connecting Chiplun and Karad to facilitate movement of freight traffic from both Jaigad and Dighi ports to interior Maharashtra and also to provide an alternate route from Coastal Maharashtra to the hinterland.
- d) Panvel – Roha section of Central Railway is being doubled, and the line up to Mangalore from Southern Railway is already double line and Mangalore -Thokur/Penumbur is under construction. Therefore the work of patch doubling is now unavoidable for seamless train operations. Therefore it is proposed to start patch doubling of sections which do not have tunnels. Recently the Central Government approved Foreign Direct Investment (FDI) route for railway projects also which includes doubling of sections.
- e) The work of Electrification of Mangalore- Shoranur section of Southern Railway is in progress, Central Railway section up to Panvel is already electrified, and the proposal for Electrification of Panvel-Pen-Roha of Central Railway is in the process of sanction. For seamless train operation, the electrification of Konkan Railway route is inevitable and the approval from Ministry of Railways is awaited.
- f) For the benefit of the esteemed passengers, the corporation has taken many initiatives, besides providing standard facilities at stations. Bio toilets have been constructed at Chiplun and Madgaon stations on Konkan Railway and more such toilets are being planned being environment friendly. During the current year 2014-15 it is proposed to undertake a number of passenger amenity works at an approximate cost of



₹ 21.56 crore. Proposals have been sent for Presidential sanction.

- g) I am confident that through the earnings from train operations & project management, the Corporation has the potential to improve its financial position in the years to come.

5. ACKNOWLEDGEMENT

I would like to conclude by thanking Ministry of Railways and the Governments of the States of Maharashtra, Karnataka, Goa and Kerala as well as Central Government departments and agencies for their help, support and co-operation. I would like to take this opportunity to thank the Members of the Board for their valuable guidance, support and prudent counsel from time to time. Most importantly, I acknowledge the critical role played by the employees, whose contribution to your Company's business growth has been paramount.

Sd/-
BHANU PRAKASH TAYAL
Chairman and Managing Director

Place: Navi Mumbai
Date: 29/09/2014

DIRECTORS' REPORT

Gentlemen,

The Directors of Konkan Railway Corporation Limited have great pleasure in presenting the Twenty Fourth Annual Report on the working of your Corporation.

1. FINANCIAL RESULTS

1.1 Total revenues of the Corporation are ₹ 1277 crore (Rupees one thousand two hundred seventy seven crore only) compared to previous year's total revenues of ₹ 1136 crore (Rupees one thousand one hundred thirty six crore only). The train operations have yielded a gross earnings of ₹ 877 crore (Rupees eight hundred seventy seven crore only) on apportioned basis and other income of ₹ 55 crore (Rupees fifty five crore only). The project income is ₹ 344 crore (Rupees three hundred forty four crore only). The operating surplus (after meeting the operating costs, the Earnings Before Interest, Depreciation, Taxes & Amortization (EBIDTA)) is ₹ 218 crore (Rupees two hundred and eighteen crore only). The Net Profit (Profit after Tax) is ₹ 13 crore (Rupees thirteen crore only).

2. SHARE CAPITAL

2.1 Equity Share Capital

2.1.1 The paid up equity share capital of the Corporation stood at ₹.806,45,62,000 (Rupees eight hundred six crore forty five lakh sixty two thousand only) as on 31.03.2014 against the Authorized Equity Share Capital of ₹.806,46,61,000 (Rupees eight hundred six crore forty six lakh sixty one thousand only). The details are as under:

	As on 31.03.2014 (₹)	As on 31.03.2013 (₹)
Ministry of Railways	411,28,74,000	411,28,74,000
Government of Maharashtra	177,42,24,000	177,42,24,000
Government of Goa	48,38,79,000	48,38,79,000
Government of Karnataka	120,96,98,000	120,96,98,000
Government of Kerala	48,38,80,000	48,38,80,000
Railway Board Nominee	1,000	1,000
Railway Board Nominee	1,000	1,000
Railway Board Nominee	1,000	1,000
Special Commissioner, Maharashtra	1,000	1,000
Resident Commissioner, Goa	1,000	1,000
Resident Commissioner, Karnataka	1,000	1,000
Resident Commissioner, Kerala	1,000	1,000
	806,45,62,000	806,45,62,000

2.2 Preference Share Capital

2.2.1 The Authorized and Paid-up Preference Share Capital of the Corporation stood at ₹ 4079,51,00,000 (Rupees four thousand seventy nine crore and fifty one lakh only) held by Ministry of Railways as on 31.03.2014.

2.3 Redemption of Bonds

2.3.1 During the year 2013-14 the Corporation redeemed bonds worth ₹ 400.50 crore (Rupees four hundred crore and fifty lakh only). Bonds worth ₹ 638.00 crore (Rupees six hundred thirty eight crore only) is falling due for redemption in 2014-15.

2.4 AAA(SO) Rating of Bonds

2.4.1 CRISIL-Credit Rating Agency reaffirmed “AAA(SO)” rating for the bonds issued by the Corporation during the previous years.

3. BUSINESS OF TRAIN OPERATIONS

3.1 Passenger Operations

3.1.1 Daily on an average forty one passenger carrying trains were run on this single line section during the year 2013-14. To meet the growing demand, four new Mail/Express trains 22629/22630 Dadar-Tirunelveli-Dadar Express (Weekly), 22113/ 22114 Lokmanya Tilak Terminus-Kochuveli-Lokmanya Tilak Terminus Express (Bi-Weekly), 22635/22636 Mangalore Central-Madgaon-Mangalore Central “Intercity Express”(Daily), 22633/ 22634 Thiruvananthapuram-H.Nizamuddin-Thiruvananthapuram Express (Weekly) and two passenger trains 70105/70106 Bhatkal-Mangalore Central- Bhatkal DEMU (5 days in a week), 70103/70104 Madgaon-Karwar-Madgaon DEMU (5 days in a week) were introduced during the year 2013-14. Moreover, the frequency of 12217/12218 Kochuveli-Chandigarh-Kochuveli “Kerala Sampark Kranti Express” has been increased from Weekly to Bi-weekly w.e.f. 21/02/2014. 945 special trains were run during the year 2013-14 to clear extra rush of passengers. In addition to this 2307 extra coaches were attached to regular trains from time to time to meet the passenger demand.

3.1.2 Freight Operations:

- i) On an average, daily nineteen freight trains including Roll-On & Roll-Off services were run on KRCL system during the year 2013-14. The innovative Roll-On & Roll-Off service has completed 15 years of its successful run. This year it has earned ₹ 65.72 crore, which is highest ever so far. Roll-On & Roll-Off service is being operated between Kolad-Suratkal-Kolad & Kolad-Verna-Kolad. Konkan Railway has transported about 3.70 Lakh trucks since introduction of Roll-On & Roll-Off (RO-RO) service in January, 1999. The operation of Roll-On & Roll-Off service helps the nation in saving of most valuable non-renewable fuel.
- ii) During the year limestone loading of 0.631 Million Tonnes from Ratnagiri fetched an income of ₹ 79.64 crore.

4. GEO-SAFETY WORKS

4.1 To ensure safe running of trains while maintaining punctuality, various geo-safety works were taken up to stabilize the cuttings. During the year, following geo-safety works were completed.

- (i) Earthwork for flattening of slopes - 0.76 lac cum
- (ii) Shot-creting - 58140 sqm
- (iii) Rock bolting - 150.98 MT

The Corporation has spent ₹ 17.13 crore (Rupees seventeen crore and thirteen lakh only) on geo-safety works during the year. The boulder fall cases have come down considerably after executing these works.

4.2 Through Rail Renewal Works:

4.2.1 To control weld failures, 260 m long flash butt welded panels were procured from Bhilai Steel Plant and the same is being laid in the section. During the year 142 numbers of 260 m long welded panels' equivalent to 18.46 track Km is laid in KRCL.

4.3 Deposit works:

4.3.1 Cut and Cover box work for M/s. Mangalore Special Economic Zone Ltd. (MSEZL) as deposit work near Thokur was completed.

4.4 Traffic Facility Works

4.4.1 To enhance the line capacity of KRCL, one additional loop line at Suratkal and two additional loop lines at Karmali station were commissioned during the year.

5. CONSTRUCTION OF KATRA–DHARAM SECTION OF UDHAMPUR–SRINAGAR–BARAMULLA RAIL LINK (USBRL) PROJECT

5.1 During the year 2013-14, 2.47 km of tunneling excavation, tunnel lining of 6.154 kms and earth work of 4.2 lakh cubic meters were completed. The works are in progress in 14 tunnels for 28 km of tunnel length. So far a total of 9 tunnels have been made through of which 2 tunnels were completed in the current year 2013-14. On cumulative basis, tunneling of 21.29 km has been completed. The construction of Special Bridge over river Chenab is in progress. During the year, a Road Bridge over river Chenab at Dhamkund has been completed and opened for traffic on 16.06.2013. During the year 2013-14, a turnover of ₹ 320 crore (Rupees three hundred twenty crore only) in USBRL Project was achieved. The cumulative turnover achieved to end of 2013-14 is ₹ 2077 crore (Rupees two thousand seventy seven crore only), out of total estimated cost of ₹ 3382 crore (Rupees three thousand three hundred eighty two crore only).

6. ANTI-COLLISION DEVICE (RAKSHA KAVACH)

6.1 Pilot ACD (Version 1) Project implemented on Northeast Frontier Railway. (NFR)–

- (a) Declared as commissioned by Railway Board on 25th June 2007, the NFR ACD system is being maintained by KRCL with the assistance of M/s Kernex Microsystems (India) Ltd. The revalidated ACD ver.1.1.1 (now called ACD Ver.1.1.2/ 1.1.2m) after getting cleared by RDSO, has now been deployed successfully on NF Railway and 99% work of loading of new software has been completed.

- (b) During the Operational & Comprehensive Maintenance Contract (O&CMC) period of four years (2010-14), as assured, KRCL has achieved the contracted up time of more than 95% for ACD system of NF Railway. Now Railway Board has asked KRCL to extend the Operational & Comprehensive Maintenance Contract (O&CMC) for a further period of three years (namely, for the F.Y. 2014-15, 2015-16 & 2016-17). Accordingly, KRCL has extended the contract of NF Railway for a period of 15 months for an amount ₹ 24 crore.
- (c) Railway Board while processing the request of 'Redressal of Disputes' (in connection with implementation of ACD project on NF Railway), has turned down the request to grant of Profit Margin of ₹ 9.16 crore to KRCL. However, the balance claim of ₹ 10.26 crore on NF Railway has been upheld by Railway Board against the works executed by KRCL.

6.2 Pilot ACD (Version 1) Project was implemented on Konkan Railway (KR).

6.2.1 ACD system implemented on Konkan Rly route is being maintained by KRCL itself. The revalidated ACD ver. 1.1.1 (now called ACD Ver. 1.1.2/ 1.1.2m) after getting cleared by RDSO, has also been deployed successfully on Konkan Railway.

6.3 Development of ACD (Version 2) –

- (a) In view of Railway Board has decided to implement Train Collision Avoidance System (TCAS) in place of ACD in future on Indian Railways, KRCL has discontinued further development/Improvement of its ACD Version 2, which was demonstrated successfully to RDSO during the field trials in Pattabiram-Arakkonam suburban section of Southern Railway in January 2011.
- (b) Further, in view of the above decision, KRCL has also terminated its MOU and Agreements of ACD Technology collaboration, signed with M/s Kernex Microsystems (India) Limited.

7. AUTOMATIC COACH WASHING PLANT

7.1 A new version, designed in-house, Automatic Coach Washing Plant was commissioned at the Coach Care Centre located at Madgaon in November 2012 and second plant was supplied and commissioned at Kolkata Metro, which was inaugurated by Member Electrical, Railway Board, on 1st March 2013. The Automatic Coach Washing Plant is efficient and a full length train can be washed in 10 – 15 minutes. An imported plant having similar capabilities is available in the price range of ₹ 4 to ₹ 5 crore whereas Konkan Railway is able to deliver a plant with similar capabilities at a much lower cost. Efforts are being made to promote installation of more such plants on Indian Railways. Feasibility surveys of coaching depots were conducted during the year out of which 33 reports have been sent to Zonal Railways.

8. SAFETY

8.1 All efforts were put in to make safety a sub-conscious habit. To audit systemic discrepancies, arrest loop holes / shortcuts and to enhance reliability of system, 21140 numbers of inspections were carried out in the year 2013-14. Numerous Safety Events were organized throughout the year at different locations to spread a word of caution & continued concern about Safe Train Operation. Total 12 Workshops & 4 Safety Meetings (excluding the monthly safety meeting at all stations) & 7 Seminars were conducted in an interactive way wherein 951 technical & front line staff participated.

9. AFFORESTATION

- 9.1 52,000 trees were planted during the year 2013-14 mainly Boganvilla, Gulmohar, Acasia, Tamarind, Cashew, Neem, Teak etc.

10. GLOBAL COMPACT

- 10.1 KRCL is among the first few PSUs, who is signatory to Global Compact. The Corporation strives to comply with the 10(Ten) principles of United Nations Global Compact (UNGC) while conducting its day-to-day business and has become a permanent Member of UNGC.

11. HUMAN RESOURCES DEVELOPMENT

- 11.1 Industrial Relations and Welfare etc.

- During the year 2013-14, 645 employees were promoted, out of which 199 employees were given Modified Assured Career Progression Scheme (MACPS). 10 Executives were also promoted.
- Post Retirement Complimentary (PRC)/Widow Passes have been introduced on Konkan Railway.
- Child Adoption Leave has been implemented on Konkan Railway in December, 2013
- Cordial industrial relationship was maintained with the Recognized Union, SC&ST Association and OBC Association during the year under review.

- 11.2 Manpower Position as on 31/03/2014

Group	General	SC	ST	OBC	Total	Ex-Service Man	Physically handicaped	Minorities
Executives	125	25	5	34	189	3	1	18
Non Executives	1858	675	243	1882	4658	33	46	401
Total	1983	700	248	1916	4847	36	47	419

11.3 Training

Konkan Railway Institute of Staff Training (KRIST) now rechristened as 'Konkan Rail Academy' has achieved training of total 11,684 man-days for the year 2013-14, as indicated below:

1. KRIST-1/Mangalore – 3729 man-days
2. KRIST-2/Madgaon – 2900 man-days
3. Konkan Railway Technical Training Centre(KRTTC)/Bhatkal – 4239 man-days

4. Outside KRIST (Through Mobile KRIST) – 780 man-days
5. Special Course – 36 man-days

o **In the year 2013 – 2014,**

1. Total 37 courses were conducted and 352 staff have been trained at KRIST1/Mangalore
2. Total 23 courses were conducted and 252 staff have been trained at KRIST-2/Madgaon
3. Total 40 courses were conducted and 768 staff have been trained at KRITTC/Bhatkal
4. Total 28 field workshops were conducted and 780 staff participated through Mobile KRIST
5. 2 staff participated through special course conducted at KRIST-1/Madgaon
6. Special courses / training / seminars/ workshops were conducted for officers

- o During the year 2014 – 2015 also, it is planned to conduct 35 courses each at KRIST-1/Mangalore, KRIST 2/Madgaon and KRITTC/Bhatkal.

12. MOU BETWEEN KONKAN RAILWAY AND INDIAN RAILWAYS

- 12.1 Memorandum of Understanding for the year 2014 -15, between KRCL and Indian Railways was signed on 13th March 2014. MOU rating assigned by Department of Public Enterprises for the year 2012-13 is “Good”.

13. MATERIAL MANAGEMENT

- 13.1 The Materials Management Department has been arranging the materials both for Open line and Project division. The purchases during 2013-14 was ₹ 284.08 crore including High Speed Diesel (HSD) Oil ₹ 243.99 crore. The scrap disposal during 2013-14 was ₹ 4.37 crore. Most of the materials were procured from approved sources with prior inspection by outside agency for ensuring quality of materials. Tenders above ₹ 10 lakh are uploaded on Konkan Railway website & tenders above ₹ 1 lakh are uploaded on Central Public Procurement Portal. However all contracts details are published on KRCL website, thereby ensuring transparency. Rate Contracts for general consumable items are in place, which helps in getting supply at short notice.

14. VIGILANCE

- 14.1 During the year, 127 preventive checks were conducted. As a result two employees were taken up under major penalty, twelve employees under minor penalty under Discipline and Appeal Rules. The checks also yielded an earning of ₹ 36.09 lakh towards penalties/recoveries. Complaint investigations carried out during 2013-14 resulted in major penalty to one employee, minor penalty to five employees and administrative action against six employees.

15. HEALTH CARE

- 15.1 Man-day loss was 0.60% in 2013-14. This has ensured availability of more human resource at the respective work stations translating into increased output. 169 multi-specialty health camps have been organized at various health units in Konkan Railway to identify the target group of employees and their

families suffering from Hypertension, Diabetes Mellitus, and Obesity etc. A special drive had also been initiated to de-addict and rehabilitate the alcoholics.

16. INFORMATION TECHNOLOGY

16.1 Up-time of more than 99% achieved for Server Systems, JRAP Application, Enterprise Collaboration System - ECS (Mail, Disha and File Server) and Leased Line Internet Services.

- Disposal of released legacy servers completed in August 2013 and Green Certificate has been received.
- New sub-modules viz. Appraisal and Performance Reporting system, Visitor Management System, Town Booking Agent Module, Operation & Train Control Module, and Track & Structure Maintenance Module were implemented during the year.

17. RAILWAY PROTECTION FORCE (RPF)

17.1 In a commendable service to society 22 children who had run away from their homes and were found in trains or in railway premises were traced / rescued. Some of the children were sent to child care homes run by NGOs and some were reunited with their parents/ relatives. During the year, 16,048 bottles of liquor valued at ₹ 7,06,516 were seized in trains and railway premises at various stations while being transported illegally. The seized liquor was handed over to concerned excise authorities. 554 cases were registered under various Penal Sections of the Railways Act and collected a fine of ₹ 3,34,555.

18. PROGRESS MADE IN USE OF RAJBHASHA IN THE CORPORATION

18.1 The Corporation achieved the targets as per Annual Programme for the year 2013-14 fixing the targets for various items issued by Home Affairs (Department of Official Language), Government of India and Ministry of Railways (Railway Board) for implementation of official language policy. The Corporation organized Rajbhasha Fortnight from 02.09.2013 to 13.09.2013. Various rajbhasha competitions like rajbhasha essay, rajbhasha noting and drafting, rajbhasha speech and rajbhasha quiz were organized. Various other competitions were also conducted by the Corporation in coordination with Town Official Language Implementation Committee (TOLIC), Navi Mumbai for all members of Central Government Offices. Ministry of Home Affairs (Department of Official Language), Scheme of 20/10 thousand words is implemented and 43 employees were participated under this scheme. 10 Rajbhasha workshops were conducted during the year 2013-14 and 28 officers and 156 employees were trained to work in Rajbhasha. During 2013-14 brochures and questionnaires of the Parliamentary Committee, Konkan Railway Users Consultative Committee and Standing Committee were prepared in Rajbhasha and in English. From 19.08.2013 to 23.08.2013 five full-day special short duration translation training course was conducted by the Corporation in coordination with Central Translation Bureau, Government of India, Ministry of Home Affairs (Department of Official Language), Navi Mumbai, Belapur for Konkan Railway Staff and 27 personnel were trained in this course and further Computer basic training programmes/courses were conducted for Konkan Railway Staff and 16 personnel have been trained in this course. Fourth and fifth Editions of the 'Konkan Garima' (Official Language) magazine was released during the year 2013-14. Government of India, Ministry of Home Affairs (Department of Official Language) had conducted Joint regional Official Language Conference in Indore on 13.12.2013 and got second prize at all India level and the Corporation was awarded Rajbhasha Shield, for outstanding contribution for implementation of Official

Language Policy of the Government of India, Home Affairs (Department of official language) during year 2012-13. Corporation's website www.konkanrailway.com has been made bilingual. 23rd Annual Report 2012-13 of Konkan Railway Corporation Limited was translated into Rajbhasha.

- 18.2 All assurances given to The Committee of Parliament on Official Language have been complied by the Corporation. Rajbhasha books, Audio, video materials, Technical Dictionaries and Rajbhasha magazines/rajbhasha newspapers were purchased worth of ₹ 76,470/-. All public contact material, brochures etc. were published in bilingual. As such, efforts are continued to propagate progressive use of rajbhasha in official work.

19. VISITS OF PARLIAMENTARY COMMITTEES

- 19.1 a) Committee on Estimates visited Jammu from 28th May to 1st June, 2013 on the subject "Planning and implementation of railway projects with special reference to the Jammu –Udhampur – Srinagar – Baramulla Railway Link"
- b) Standing Committee on Railways during their study tour had a meeting with Representatives of Konkan Railway on 20th June 2013 at Goa on the issue "Current Status of Anti-Collision Device".

20. KONKAN RAILWAY USERS' CONSULTATIVE COMMITTEE (KRUC)

- 20.1 KRUC Meeting was held on 20th September 2013 at Konkan Railway Corporate Office, Belapur. Hon'ble Members of Parliament (Rajya Sabha) from Karnataka, Hon'ble Members of Legislative Assembly from Maharashtra, Goa and Kerala along with the Members of Chamber of Commerce & Industry & Passenger Associations attended this meeting.

21. PARTICULARS OF CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

- 21.1 Provision of Section 217(1) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1988 is not applicable to the company as far as conservation of energy and technology absorption is concerned. However, the Corporation had implemented energy policy for conservation of energy. During the year 2013-14 energy consumption has been increased by 2.59% in absolute terms due to increase in electrical load on account of opening of new stations, increased traffic & maintenance activities at coaching depot at Madgaon, Roll On-Roll Off intensive examination, Intermediate Overhauling (IOH) & wheel changing activities, Rock-Bolting and Shotcreting works in tunnels, etc. However, if the inevitable consumption due to increased load/activities, is excluded, savings in electrical energy consumption has been achieved to the tune of 2.98 lakh units. This amounts to 4.33% reduction in total energy consumed during this year, which translates into savings of ₹ 28.97 lakh.

22. DIVIDEND

- 22.1 The Directors do not propose to recommend payment of dividend during the year under review.

23. PARTICULARS OF EMPLOYEES

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

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

24.1 The Board of Directors of the Company confirms that -

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed generally and proper explanation relating to material departures, if any has been given.
- (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 on March 31, 2014 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 frauds and other irregularities.
- (iv) The annual accounts have been prepared on a 'going concern' basis.

25. AUDITORS

25.1 The Comptroller & Auditor General of India has appointed M/s. Pathak H. D. & Associates as Statutory Auditors for the year 2013-14 also.

26. CORPORATE GOVERNANCE

26.1 Information required under the Listing Agreement entered with National Stock Exchange of India Ltd.

26.2 The Management philosophy

26.2.1 The Management philosophy is to provide excellent services to the Shareholders, Customers, and Investors ensuring safety to the passengers and improving the productivity through efficiency in all spheres of activities.

26.2.2 The Moto of the Corporation is "Sadar Seva" Summarizing our attitude "We work to achieve our mission statement". Konkan Railway Corporation Ltd. lays special emphasis in conducting its affairs within the framework of policies, internal and external regulations in a transparent manner. Being a Government Company, the Corporation's activities are monitored by several external agencies like, the Statutory Auditors, the Comptroller & Auditor General of India, the Central Vigilance Commission (CVC), Parliamentary Committees, etc.

26.3 Board of Directors

- 26.3.1 The Board of Directors consists of fourteen Directors, out of which four are functional Directors including Chairman and Managing Director. Two Nominee Directors from Ministry of Railways and one Nominee Director from each Participating State (Maharashtra, Karnataka, Goa and Kerala) are part- time Official Directors. There are four part-time non-official directors (Independent Directors) in the Board.
- 26.3.2 Being a Government Company under section 617 of the Companies Act, 1956, the functional Directors (Executive) and part-time non-official Directors (Independent Directors) are appointed by the Public Enterprise Selection Board. The President of India nominates two Directors representing Railway Board and the Governor of each Participating State nominates the Chief Secretary as the Director in the Corporation by virtue of Article 66 of the Articles of Association of the Corporation. For participating States there is a provision for appointing Alternate Directors also.
- 26.3.3 During the year under review seven (123 to 129) Board Meetings were held on 30/04/2013, 31/07/2013, 08/08/2013, 30/09/2013, 30/10/2013, 13/12/2013 and 21/02/2014 respectively.
- 26.3.4 Attendance of Directors at the Board Meetings during the year and the Annual General Meeting is enclosed as Annexure 'A'.
- 26.3.5 Directorships held by Directors is enclosed as Annexure 'B'.
- 26.3.6 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 framed by Ministry of Railways from time to time.

26.4 DIRECTORS

Name	Tenure
Shri Bhanu Prakash Tayal	From 07/05/2008
Shri Amitabh Banerjee	From 05/10/2013
Shri Sanjay Gupta	From 30/09/2013
Shri Alok Ranjan	From 08/07/2013
Shri R. C. Rai	From 04/09/2013
Shri J. S. Saharia	From 13/02/2014
Smt. Vandita Sharma	From 15/10/2013
Shri Balakrishnan Vijayan	From 18/01/2013

Name	Tenure
Shri E.K.Bharat Bhushan	From 13/06/2013
Shri R. N. Verma	From 27/06/2012
Shri C. M. Dixit	From 27/06/2012
Shri M. R. Pasrija	From 27/06/2012
Lt. Gen. (Retd.) Arvind Mahajan	From 19/12/2013
Shri Jayant Kumar Bhantia	From 01/06/2012 to 6/2/2014

26.5 BOARD PROCEDURE

- 26.5.1 The Board of Directors meets at least once a quarter to review the performance and the financial results. The Board Meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. All the items on the Agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial/business plans, financial results, detailed presentations are made. The agenda and the relevant notes are sent in advance separately to each Director and only in exceptional cases the same is tabled at the time of the meeting. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman.
- 26.5.2 The information as specified in Annexure I of the Listing Agreement is regularly made available to the Board.
- 26.5.3 To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board meeting and senior management is invited to attend the board meetings so as to provide additional inputs to the items being discussed by the Board.
- 26.5.4 The Board's role, functions, responsibility and accountability are clearly defined. In addition to matters statutorily requiring Board's approval, all major decisions involving policy formulation, strategy and business plans, annual operating and capital expenditure budgets, compliance with statutory/regulatory requirements, major accounting provisions are considered by the Board.
- 26.5.5 The minutes of the Board meetings are circulated in advance to all Directors and confirmed at subsequent meetings.

26.6 Audit Committee

26.6.1 Broad Terms of Reference

- 26.6.2 The Audit Committee of the Board of Directors of the Company was constituted in 2001 pursuant to provisions contained in section 292 A of the Companies Act, 1956 and clause 2.18 of the listing agreement for debt securities.

The recommendations of the Audit Committee on any matter relating to financial management including the Audit Report, shall be binding on the Board. However, where such recommendations are not accepted

by the Board, the reasons for the same shall be recorded in the minutes of the Board meeting and be communicated such reasons to the shareholders.

In fulfilling the above role, the Audit Committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain outside legal and professional advice.

26.6.3 The Board of Directors at 127th meeting held on 30/10/2013 reconstituted the Audit Committee with Independent Directors on the Board in accordance with Section 292 A of the Companies act, 1956 and Clause 2.18 of the listing agreement as given below:

1. Shri C.M.Dixit, Chairman of the Audit Committee, Independent Director
2. Shri R.N.Verma, Independent Director
3. Shri Bhanu Prakash Tayal, Chairman and Managing Director
4. Shri Sanjay Gupta, Director (Operations & Commercial)

Permanent Invitees would be as follows:

- (i) Director (Finance)
- (ii) Statutory Auditors
- (iii) Internal Auditors

26.6.4 The attendance of the Members of the Audit Committee at the meetings is as follows:

NAME OF DIRECTOR	STATUS	2013 - 14
Shri C.M.Dixit	Chairman-Independent Director	6/6
Shri. Bhanu Prakash Tayal	Chairman and Managing Director	6/6
Shri R. N.Verma	Independent Director	6/6
Shri Sanjay Gupta	Director (O&C)	1/1

Director (F), FA&CAO, Statutory Auditors and Internal auditors attended the meetings.

26.6.5 54th to 59th Audit Committee Meetings were held on 30/04/2013, 31/07/2013, 08/08/2013, 30/09/2013, 29/10/2013 and 21/02/2014 respectively.

26.6.6 Remuneration Committee

The Board of Directors at 130th meeting held on 29th April, 2014 reconstituted Nomination and Remuneration Committee with Independent Directors on the Board.

1. Shri M. R. Pasrija, Chairman of the Remuneration Committee, Independent Director
2. Shri C.M.Dixit, Independent Director.
3. Lt.Gen.(Retd.) Arvind Mahajan, Independent Director.
4. Shri Bhanu Prakash Tayal, Chairman and Managing Director,

26.7 The details of Directors' Remuneration for the year 2013-14

(₹ in Lakhs)

Director's Name	Designation	Pay	DA and Other Allow	Total
Shri Bhanu Prakash Tayal	Chairman and Managing Director	10.60	12.86	23.46
Shri Amitabh Banerjee	Director (Finance)	5.01	8.92	13.93
Shri Sanjay Gupta	Director (Operations & Commercial)	5.03	5.65	10.68
	Total	20.64	27.43	48.07

NOTE:

The Corporation has not paid any bonuses. No stock options have been issued to the Directors. Since the Directors are appointed by PESB, there is no service contract & notice period. No severance fees is payable to any of the Directors.

26.8 Shareholders' Committee

26.8.1 The Shareholders' Committee was reconstituted with the following members at 119th meeting of the Board of Directors held on 10/08/2012.

(I) Shri Bhanu Prakash Tayal, Chairman and Managing Director

(ii) Shri C.M.Dixit, Chairman, Independent Director

The above Shareholders Committee was reconstituted for effecting Share Transfers held by Central Government and State Governments. Equity shares and Preference Shares were not listed in any of the stock exchanges. Only privately placed Bonds were listed in the National Stock Exchange of India Ltd. Company Secretary is acting as a Compliance Officer to resolve the complaints received from Shareholders or Bondholders.

26.9 General Body Meetings

The last three Annual General Meetings were held on 29/09/2011, 29/09/2012 and 30/09/2013. The attendance of the shareholders is enclosed as Annexure 'C'.

26.10 Means of Communication

All half yearly results were published in Free Press Journal (English), Nav Bharat (Rajbhasha) and Rastriya Sahara (Rajbhasha). Audited Balance sheets and Profit & Loss accounts of the previous years are made available on Konkan Railway Web Site. The Corporation Web site is "www.konkanrailway.com".

26.11 General Shareholders' information

26.11.1 Share/Bond Transfer System

All privately placed bonds were in dematerialized form

Address of Registrars & Transfer Agents

Sharex (India) Pvt. Ltd.
Branch office Unit 1,
Luthra Industrial Premises,
Safed Pool, Andheri – Kurla Road,
Andheri (E), Mumbai – 400 072.

26.11.2 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.

26.11.3 Listing of Bonds

The privately placed bonds were listed in National Stock Exchange of India Ltd.

26.11.4 Details of Dematerialization of bonds

Sr.No.	ISIN No. - Nature of Issue	Name of the Security
1.	INE139F09382 -Privately placed bonds	11A-1
2.	INE139F09390 - —do—	11A-II
3.	INE139F09408 - —do—	11A-IV
4.	INE139F09416 - —do—	11-B
5.	INE139F09424 - —do—	11C-I
6.	INE139F09440 - —do—	11C-III
7.	INE139F09473- —do—	11F
8.	INE139F09481- —do—	12A-I
9.	INE139F09499- —do—	12A-II
10.	INE139F09507- —do—	12A-III
11.	INE139F09606- --do—	14B
12.	INE139F09622- --do—	15B

26.11.5 Share Capital

26.11.5.1 Equity

51% of the Equity Share Capital is held by Government of India through Ministry of Railways, 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 and 6% Equity Share Capital is held by Govt. of Kerala.

26.11.5.2 Preference

100% of the Non-Cumulative, Redeemable Preference Share Capital of the Company is held by Government of India through Ministry of Railways.

26.11.6 Address for correspondence:

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

26.11.7 Financial Calendar:

Annual results of previous year	:	August
Annual General Meeting	:	September
First half yearly results	:	October
Second half yearly results	:	April
Market Price Data	:	During the year the bonds are not actively traded in the stock exchanges.

26.11.8 Shareholding Pattern:

SHAREHOLDERS	As on 31.03.2014 (₹)	Percentage of Shareholding
Ministry of Railways	411,28,74,000	51
Government of Maharashtra	177,42,24,000	22
Government of Goa	48,38,79,000	6
Government of Karnataka	120,96,98,000	15
Government of Kerala	48,38,80,000	6
Railway Board Nominee	1,000	
Railway Board Nominee	1,000	
Railway Board Nominee	1,000	
Special Commissioner, Maharashtra	1,000	
Resident Commissioner, Goa	1,000	
Resident Commissioner, Karnataka	1,000	
Resident Commissioner, Kerala	1,000	
TOTAL	806,45,62,000	100

26.11.9 Code of Conduct

The Code of Business Conduct and Ethics for Board of Directors and Senior Management is displayed on the website of the Corporation. Board of Directors and Senior Management affirmed that they have complied with the Code of Business Conduct and Ethics and have not violated any of the provisions of the code during the year ended 31st March, 2014.

26.11.10 Accounting Standards

Replies to the Auditor's qualifications on the deviations from Accounting Standards, if any, would be incorporated in the Annual Report separately for the year 2013-14.

26.11.11 Disclosures:

- i) Disclosure on materially significant related party transactions that may have potential conflict with the interests of the Company at large

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, relatives, etc., that may have potential conflict with the interests of the Company at large.

- ii) Disclosure of Accounting Treatment

In the preparation of the financial statements, the company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies, which are consistently applied, are set out in the 'Notes to the accounts' including reasons for departure.

- iii) Risk Management

The Risk Management Committee was reconstituted with the following members at 127th meeting of the Board of Directors held on 30/10/2013.

1. Shri Mulkh Raj Pasrija, Chairman of the Risk Management Committee, Independent Director
2. Shri Bhanu Prakash Tayal, Chairman and Managing Director
3. Shri Amitabh Banerjee, Director (Finance)
4. Shri Sanjay Gupta, Director (Operations & Commercial)
5. Shri R.N.Verma, Independent Director

- iv) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years

The Company has complied with all requirements of the Listing Agreement entered into with the National Stock Exchange of India Ltd. as well as the regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed by either SEBI or the National Stock Exchange of India Ltd or any statutory authority for non-compliance with any matter related to the capital markets during the last three years.

26.11.12 Non-mandatory requirements

i) Remuneration Committee

The Board of Directors constituted Remuneration Committee headed by an Independent Director as per the recommendations of the 2nd Pay Revision Committee to decide the performance related pay and annual bonus/variable pay – pool and policy for its distribution across to the executives under IDA scheme.

ii) Shareholders Rights

As the financial performance of the Company is publicized and displayed unaudited financial results in the Konkan Railway web site. www.konkanrailway.com

iii) Postal Ballot

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

iv) Whistle Blower Policy

It is affirmed that no personnel have been denied access to the Audit Committee.

v) Details of Investor Grievances

The Company has not received any complaints from Stock Exchanges or Securities & Exchange Board of India or Department of Company Affairs or any other governmental or non-governmental agencies since last nine years. Therefore the Corporation has not constituted any Grievance Committee. However, the Company Secretary is nominated as Compliance Officer for looking after the grievances, if any, of the bondholders / shareholders.

26.11.13 MANAGEMENT DISCUSSION & ANALYSIS

(a) Industry Structure

The core business activity of the Corporation is transportation of passengers and goods through Railways. The Railway transportation industries in India are reserved for the Public Sector.

The second major core activity of the Corporation is undertaking of construction projects by utilizing its vast experience in engineering and management skills available in the Corporation in construction of tunnels and bridges.

(b) Strengths and weaknesses

i) Mega-project management skills

The Corporation is able to handle mega Railway Projects and Construction projects because of its past experience and special engineering, construction and management skills available in the Corporation.

ii) Technology Innovations

Since 1998, the Corporation has developed innovative technologies to re-define the rail-guided systems in the world in terms of safety, efficiency and productivity. These technologies could not be commercialized due to technical glitches except Automatic Coach Washing Plant.

iii) Operation and efficiency factors

- (1) Daily, on an average, 41 passenger carrying trains and 19 freight trains including Roll on-Roll off services are run on the single line section and punctuality performance is excellent.

(2) The lean staff strength coupled with IT enabled services through Railway Application Package, enabled the Konkan Railway to generate net profit.

(c) Threats & Opportunities

Originating traffic is low. Passenger traffic on this line is very buoyant but the goods traffic is mainly 'cross traffic' loaded from Indian Railways. In order to improve the originating traffic, the Corporation proposes to increase the Roll on-Roll off services and undertake port connectivity projects.

(d) Segment-wise performance

The Corporation also undertakes execution of commercial construction projects especially for the Indian Railways. At present, the Corporation has been given the task of executing a portion of the prestigious Udhampur Srinagar Baramulla Rail Link Project linking Jammu with Srinagar which is under progress.

(e) Risks and concerns

The Corporation has paid ₹ 400.50 crore towards redemption of Bonds and ₹ 120 crore approximately towards interest on Bonds during the year under review from its Operating Surplus. The Corporation is having debt liabilities of ₹ 1266 crore as on 31st March, 2014. In the current financial year the Corporation may not be able to meet the redemption and interest liabilities of over ₹ 758 crore on Bonds from the internal resources. Hence it has been proposed to issue bonds of the order of ₹ 900 crore during the year 2014-15.

f) Outlook

Joint Venture agreement is proposed to be entered into between Jaigarh Port Authorities and KRCL for providing Rail Connectivity to the Port. Jaigarh Port near Ratnagiri is having potential for generating originating traffic of at least 5 Million Tonnes every year on Konkan Railway route. The Corporation is planning to do patch doubling and electrification in due course of time for improving the traffic and thereby generating more revenue.

(g) Internal Control

The Corporation by and large follows the internal control systems as applicable under Companies Act, and Indian Railways.

(h) Corporate Social Responsibility (CSR)

As per the extant CSR guidelines, the Board of every company shall ensure that the company spends, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The Corporation is not required to undertake CSR activities since the average net profit is negative. However, Konkan Railway has taken a lead and initiative to undertake CSR activities on Konkan Railway Route.

i) Computer Literacy

5208 villagers along Konkan Railway route have been imparted Computer Literacy Training. All employees of Konkan Railway are being given training on Computer Literacy.

ii) Telemedicine

The Corporation introduced Telemedicine at Gokarna. Under this project



all the villagers below Poverty line along the KR route will benefit through Telemedicine, which will have tie up with Corporate Office & hospitals in Mumbai.

(i) Corporate Governance Rating

The Corporation received from Department of Public Enterprises "EXCELLENT" rating for Corporate Governance during the year 2012-13 and expects the same rating for the year 2013- 14.

27 ACKNOWLEDGEMENT:

The Board of Directors gratefully acknowledge the assistance, active support and guidance received from the Ministry of Railways as well as from the State Governments of Maharashtra, Goa, Karnataka and Kerala. The Board of Directors express their deep appreciation of the valuable contribution made by the officers and employees of the Corporation during the year under review.

For and on behalf of the Board of Directors

Sd/-

BHANU PRAKASH TAYAL

Chairman and Managing Director

Place: CBD Belapur,
Date: 1st August, 2014



SCHEDULE "A"

Name of the Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM
Shri Bhanu Prakash Tayal	Chairman and Managing Director	7/7	Yes
S/Shri Shahzad Shah/ Amitabh Banerjee	Director (Finance)	6/6	No
Shri Sanjay Gupta	Director (Operations & Commercial)(Appointed on 30/09/2013)	3/4	Yes
Shri Alok Ranjan	Advisor (Land and Amenities) (Appointed on 8/7/2013)	2/4	Yes
Shri R.C.Rai	Executive Director, F/PPP	2/4	Yes
S/Shri Jayant Kumar Bhantia / J S.Saharia/ Dr.S.K.Sharma	Chief Secretary, Maharashtra	1/7	Yes
Smt. Vandita Sharma / Smt Vandana Gurnani	Principal Secretary, IDD, Karnataka	1/7	Yes
S/Shri B.Vijayan / Parimal Rai	Chief Secretary, Goa	0/7	No
S/Shri E.K.Bharat Bhushan /Dr.V.M.Gopala Menon	Chief Secretary, Kerala	1/7	Yes
Shri.R.N.Verma	Independent Director	7/7	Yes
Shri.M.R.Pasrija	Independent Director	7/7	Yes
Shri.C.M.Dixit	Independent Director	7/7	Yes
Lt. Gen. (Retd.) Arvind Mahajan	Independent Director (Appointed on 19/12/2013)	1/1	No

SCHEDULE "B"

Name of the Director/ Father's Name/ Date of Birth	Designation	Qualification (s)	Directorships held/ Memberships in Committees etc.	Bonds held in KRCL	Details of contract (s) /Agreement (s) entered with the Corporation
Shri Bhanu Prakash Tayal S/o Late Shri R.P.Tayal 15 th December, 1955	Chairman and Managing Director	M.Sc (Zoology); MBA	NIL	NIL	NIL
Shri Amitabh Banerjee S/o Late Shri S.C.Banerjee 21 st December, 1963	Director (Finance)	M. Com; FCMA; IRAS	NIL	NIL	NIL
Shri Sanjay Gupta S/o Late Shri Gupta Anand Swaroop 20 th March, 1964	Director (Operations & Commercial)	BE(Mech)	NIL	NIL	NIL
Shri Alok Ranjan S/o Shri Deoki Nandan 26 th June, 1958	Advisor (Land & Amenities) Ministry of Railways)	BE, MSC	NIL	NIL	NIL
Shri R. C. Rai S/o Late Shri Vishun Dev Rai 16 th July, 1956	Executive Director F/PPP, Ministry of Railways	MBM/PhD; P.G.Diploma in French	NIL	NIL	NIL
Shri Jageshwar S.Saharia S/o Shri Swarup J.Saharia 16 th July, 1954	Chief Secretary, Govt. of Maharashtra	M.Sc; MBA	Mahaonline Ltd.	NIL	NIL



Name of the Director/ Father's Name / Date of Birth	Designation	Qualification (s)	Directorships held/ Memberships in Committees etc.	Bonds held in KRCL	Details of contract (s) /Agreement (s) entered with the Corporation
Smt. Vandita Sharma W/o, Shri I.S.N. Parsad 10 th November, 1963	Secretary (IDD), Govt of Karnataka	Post Graduate in English Literature from Punjab University	1. Hasan-Mangalore Rail Development Corporation Ltd. 2. Bangalore International Airport Ltd. 3. Bangalore Airport Rail Link Ltd.	Nil	Nil
Shri.Balakrishanan Vijayan S/o late Shri P.K.B.Kurup, 30 th September, 1954	Chief Secretary, Govt of Goa	Graduate in English Literature; Post Graduate in International Relations from Jawaharlal Nehru university Delhi	Nil	Nil	Nil
Shri Edodiyil Kunhiraman Bharat Bhushan S/o Shri Kunhiraman Vydiar 14 th January, 1955	Chief Secretary, Govt.of Kerala	Post Graduate in English Literature	1) Kochi Metro Rail Ltd. 2) Cochin International Airport Ltd. 3) Kerala Academy for Skills Excellence. 4. Kerala Industrial Infrastructure Development Corporation Ltd. 5. Kannur International Air Port Ltd.	Nil	Nil
Shri Ravindra Nath Verma, S/o Shri Ram Krishna Verma, 6 th January, 1951	Independent Director	M.Sc (statistics); M.A. (Transport Economics)	Nil	Nil	Nil
Shri Mulkh Raj Pasrija, S/o Late Shri Ganesh Dass Pasrija, 1 st December, 1948	Independent Director	B.Com; FCA	1) Sole Proprietor-Mulkh Raj Pasrija	Nil	Nil



Name of the Director/ Father's Name/ Date of Birth	Designation	Qualification (s)	Directorships held/ Memberships in Committees etc.	Bonds held in KRCL	Details of contract (s) /Agreement (s) entered with the Corporation
Chintaman Mahadeo Dixit S/o Shri Mahadeo Chintaman Dixit 11 th July,1950	Independent Director	B.Com; FCA	Directorships held: 1.SBI Mutual Fund Trustee Co.Pvt.Ltd. 2.Shriram Chits (Maharashtra) Ltd 3.Shriram General Insurance Co.Ltd. 4. Independent Director - Stockholding Corporation of India Ltd. Memberships held: 1. Member of Study group appointed by Reserve Bank of India to study the NOSTRO accounts. 2. Member of Committee of MSME's constituted by Ministry of Finance 3.Co-Opted member on various committees constituted by Institute of Chartered Accountants of India. Partnerships held: 1. G.D.Apte & Co. Partner	Nil	Nil
Lt.Gen (Retd.) Arvind Mahajan S/o Shri M.R. Mahajan 24th December, 1947	Independent Director	B.Sc, AMIE, MIE ,P .G . Degree in Automobile Engineering (Mechanical), Fellow of Institution of Engineers(FIE), M.Phil, P.G. Diploma in Business Management, Masters Diploma in Business & Administration	1. Independent Director -Rashtriya Ispat Nigam Limited (RINL) 2. Chairman of the Ethics and HR Committee of Rashtriya Ispat Nigam Limited 3. A member of Committee for Raw Material Security and Joint Ventures and Acquisitions and PSUs etc. of Rashtriya Ispat Nigam Limited	Nil	Nil

SCHEDULE “ C ”

Sr. No.	Name of the Shareholder	23 rd AGM held on 30/09/2013 Attended or / Not
1.	Shri S.K.Jain, Member Engineering, Railway Board	No
2.	Representative of President of India	Yes
3.	Representative of Governor of Maharashtra	Yes
4.	Representative of Governor of Karnataka	Yes
5.	Representative of Governor of Goa	Yes
6.	Representative of Governor of Kerala	Yes
7.	Special Commissioner, Govt. of Maharashtra	Yes
8.	Resident Commissioner, Govt. of Karnataka	No
9.	Resident Commissioner, Govt. of Goa	Yes
10.	Resident Commissioner, Govt. of Kerala	Yes
11.	Shri D.K.Saraf, A.M. (Planning), Railway Board	No
12.	Shri Pramod Sharma, Executive Director (PSU), Railway Board	Yes

CFO & CEO CERTIFICATION

We hereby certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the year 2013-14 and that to the best of our knowledge and belief:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee significant changes in accounting policies during the year 2013-14 and that the same have been disclosed in the notes to the financial statements.
- (e) There are no significant changes in internal control policy.
- (f) There are no instances of any frauds that have come to notice.

Sd/-
Amitabh Banerjee
Director (Finance)

Sd/-
Bhanu Prakash Tayal
Chairman and Managing Director

Place : Navi Mumbai
Date : 24/07/2014



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Shareholders of Konkan Railway Corporation Limited

We have examined the compliance of conditions of Corporate Governance by Konkan Railway Corporation Limited, for the year ended on March 31, 2014 as stipulated in clause 2.18 of the Listing Agreement for Debt Securities of the Konkan Railway Corporation Limited with National Stock Exchange of India Limited.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof adopted by the Konkan Railway Corporation Limited for ensuring the compliance of the condition of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Konkan Railway Corporation Limited.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Konkan Railway Corporation Limited has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

According to the information and explanation given to us, no investor grievances were pending against the Corporation as at the year ended March 31, 2014.

We further state that such compliance is neither an assurance as to the future viability of the Konkan Railway Corporation Limited nor of the efficiency or effectiveness with which the management has conducted the affairs of Konkan Railway Corporation Limited.

For Pathak H. D. & Associates
Chartered Accountants
Firm Registration No. 107783W

Sd/-
Mukesh Mehta
Partner
Membership No.043495

Place: Mumbai
Date: 31st July, 2014



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF KONKAN RAILWAY CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 2014

The preparation of financial statements of Konkan Railway Corporation Limited for the year ended 31st March, 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial Statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide Audit Report dated 1st August, 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Konkan Railway Corporation Limited for the year ended 31st March, 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and the Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619 (4) of the Companies Act, 1956, which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

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

Sd/ -

(A.K.Kaushik)

Principal Director of Audit
Central Railway, Mumbai CST

Place : Mumbai
Date : 29.9.2014

Comments of the C&AG of India under Sec.619(4) of the Companies Act 1956 on the Accounts of Konkan Railway Corporation Ltd for the year ended 31st March, 2014

A. Comments on Profitability

Sl. No.	Comments by C&AG	Management Replies
1	<p>Balance Sheet Assets Non-Current Assets Fixed Assets (Note:9) Tangible Assets : ₹ 2907.28 crore Earth Work: ₹ 1010.61 crore</p> <p>The above includes an amount of ₹ 228 crore towards expenditure incurred on Geo-tech safety works from the year 2005-06. As this expenditure is not an expenditure of capital nature which increases the earning capacity from an existing asset, the same should have been charged to Statement of Profit and Loss. This has not only contravened the provisions of Accounting Standard 10 – Accounting for fixed Assets but has also resulted in overstatement of Fixed asset and Profit for the year by ₹ 228 crore and ₹ 17.13 crore respectively and understatement of Reserves and Surplus & Prior Period Expenses by ₹ 210.87 crore each, and Train Operation Expenses for the year by ₹ 17.13 crore.</p>	<p>The comment of the audit is not acceptable.</p> <p>The Corporation has taken up major construction activity under the head Geo-safety work which involved widening of cuttings, flattening of slopes, creating new berms ,fixing of high steel boulder net, RCC retaining walls , Gabion walls and shot-creting/ rock bolting for the first time not incurred initially when the Railway line was open for traffic. These are new works carried out and added to the existing corresponding fixed assets (Earth work, Tunnel etc) and not repair works carried out on existing fixed assets as brought out by the Audit. On account of these geo-safety works executed since 2005-06, KRCL has enhanced it's operating capacity and in turn was able to achieve higher output. The benefit derived out of these expenditure are spanned across many years. In view of this KRCL is consistently following same classification since 2005-06 which has been examined and accepted by Statutory Audit and C&AG Auditors in all the previous years.</p> <p>There is no overstatement of Fixed Assets or profit as stated by the Audit.</p>
2	<p>Statement of Profit and Loss Revenue Other Income (Note: 18): ₹ 55.73 crore Interest on loan: ₹ 1.33 crore</p> <p>The above represents interest at 7% per annum on loan of ₹ 19.03 crore given by the company to Konkan Railway Welfare Organisation for construction of accommodation facilities to railway personnel. As the corporation is still to execute loan agreement containing the terms and conditions of repayment of loan, accounting of the Revenue from Interest on Loan under Other Income is in violation of Accounting Standard 9 – Revenue Recognition. This has also resulted in overstatement of Other Income & Profit for the year by ₹ 1.33 crore each, Prior Period Income by ₹ 2.02 crore and overstatement of Current Assets by ₹ 3.35 crore.</p>	<p>The comment of the audit is not acceptable.</p> <p>KRCL provided loan to Konkan Railway Welfare Organisation (KRWO) at an interest rate of 7% p.a. This was as approved by the Board of Directors of the Company. Accordingly, interest receivable from KRWO is recognised in the books of KRCL in accordance with Accounting Standard-9 which is in order. There is no overstatement of profit and other current assets as stated by the Audit.</p>

B. Comments on Financial Position

1	<p>Balance Sheet Assets Current Assets Cash and Bank Balances (Note. 13): ₹ 233.16 crore</p> <p>This includes ₹ 25 crore received (January 2007) from Research Designs & Standards Organisation (RDSO) for research & development of Sky Bus Technology. The Railway Board directed (9.8.2007) the company not to utilise the fund and the company has not returned the money so far. The company has stated that the money is kept in Inter Corporate Deposit (ICD) with scheduled commercial bank. The particulars regarding the account in which the money is kept, the bank with whom the money is deposited and the banker's certificate with regard to the fund deposited in the bank was not furnished by the company. The balances with banks with respect to ₹ 25 crore cannot be ascertained.</p>	<p>The comment of the audit is not acceptable.</p> <p>The Corporation has received ₹ 25 crore from RDSO for research and development of Sky Bus Technology and the same has been kept in Inter Corporate Deposit (ICD) with scheduled Commercial Bank with the approval of the competent Authority. The other Bank Balance disclosed in Scheduled No.13 – Cash and Bank Balances of ₹ 164.25 crore includes the amount received from the RDSO. The audit remarks “Bankers Certificate with regard to the fund deposited in the bank was not furnished” is not correct. The bank statement & Balance confirmation certificate obtained from these banks have been verified by Audit.</p>
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C. Comments on Disclosure

1	<p>Notes on Accounts</p> <p>Research Designs & Standard Organisation, Ministry of Railways has raised the demand for return of the unspent amount of ₹ 25 crore advanced by them to the corporation for 'Sky Bus Project', along with the interest @ 8% per annum, from August 2007. The corporation has neither made a provision nor disclosed this fact.</p>	<p>The comment of the audit is not acceptable.</p> <p>KRCL is not liable to pay any interest as no such terms and conditions were part of the offer when the amount was initially allotted. The question of payment of interest does not arise.</p> <p>The entire amount received from RDSO i.e. ₹ 25 crore is included under the head “Deposits from Contractors & Others –project in the other Current liabilities (Schedule no.7)” and same has been disclosed in notes on Financial Statements Sr. No. 7.2. Hence no separate disclosure is necessary.</p>
2	<p>Significant Accounting Policies No. C (viii) Fixed Assets and Depreciation</p> <p>A reference is invited to above wherein it is stated that “the useful life of Test Track Sky Bus Metro has been technically assessed as 10 years and accordingly the un-amortised depreciable amount as at 01.04.2008 is to be charged over 10 years starting from financial year 2008-09”. As the company had impaired and written off the unamortised value of sky bus metro (₹ 23,33,74,471) and patents on sky bus metro (₹ 4,25,987) in accordance with AS 28 - Impairment of Assets in the financial year 2012-13, the disclosure of this Accounting Policy is superfluous.</p>	<p>The comment of the audit is not acceptable.</p> <p>The Corporation is required to disclose its financial results with corresponding figures for the previous year. The unamortised written down value of sky bus track was impaired from the books in 2012-13 disclosed under Schedule 24 “Exceptional Item” require the method of calculation of depreciation mentioned under significant account policy on C – Fixed Assets, Depreciation – viii.</p> <p>The disclosure under the significant accounting policy is not superfluous.</p>

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Konkan Railway Corporation Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Konkan Railway Corporation Limited ("the Company")**, which comprise of the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with Accounting Standards notified in Section 211(3C) of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to:

- Note no. 17.2 (c) and (d) of Notes on Financial Statements regarding execution of Udhampur Srinagar Baramulla Rail Link (USBRL) Project:



- a) Claims lodged against the Company and lying under arbitration for a sum of ₹158,780 Lakh are not considered as contingent liability, as in the opinion of the Company, these claims will be charged to the Project.
 - b) No provision for contingency on estimated basis has been made on award granted for ₹ 1001 Lakh as communicated by Railway Board, the Company has either to absorb arbitration cost in the ratio of 80 : 20 against the profit of that year or go for Arbitration. The management has decided to go for arbitration and charge the amount of claim to project cost. If the Company has to bear the claim as per the arbitration award, the same would be charged against the profit of that year.
- (ii) Note No.25 of Notes on Financial Statements regarding Provision for Contingencies of liabilities on account of maintenance /defects and arbitration/court award, where no provision is made in the books of accounts as Company is of the opinion that the same would be made good by sub-contractor or would be charged to fixed asset; and
- (iii) Note no. 31 of Notes on Financial Statements regarding balances in Trade Receivable, Trade Payable, Government Authorities, Zonal Railways and Control Accounts that are subject to confirmation, adjustment and reconciliation and the Company is in the process of review of such balances for carrying out necessary adjustment in the subsequent years.

Our opinion is not qualified in respect of matter described in Emphasis of Matter paragraph.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) Read together with our comments under the heading 'Emphasis of Matter', in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified in section 211(3C) of the Act read with General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 ;
 - e) Being a Government Company, pursuant to the Notification No. G.S.R 829 (E) dated 21.10.2003 issued by Ministry of Finance (Department of Company Affairs), provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the Company.

For Pathak H. D. & Associates
Chartered Accountants
Firm Registration No. 107783W

Place: Mumbai
Dated: 1st August, 2014

Sd/-
Mukesh Mehta
Partner
Membership No.043495

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date)

(In this annexure, the matters specified in paragraphs (4) & (5) of the Companies (Auditor's Report) (Amendment) Order, 2004 to be dealt within the Auditors Report have been set in Bold Type which may be read in the context of comment and the opinion of the Auditors which have been set in the Normal Type.)

1. (a) **Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;**

The Company has maintained proper records showing full particulars including quantitative details and brief description of location of fixed assets.

- (b) **Whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;**

As per the programme made by the management, the physical verification of fixed assets is to be carried out by internally formed Survey Committee of the Company in a phased periodical manner that all the assets are verified once in 3 years.

In our opinion, the frequency of verification is reasonable having regard to the size and operations of the Company and nature of its assets. No material discrepancies were noticed on physical verification, as confirmed by the management.

- (c) **If a substantial part of fixed assets have been disposed off during the year, whether it has affected the going concern;**

No substantial parts of fixed assets have been disposed off during the year under audit and the going concern status of the Company is not affected.

2. (a) **Whether physical verification of inventory has been conducted at reasonable intervals by the management;**

As explained to us, stocks of stores, spares, diesel and other equipments held by the Company have been verified by the Stock Verification Cell under Perpetual Inventory System on annual basis. Further stocks of Rails are verified once in two years.

- (b) **Are the procedures of physical verification of inventory followed by the management reasonable and adequate in relation to the size of the company and the nature of its business. If not, the inadequacies in such procedures should be reported;**

In our opinion, the procedures and frequency of physical verification of inventory are reasonable and adequate in relation to the size of the Company, nature of its business and volume of stock.

- (c) **Whether the Company is maintaining proper records of inventory and whether any material discrepancies were noticed on physical verification and if so, whether the same have been properly dealt with in the books of accounts;**

The Company has maintained proper records of inventories. It has been certified by the management that no material discrepancies were noticed on physical verification of inventories when compared with book records. Wherever the discrepancies were noticed, the same would be dealt with in the books of accounts after due reconciliation, confirmation and the approval of the proper authority.

3. (a) **Has the Company granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act. If so, give the number of parties and amount involved in the transactions;**

No companies, firms or parties are listed in the register maintained by the Company under Section 301 of the Companies Act, 1956; hence information of this Para is not applicable.

- (b) **Whether the rate of interest and other terms and conditions of loans given by the Company, secured or unsecured, are prima facie prejudicial to the interest of the Company;**

Not applicable with reference to our remarks in Para 3(a) supra.

- (c) **Whether receipt of the principal amount and interest are also regular;**

Not applicable with reference to our remarks in Para 3(a) supra.

- (d) **If overdue amount is more than ₹ One Lakh, whether reasonable steps have been taken by the Company for recovery of the principal and interest;**

Not applicable with reference to our remarks in Para 3(a) supra.

- (e) **Has the Company taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. If so, give the number of parties and the amount involved in the transactions;**

No companies, firms or parties are listed in the register maintained by the Company under Section 301 of the Companies Act, 1956; hence information of this Para is not applicable.

- (f) **Whether the rate of interest and other terms and conditions of loans taken by the Company, secured or unsecured, are prima facie prejudicial to the interest of the Company;**

Not applicable with reference to our remarks in Para 3(e) supra.

- (g) **Whether payment of the principal amount and interest are also regular.**

Not applicable with reference to our remarks in Para 3(e) supra.

4. **Is there an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Whether there is a continuing failure to correct major weaknesses in internal control system.**

On the basis of checks carried out during the course of audit and according to the information and explanations given to us, there is an internal control system for the purchase of inventory and fixed assets and for the sale of goods and services, which in our opinion needs to be strengthened to be commensurate with the size of the Company and nature of its business. As informed to us, the Company has initiated steps to ensure strengthening such internal controls system.

5. (a) **Whether the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section;**

No companies, firms or parties are listed in the register maintained by the Company under Section 301 of the Companies Act, 1956 and hence the information sought vide the above Para is not applicable.

- (b) **Whether transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time;**

Not applicable with reference to our remarks in Para 5(a) supra.

6. **In case the company has accepted deposits from the public, whether the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA or any other relevant provisions of the Act and the rules framed there under, where applicable, have been complied with. If not, the nature of contraventions should be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, whether the same has been complied with or not?**

The Company has not accepted any deposits from the public.

7. **In the case of listed companies and/or other companies having a paid-up capital and reserves exceeding ₹ 50 Lakh as at the commencement of the financial year concerned, or having an average annual turnover exceeding ₹ 5 crore for a period of three consecutive financial years immediately preceding the financial year concerned, whether the company has an internal audit system commensurate with its size and nature of its business;**

Majority of the works relating to verification of financial transactions have been outsourced by the management to a Firm of Chartered Accountants. There also exists a separate internal audit department covering areas other than areas outsourced. In our opinion the internal audit procedures adopted were found to be commensurate with the size of the Company and nature of its business. However in respect of trade receivables, trade payables, capitalization of fixed assets including capital work in progress and project accounts the frequency of review and extent of verification needs to be increased. We also suggest the scope to cover the System audit, HR audit, review of Indirect Taxes and Legal and Compliance audit.

8. **Where maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act, whether such accounts and records have been made and maintained;**

As informed by the management Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.

9. (a) Is the company regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated by the auditor.

According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues have been generally deposited with the appropriate authorities in timely manner.

According to the information and explanations given to us, no other undisputed statutory dues as stated above have remained outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable except for Welfare Cess amounting to ₹ 27.98 Lakh as per The Building and Other Construction Workers (RECS) Act, 1996 and The Building and Other Construction Workers Welfare Cess Act, 1996.

- (b) In case dues of Income tax/Sales tax/Wealth tax/Service tax/Custom duty/Excise duty/ cess have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned;

According to the information and explanations given to us, there are no disputed dues in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess, which have not been deposited on account of any dispute, except General Sales Tax amounting to ₹ 136.48 Lakh that have not been deposited on account of disputed matters pending before appropriate authority are as under:

Sr.No	Name of the Statute	Nature of Dues	Amount (₹ in Lakh)	Period to which the amount relates	Forum where the dispute is pending
1.	Land Revenue Act, Samvat, 1996	Arrears of Land Revenue	86.99	2006-07	Office of the Collector (Deputy Commissioner) Commercial Taxes (Recovery) Jammu
2.	Land Revenue Act, Samvat, 1996	Arrears of Land Revenue	49.49	2007-08	Office of the Collector (Deputy Commissioner) Commercial Taxes (Recovery) Jammu
		Total	136.48		

- 10. Whether in case of a company which has been registered for a period not less than five years, its accumulated losses at the end of the financial year are not less than fifty per cent of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.**

The accumulated losses of the Company are ₹ 353,266 Lakh, which is more than its Net Worth of ₹ 135,330 Lakh as at 31st March, 2014. [Net Worth = Equity Share Capital + Preference Share Capital - Accumulated Losses]

The Company has not incurred cash losses during the current financial year and the immediately preceding financial year.

- 11. Whether the company has defaulted in repayment of dues to a financial institution or bank or debenture holders? If yes, the period and amount of default to be reported;**

Based on our audit procedures and according to the information and explanations given to us, Company has not defaulted in repayment of dues to any financial institution or bank or debenture/ bond holders during the current financial year.

- 12. Whether adequate documents and records are maintained in cases where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities; If not, the deficiencies to be pointed out;**

The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- 13. Whether the provisions of any special statute applicable to chit fund have been duly complied with? In respect of nidhi/ mutual benefit fund/societies;**

- (a) Whether the net-owned funds to deposit liability ratio is more than 1:20 as on the date of balance sheet;
(b) Whether the company has complied with the prudential norms on income recognition and provisioning against sub-standard/doubtful/loss assets;
(c) Whether the company has adequate procedures for appraisal of credit proposals/requests, assessment of credit needs and repayment capacity of the borrowers;
(d) Whether the repayment schedule of various loans granted by the nidhi is based on the repayment capacity of the borrower;

The Company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of any special statute applicable to chit fund, nidhi or mutual fund/societies are not applicable to the Company.

- 14. If the company is dealing or trading in shares, securities, debentures and other investments, whether proper records have been maintained of the transactions and contracts and whether timely entries have been made therein; also whether the shares, securities, debentures and other investments have been held by the company, in its own name except to the extent of the exemption, if any, granted under section 49 of the Act;**

The Company is not dealing or trading in shares, securities, debentures and other investments. However, Company is investing its surplus funds in short- term deposits with banks/financial institutions in accordance with the Government guidelines in this regard.



15. Whether the company has given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company;

According to the information and explanations given to us and the records examined by us, the Company has not given any guarantee for loans taken by others to any bank or financial institution.

16. Whether term loans were applied for the purpose for which the loans were obtained;

According to the records of the Company and information and explanation provided to us, Company has not taken any term loans during the year.

17. Whether the funds raised on short-term basis have been used for long-term investment; if yes, the nature and amount is to be indicated;

According to the records of the Company and information and explanation provided to us, the Company had not raised any funds on short term basis during the year.

18. Whether the company has made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act and if so whether the price at which shares have been issued is prejudicial to the interest of the company;

There were no preferential allotment of shares to any parties or any companies covered under Section 301 of the Companies Act, 1956.

19. Whether security or charge has been created in respect of debentures issued?

The Company has not issued any Bonds/ Debentures during the year under audit.

20. Whether the management has disclosed the end use of money raised by public issues and the same has been verified;

The Company has not raised any money by way of public issue during the Year.

21. Whether any fraud on or by the company has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated;

In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit that causes the financial statements to be materially misstated.

For Pathak H. D. & Associates
Chartered Accountants
Firm Registration No. 107783W

Place: Mumbai
Dated: 1st August, 2014

Sd/-
Mukesh Mehta
Partner
Membership No.043495

Management Replies to the Statutory Auditor's remarks (Emphasis of Matter) for the Financial Year ended 31/03/2014.

Sl. No.	Statutory Auditor's Remarks	Management Replies
(i)	<p>Note No.17.2 (c) & (d) of 'Notes on Financial Statements regarding execution of Udhampur Srinagar Baramulla Rail Link (USBRL) Project:</p> <p>a) Claims lodged against the Corporation and lying under arbitration for a sum of ₹158,780 lakh are not considered as contingent liability, as in the opinion of the Corporation, these claims will be charged to the Project.</p> <p>b) No provision for contingency on estimated basis has been made on award granted for ₹ 1001 lakh as communicated by Railway Board, the Corporation has either to absorb arbitration cost in the ratio of 80:20 against the profit of that year or go for Arbitration. The management has decided to go for arbitration and charge the amount of claim to project cost. If the Corporation has to bear the claim as per arbitration award, the same would be charged against the profit of that year.</p>	<p>As per the opinion of the Management, the liability of arbitration in respect of claims of the contractors appointed by the KRCL for USBRL Project are required to be borne by Northern Railway .The Corporation will not have any liability on account of any payment towards Arbitration/ Court Awards .</p> <p>As per the letter No.94/W2/NL/N/16(DPR)-11 dated 05/10/2010 issued by the Director (Works)-I ,Railway Board, New Delhi the Arbitration clause had been modified as under</p> <p>“the liability of KRCL to share the Arbitration awards should be limited to 80% of the total profit earned by them in a particular financial year thus ensuring at least 20% profitability”.</p> <p>In view of this ,the impact of the Arbitration Award against the Corporation,if any is limited to reduction in the profit to 20%..</p> <p>Accordingly no provision for contingencies are made on estimated basis.</p>
(ii)	<p>Note No. 25 of Notes on Financial Statements regarding provision for Contingencies of liabilities on account of maintenance / defects and arbitration/court award, where no provision is made in the books of accounts as Corporation is of the opinion that the same would be made good by sub-contractor or would be charged to fixed assets.</p>	<p>As regards to maintenance / defects of works executed by KRCL for Project , the interest of Corporation is sufficiently safeguarded by providing contract provision with the sub-contractors for retaining Security Deposit/Financial Guarantee till the end of the Maintenance period.</p> <p>As regards to ongoing Court cases/Arbitration cases (other than Projects), the quantum of award is not certain. Hence no provision is required to be made in accordance with the Accounting Standard(AS-29) on "Provision, Contingent liabilities and Contingent Assets."</p> <p>However in those cases, where the liability may or may not arise , the quantum of likely liability has been disclosed under "Contingent Liabilities/Capital Commitments".</p>



Sl. No.	Statutory Auditor's Remarks	Management Replies
(iii)	Note No. 31 of Notes on Financial Statements regarding balances in trade receivable, trade payable, Government Authorities, Zonal Railways and Control Accounts that are subject to confirmation & reconciliation and the Corporation is in the process of review of such balances for carrying out necessary adjustment in the subsequent years.	The major amount of debit and credit balances lying under receivable/payable are related to Inter Railway Adjustment accounts wherein, this practice of confirming receivable/payable between Zonal Railways are not in existence. It may be noted that Inter Railway Reconciliation meeting is conducted periodically to ensure the balances reflected in the accounts are true. Reconciliation/adjustments of various debit/credit is a continuous process at any given point of time.

BALANCE SHEET AS AT 31st MARCH, 2014

(Amount in ₹)

Particulars	Note No.	As at 31 st March, 2014		As at 31 st March, 2013	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	1	48,859,662,000		48,859,662,000	
Reserves and Surplus	2	(35,326,613,123)	13,533,048,877	(35,457,752,806)	13,401,909,194
Non-Current Liabilities					
Long-Term Borrowings	3	6,282,000,000		12,662,000,000	
Long-Term Provisions	4	640,406,353	6,922,406,353	731,991,273	13,393,991,273
Current Liabilities					
Short-Term Borrowings	5	6,380,000,000		4,005,000,000	
Trade Payables	6	7,925,840,258		4,399,112,201	
Other Current Liabilities	7	3,481,123,624		3,247,618,608	
Short-Term Provisions	8	2,078,236,260	19,865,200,142	2,020,184,693	13,671,915,502
TOTAL			40,320,655,372		40,467,815,969
ASSETS					
Non-Current Assets					
Fixed Assets					
Tangible Assets	9	29,072,776,804		29,366,072,268	
Intangible Assets		-		-	
Capital Work-in-Progress		762,848,393		668,472,018	
Intangible Assets under Development		-		-	
Long-Term Loan and Advances	10	788,459,943	30,624,085,140	549,331,788	30,583,876,074
Current Assets					
Inventories	11	345,387,562		272,889,811	
Trade Receivables	12	6,036,775,642		3,939,839,712	
Cash and Bank Balances	13	2,331,569,102		4,244,139,980	
Short-Term Loan and Advances	14	723,902,088		1,186,772,614	
Other Current Assets	15	258,935,838	9,696,570,232	240,297,778	9,883,939,895
TOTAL			40,320,655,372		40,467,815,969

Significant Accounting Policies
Notes on Financial Statements 1 to 37

As per our report of even date

For and on behalf of Board

Sd/-
For Pathak H. D. & Associates
Chartered Accountants
Firm Registration No.107783W

Sd/-
AMITABH BANERJEE
Director (Finance)

Sd/-
BHANU PRAKASH TAYAL
Chairman and Managing Director

Sd/-
MUKESH MEHTA
Partner
Membership No. 043495

Sd/-
B.SATYANARAYANA
Company Secretary

Place : Mumbai
Date : 1st August, 2014



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED
31st MARCH, 2014**

(Amount in ₹)

Particulars	Note No.	2013-14	2012-13
REVENUE			
Revenue from Operations			
Traffic Earnings	16	8,772,306,374	7,289,796,507
Project Revenue	17	3,443,663,241	3,567,054,869
Other Income	18	557,254,331	505,400,837
Total Revenue		12,773,223,946	11,362,252,213
EXPENSES			
Cost of Operation			
Train Operation Expenses	19	4,870,741,043	3,687,370,333
Project Cost	20	3,137,341,557	3,262,638,501
Employee Benefit Expenses	21	2,257,691,211	2,248,073,656
Finance Costs	22	1,207,945,565	1,326,473,201
Depreciation and Amortization Expenses	9	840,898,872	890,454,303
Other Expenses	23	327,466,015	580,553,922
Total Expenses		12,642,084,263	11,995,563,916
Profit / (Loss) before Exceptional Items and Tax		131,139,683	(633,311,703)
Exceptional Items	24	-	1,720,806,842
Profit / (Loss) before tax		131,139,683	(2,354,118,545)
Tax Expenses			
(i) Current Tax		-	-
(ii) Deferred Tax		-	-
Profit / (Loss) for the year		131,139,683	(2,354,118,545)
Earnings per equity share of ₹ 1,000/- each			
Basic / Diluted	30	16.26	(291.91)

Significant Accounting Policies
Notes on Financial Statements 1 to 37

As per our report of even date

Sd/-
For Pathak H. D. & Associates
Chartered Accountants
Firm Registration No.107783W

Sd/-
MUKESH MEHTA
Partner
Membership No. 043495

Sd/-
AMITABH BANERJEE
Director (Finance)

Sd/-
B.SATYANARAYANA
Company Secretary

For and on behalf of Board

Sd/-
BHANU PRAKASH TAYAL
Chairman and Managing Director

Place : Mumbai
Date : 1st August, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

(Amount in ₹)

Particulars	2013-14	2012-13
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	131,139,683	(2,354,118,545)
<u>Adjustments for:</u>		
Depreciation and Amortisation Expenses	840,898,872	890,454,303
Interest on Deposits	(313,537,817)	(389,378,455)
Finance cost	1,207,945,565	1,326,473,201
Foreign Exchange Loss	-	-
Excess provision written back(net)	(84,322,379)	(32,013,594)
Loss on sale of fixed asset	1,025,698	1,079,875
Pension provisions for earlier years	-	1,399,176,250
Impairment of Fixed Assets	-	321,630,592
Provision for doubtful debts	-	177,727,592
Provision for Wealth Tax	423,174	271,264
Operating Profit before Working Capital changes	1,783,572,796	1,341,302,483
Movement in Working Capital		
Adjustment for		
Trade and Others Receivables	(3,006,756,378)	1,255,929,464
Inventories	(72,497,751)	(78,072,614)
Trade and Others Payables	3,898,780,793	698,949,704
NET CASH FLOW FROM OPERATIONS	2,603,099,460	3,218,109,037
Taxes Paid	(13,941,214)	(21,877,100)
NET CASH FLOW FROM OPERATING ACTIVITIES A	2,589,158,246	3,196,231,937
CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of fixed Assets	(643,005,482)	(716,969,391)
Sale of fixed asset	-	81,360
Interest on Deposits	294,899,757	386,601,867
NET CASH USED IN INVESTMENT ACTIVITIES B	(348,105,724)	(330,286,164)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Borrowings	(4,005,000,000)	(733,000,000)
Finance cost	(1,296,127,432)	(1,349,196,247)
NET CASH USED IN FINANCING ACTIVITIES C	(5,301,127,432)	(2,082,196,247)
Net increase in Cash & Cash equivalents D= A+B+C	(3,060,074,910)	783,749,526
Cash & Cash equivalents at beginning of year E	3,671,752,980	2,888,003,454
Cash & Cash equivalents at end of the year F= D+E	611,678,070	3,671,752,980

Notes:

1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the AS-3 'Cash Flow Statement' issued by ICAI.
2. Purchase of Fixed Asstes includes movement of Capital Works in Progress during the year.
3. Previous year's figures have been regrouped/reclassified wherever necessary to make them comparable with those of current year.

As per our report of even date

For and on behalf of Board

For Pathak H. D. & Associates
Chartered Accountants
Firm Registration No.107783W

Sd/-
MUKESH MEHTA

Partner
Membership No. 043495

Sd/-
AMITABH BANERJEE
Director (Finance)

Sd/-
BHANU PRAKASH TAYAL
Chairman and Managing Director

Sd/-
B.SATYANARAYANA
Company Secretary

Place : Mumbai
Date : 1st August, 2014

SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation of Financial Statements

- i. The accompanying financial statements are prepared and presented under the historical cost convention, in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting Standard notified under Section 211(3C) of the Companies Act 1956 ("the 1956 Act") (Which continue to be applicable in respect of section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13th September, 2013 of Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Act, as applicable along with the rules of allocation, classification/recognition of revenues and expenditure adopted by Indian Railways as are relevant and applicable.
- ii. The Corporation submitted capital restructuring proposal to Board for Reconstruction of Public Sector Enterprises (BRPSE) for converting unsecured loans of Ministry of Railways (MoR) in to Share Capital. On the recommendation of BRPSE, Cabinet Committee on Economic Affairs approved the proposal of restructuring and in supercession of earlier Memorandum of Understanding (MOU) with MOR allowed the Corporation to continue as a Central PSU even after discharge of its debt liabilities.
- iii. The Accounting policies involved in the Guidance Note on "Treatment of expenditure during construction period" published by the Institute of Chartered Accountants of India (ICAI) as are relevant and applicable have been followed.

B. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

C. Fixed Assets and Depreciation

- i. In classifying the nature of "Fixed Assets" and "Capital Works in Progress" the requirements of Revised Schedule VI and the format of disclosure followed by Indian Railways have been kept in view.
- ii. The Fixed 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 allocated to those assets purchased out of Foreign Exchange Loans.
- iii. The Broad Gauge line between Roha and Thokur was completed and opened for traffic on 26.1.1998. The entire expenditure net of income in the 'Development Account' had been apportioned to the various Fixed Assets on pro-rata basis.
- iv. The Corporation has been charging small items of Plant, Equipments, etc. valuing up to ₹ 1 lakh each procured for 'Open Line Working including administrative offices' to Statement of Profit and Loss on materiality basis, except, plant and equipment procured for implementation of individual project which is charged to the project account irrespective of the cost as per the terms of contract. From the financial year 2010-11, the corporation has decided to capitalize, such items as fixed assets in line with the provisions of Schedule XIV of the Company's Act, 1956.

- v. Depreciation is charged at the rates prescribed in Schedule XIV of the Companies Act, 1956 under Straight-Line Method. Depreciation on assets added/disposed during the years charged from/up to the month of addition/disposal. In case of assets where Schedule XIV of the Companies Act is silent, the rate of depreciation has been worked out as follows:

Loco/Other Rolling Stock/Cranes (As per Indian Rly. Finance code)	2.50%
ACD Plant & Machinery	16.21%
Lease Hold Land	1.67%

- vi. The cost of furniture and fixtures lying at offices, stations and rest houses including office equipments procured and used during construction period have been added to the respective building cost at the time of initial capitalization. Furniture & Fixtures including office equipments acquired subsequently after commissioning of entire line have been shown separately under the head "Furniture & Fixtures".
- vii. Temporary structure / fixtures which do not have long life are charged 100% depreciation in the year of addition.
- viii. The useful life of 'Test Track Sky Bus Metro' has been technically assessed as 10 years and accordingly the un-amortized depreciable amount as at 01.04.2008 is to be charged over 10 years starting from financial year 2008-09.
- ix. Interest on arbitration awards payable after 26.01.98 (the date of commissioning of the entire line) is charged to the Statement of Profit & Loss in accordance with AS-10 issued by ICAI.
- x. Interest on court award payable in respect of additional compensation towards Land acquisition is added to the cost of land as interest is also considered as part of land compensation as the corporation had paid the original compensation based on the value determined and provided by Special Land Acquisition Officer (SLAO.)

D . Inventories

- i. The inventories are valued at cost or net realizable value whichever is lower. The cost of Inventories is determined on Weighted Average Basis.
- ii. Stores for repairs and maintenance are charged off to revenue in the year of purchase. Used material is also valued at Nil.
- iii. Project and construction related Works in Progress are valued at cost till the major portion of the job is completed and thereafter valued at realizable value.

E . Foreign Exchange Transactions

- i. The transactions denominated in foreign currencies are recorded at the foreign exchange rate prevailing at the time of transaction.
- ii. Monetary items denominated in foreign currencies at the year end are restated at year end rates.
- iii. Any income or expense on account of foreign exchange difference either on settlement for on translation is recognized in the Statement of Profit & Loss except in case where they relate to acquisition of Fixed Assets in which case they are adjusted to the carrying cost of such Fixed Assets.
- iv. 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 unamortized depreciable amount is provided prospectively over the residual useful life of the asset from the year following such capitalization.

F . Employees Retirement Benefits

i. Pension

Konkan Railway Employees Superannuation Scheme' is a 'defined benefit scheme' and is applicable for those employees who have joined service prior to 01-01-2004. Liability under the said scheme is recognized on the basis of actuarial valuation and charged to Statement of Profit & Loss. Actuarial gain and losses in respect of Pension is charged to the Statement of Profit & Loss.

Employees who have joined service on or after 1.1.2004 are governed by 'Contributory Pension Scheme' as announced by the Government of India. The said scheme is a defined contribution scheme' and contribution is charged to Statement of Profit & Loss.

ii. Gratuity & Leave Encashment:

Gratuity & Leave Encashment benefits are 'defined benefit plans'. Liability towards the same are recognized on the basis of actuarial valuation and charged to Statement of Profit & Loss accordingly. Actuarial gain and losses in respect of Gratuity and Leave encashment is charged to the Statement of Profit & Loss.

G . Leased Assets

Lease rentals and other charges payable thereon are accounted for with reference to terms and other conditions of the lease.

H . Income Recognition

i . Revenues from Construction and Project related activities are recognized as follows:-

Cost plus Contract:

Revenue is determined by adding the aggregate cost plus proportionate margin as agreed with the Principal (Customers).

Fixed Price Contract:

Contract revenue is recognized by adding the aggregate cost and proportionate margin using the percentage completion method. Percentage of completion is determined as a proportion of cost incurred to date to the total estimated contract cost.

ii . Revenue from service related activities is recognized using proportionate completion method. In case the amount received is less than the project cost incurred, the income is accounted for when the revised estimate is submitted, and there is no uncertainty to receipt of income or objection to revised estimate.

iii . Revenue from Passengers and Goods earnings (Traffic Earning) are accounted on accrual basis based on booking irrespective of actual travel by the passengers or actual transportation of goods.

- iv . Sale of scrap, salvage or waste materials is deemed to be completed at the time of realization and is accounted for accordingly.
- v . Commission received on encashment of warrants issued by Defence/Police is recognized on accrual basis.

I . Contractor's claims

- i. Claims for escalation by contractors are accounted for only when such claims are accepted after due verification.
- ii. Recovery on account of risk and cost transactions is effected at the time of completion of works after due determination and the same is accounted for at the time of its realization in accordance with AS-9 issued by ICAI.
- iii. Penalty for delay in completion / defective work is accounted as and when recovered from the contractors .

J. Liabilities

Provision is made for all known liabilities existing on the date of balance sheet.

K . Intangible Assets and Amortization:

- i. Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/depletion. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustment arising from exchanges rate variation attributable to the intangible assets are capitalized.
- ii. Amortization/Depreciation of Intangible Assets and other Miscellaneous Expenditure is made as under :
 - a) Discount/Other Expenses on issue of bonds upto 31.03.2002 - over the tenure of the bonds or 10 years, whichever is lower.
 - b) Preliminary expenses - over a period of 10 years
 - c) Patents, designs, R&D expenses considered as intangible assets - over their useful life or 10 years whichever is lower.
 - d) Specialized computer software - over a period of 3 years.

L . Financial Derivatives

Financial Derivatives are accounted on the date of settlement and realized gain / loss in respect of settled contracts are recognized in the Statement of Profit and Loss.

Derivative transactions are considered as off Balance sheet items and cash flows arising there from are accounted for in the books of account as and when the settlement takes place in accordance with the terms of respective contracts over the tenure thereof.

M. Provisions, Contingent liabilities and Contingent assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

No provision for contingency is recognized in respect of warranty/ defect or maintenance liability where the corporation has back to back arrangement with sub-contractor for the same liability and there is certainty that such liability would be made good by the sub-contractor.

No provision for contingency is made in respect of court/ arbitration cases for additional compensation for Land or Contract charges, as the same pertains to fixed assets acquired prior to opening up of Traffic on 26.01.1998. In case of additional payment on account of Order the same would be added to the cost of fixed assets only, except interest which would be accounted in accordance with policy as disclosed separately under Para C (ix) and (x)

Contingent Liability is disclosed in the case of:-

- a) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- b) a possible obligation, unless the probability of outflow of resources is remote. No contingent liability is disclosed for defects or maintenance liability when corporation has back to back arrangements with sub-contractor for liability and there is virtual certainty that such liability would be made good by the sub-contractor.

Contingent Assets are neither recognized nor disclosed.

N. Taxes on Income

- i. Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.
- ii. Deferred Tax is recognized on timing difference between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or subsequently enacted as on the Balance Sheet date.
- iii. Deferred Tax Assets are recognized and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

O . Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date and if there is any indication of impairment based on Internal/External factors, an impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

P . Segment Accounting:

- i. Segment revenue includes the revenues directly identifiable / allocable to the segment. Expenses that are directly identifiable with/allocable to segments are considered for determining the segment results.
- ii. For the purpose of allocating common expenses to different projects, they are divided in the ratio of estimated cost of the projects. Segment assets and liabilities include those directly identifiable with the respective segments.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

1 SHARE CAPITAL

(Amount in ₹)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Authorised Share Capital		
8,064,661 Equity Shares of ₹ 1000/- each (Previous year 8,064,661)	8,064,661,000	8,064,661,000
40,795,100 Non-Cumulative Redeemable Preference Shares of ₹ 1000/- each (Previous year 40,795,100)	40,795,100,000	40,795,100,000
	48,859,761,000	48,859,761,000
Issued, subscribed and paid up Share Capital		
Equity Shares		
8,064,661 Equity Shares of ₹ 1000/- each fully paid up (Previous year 8,064,661)	8,064,661,000	8,064,661,000
Less: Calls in Arrears	99,000	99,000
	8,064,562,000	8,064,562,000
Preference Shares		
32,224,600 Non-cumulative Redeemable 20 Years Preference Shares of ₹ 1000/- each (Previous year 32,224,600)	32,224,600,000	32,224,600,000
8,570,500 Non-cumulative Redeemable 15 Years Preference shares of ₹ 1000/- each (Previous year 8,570,500)	8,570,500,000	8,570,500,000
	40,795,100,000	40,795,100,000
TOTAL (A + B)	48,859,662,000	48,859,662,000

1.1 The reconciliation of the number of shares outstanding is set out below :

(a) Equity Shares

(Amount in ₹)

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	Number of Shares	₹	Number of Shares	₹
At beginning of the year	8,064,661	8,064,661,000	8,064,661	8,064,661,000
Changes during the year	-	-	-	-
At end of the year	8,064,661	8,064,661,000	8,064,661	8,064,661,000

b) Preference shares

(ii) Non-cumulative Redeemable 20 Years Preference Shares

(Amount in ₹)

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	Number of Shares	₹	Number of Shares	₹
At beginning of the year	32,224,600	32,224,600,000	32,224,600	32,224,600,000
Changes during the year	-	-	-	-
At end of the year	32,224,600	32,224,600,000	32,224,600	32,224,600,000

(ii) Non-cumulative Redeemable 15 Years Preference Shares

(Amount in ₹)

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	Number of Shares	₹	Number of Shares	₹
At beginning of the year	8,570,500	8,570,500,000	8,570,500	8,570,500,000
Changes during the year	-	-	-	-
At end of the year	8,570,500	8,570,500,000	8,570,500	8,570,500,000

1.2 Rights, preferences and restrictions attached to shares

- (A) The Corporation has one class of equity shares having a par value of ₹ 1000/- each. Each shareholder is eligible for one vote per share held.

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 and operate the Konkan Railway Broad Gauge Line (KR Route). The Corporation was originally intended to be merged with Indian Railways as and when its loan liabilities are fully discharged. However, on 7th January 2009, Ministry of Railways communicated the approval of Cabinet Committee on Economic Affairs that the Corporation shall continue as a Central PSU even after discharge of its debt liabilities.

According to the initial Memorandum of Understanding (MOU), the Government of India, on the Corporation liquidating the loans obtained for completing the KR Route, would pay the contributions made by the State Governments towards equity at par.

- (B) The salient features of Capital Restructuring proposal as approved by Cabinet Committee on Economic Affairs and given effect to, are as follows:

- (i) The Loans provided by the Ministry of Railways along with accrued interest thereon as at 31st March, 2008 amounting to ₹ 32,224,600,000/- have been converted into Non-cumulative Preferential Shares redeemable at the end of 20 years.
- (ii) The Ministry of Railways will provide financial assistance amounting to ₹ 8,570,500,000/- for full debt servicing and 50% of the redemption of the Bonds for three financial years, i.e. from 2008-09 to 2010-11. The Corporation has received an amount of ₹ 2,515,000,000/- during 2008-09, ₹ 2,973,800,000/- during 2009-10 and ₹ 3,081,700,000/- during 2010-11 towards the same.
- (iii) In respect of Non Cumulative Redeemable Preference Shares, dividend payable will be non-cumulative and at the rate which Ministry of Railways pays to Government of India.

1.3 The details of Shareholders holding more than 5% shares

(a) Equity Shares

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	Number of Shares	% held	Number of Shares	% held
Ministry of Railways	4,112,874	51	4,112,874	51
Government of Maharashtra	1,774,224	22	1,774,224	22
Government of Karnataka	1,209,698	15	1,209,698	15
Government of Kerala	483,880	6	483,880	6
Government of Goa	483,879	6	483,879	6

(b) Preference Shares

(i) Non-cumulative Redeemable 20 Years Preference Shares

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	No. of Shares	% held	Number of Shares	% held
Ministry of Railways	32,224,600	100	32,224,600	100

(ii) Non-cumulative Redeemable 15 Years Preference Shares

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	No. of Shares	% held	Number of Shares	% held
Ministry of Railways	8,570,500	100	8,570,500	100

2 RESERVES AND SURPLUS

(Amount in ₹)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Deficit in the Statement of Profit and Loss		
Balance as at the beginning of the year	(35,457,752,806)	(33,103,634,261)
Add/(Less) : Profit/(Loss) for the year	131,139,683	(2,354,118,545)
Balance as at the end of the year	(35,326,613,123)	(35,457,752,806)

3 LONG TERM BORROWINGS

(Amount in ₹)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Secured		
Private Placement of Bonds		
9.30%, 17 taxable bonds of ₹ 10 lakh each 15B series redeemable on 19.10.2017 Letter of Comfort (LOC) issued by Ministry of Railway (MOR) (Put & call option available on 19/10/2012). However, no put and call option was exercised during the year 2012-13.	17,000,000	17,000,000
8.90%, 3100 taxable bonds of ₹ 10 lakh each 14B series redeemable on 01.09.2016 LOC issued by MOR	3,100,000,000	3,100,000,000
6.00%, 4000 taxable bonds of ₹ 1 lakh each 11C-III series redeemable on 02.02.2016 LOC issued by MOR (Put & call option available on 02/02/2014. However, no put and call option was exercised during the year 2013-14.)	400,000,000	400,000,000
5.55%, 500 taxable bonds of ₹ 1 lakh each 11C-I series redeemable on 02.02.2016 # LOC issued by MOR (Put & call option available on 02/02/2014)	50,000,000	50,000,000



Particulars	As at 31 st March, 2014	As at 31 st March, 2013
6.20%, 20000 taxable bonds of ₹1 lakh each 11B series redeemable on 19.11.2015 LOC issued by MOR	2,000,000,000	2,000,000,000
6.40%, 4750 taxable bonds of ₹1 lakh each 11A-IV series redeemable on 01.08.2015 LOC issued by MOR	475,000,000	475,000,000
6%, 1900 taxable bonds of ₹ 1 lakh each 11A-II series redeemable on 01.08.2015 # LOC issued by MOR (Put & call option available on 01/08/2013)	190,000,000	190,000,000
5.75%, 500 taxable bonds of ₹ 1 lakh each 11A-I series redeemable on 01.08.2015 # LOC issued by MOR (Put & call option available on 01/08/2013)	50,000,000	50,000,000
6.94%, 880 taxable bonds of ₹ 10 lakh each 12A-III series redeemable on 15.09.2014 LOC issued by MOR	-	880,000,000
7.57%, 3000 taxable bonds of ₹ 10 lakh each 12A-II series redeemable on 19.08.2014 LOC issued by MOR	-	3,000,000,000
7.00% 2000 taxable bonds of ₹ 10 lakh each 12A-I series redeemable on 02.08.2014 LOC issued by MOR	-	2,000,000,000
6.14%, 500 taxable bonds of ₹ 10 lakh each 11F series redeemable on 02.04.2014 LOC issued by MOR	-	500,000,000
TOTAL	6,282,000,000	12,662,000,000

- 3.1 (a) The IDBI Trusteeship Services Limited has been appointed as Trustees to the Bond Holders w.e.f. 01.08.2006 for all series of Bonds.
- (b) All Bonds issued by the Corporation under various Series are secured by way of pari-passu charges / mortgage created / to be created on movable / immovable assets of the Corporation
- (c) Corporation is authorised to reissue all bonds u/s 121 of the Companies Act after complying all the formalities required for reissue or fresh issue of bonds or both.
- (d) # These bonds carry a put and call option giving a right, to redeem the bonds before scheduled redemption date at par at the end of 5 years from the date of allotment and at the end of every year thereafter till maturity. However, no put and call option was exercised during the year 2013-14.
- (e) In terms of Section 117C of the Companies Act, 1956, the Corporation is required to create a Debenture Redemption Reserve of an adequate amount in respect of bonds issued. However, in the absence of adequate profits no Redemption Reserve has been created by the Corporation and the same would be created in future years.

4 - LONG TERM PROVISIONS

(Amount in ₹)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Provision for Employee Benefit		
Leave Salary	640,406,353	731,991,273
TOTAL	640,406,353	731,991,273

Refer Note No : 21.3 (B)

5 - SHORT TERM BORROWINGS

(Amount in ₹)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Secured		
Private Placement of Bonds		
6.94%, 880 taxable bonds of ₹ 10 lakh each 12A-III series redeemable on 15.09.2014 LOC issued by MOR	880,000,000	-
7.57%, 3000 taxable bonds of ₹ 10 lakh each 12A-II series redeemable on 19.08.2014 LOC issued by MOR	3,000,000,000	-
7.00% 2000 taxable bonds of ₹ 10 lakh each 12A-I series redeemable on 02.08.2014 LOC issued by MOR	2,000,000,000	-
6.14%, 500 taxable bonds of ₹ 10 lakh each 11F series redeemable on 02.04.2014 LOC issued by MOR	500,000,000	-
6.24%, 2915 taxable bonds of ₹ 10 lakh each 11E series redeemable on 01.03.2014 LOC issued by MOR	-	2,915,000,000
6.25%, 500 taxable bonds of ₹ 10 lakh each 11D series redeemable on 17.02.2014 LOC issued by MOR (Put & call option available on 17/02/2013)	-	500,000,000
6.65%, 800 taxable bonds of ₹ 1 lakh each 10E-IV series redeemable on 01.05.2013 Govt. Guarantee issued by MOR	-	80,000,000
6.65%, 2000 taxable bonds of ₹ 1 lakh each 10E-III series redeemable on 01.05.2013 Govt. Guarantee issued by MOR	-	200,000,000
6.65%, 3100 taxable bonds of ₹ 1 lakh each 10A-I series redeemable on 01.05.2013 Govt. Guarantee issued by MOR	-	310,000,000
TOTAL	6,380,000,000	4,005,000,000

- 5.1 (a) The IDBI Trusteeship Services Limited has been appointed as Trustees to the Bond Holders w.e.f. 01.08.2006 for all series of Bonds.
- (b) All Bonds issued by the Corporation under various Series are secured by way of pari-passu charges / mortgage created / to be created on movable / immovable assets of the Corporation
- (c) Corporation is authorised to reissue all bonds u/s 121 of the Companies Act after complying all the formalities required for reissue or fresh issue of bonds or both.
- (d) In terms of Section 117C of the Companies Act, 1956, the Corporation is required to create a Debenture Redemption Reserve of an adequate amount in respect of bonds issued. However, in the absence of adequate profits no Redemption Reserve has been created by the Corporation and the same would be created in future years.

6 TRADE PAYABLES

(Amount in ₹)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Due to	1,117,262,304	394,959,188
Contractors	749,902,022	507,727,645
Contractors for Project	6,050,884,227	3,488,455,816
Railways	7,791,705	7,969,552
Others		
TOTAL	7,925,840,258	4,399,112,201

- 6.1 In the absence of any information from suppliers regarding the status under Micro, Small and Medium Enterprises Development Act, 2006 and Small Scale and Ancillary Undertaking Act, 1993, amounts due to such enterprises have not been disclosed separately under Trade Payables.
- 6.2 In respect of Jharkhand Road Over Bridges (ROBs) the recoveries from the contractors for non completion of the work within the contract period are contested by the contractors and the payment, if any made on this account will be accounted as and when decided by the arbitrators and the same is lying under trade payables.

7 OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	Interest accrued but not due on Borrowing		468,126,317	
Interest accrued and due on Borrowing		1,277		20,319,571
Income Received in Advance		8,384,057		7,465,189
Deposits from				
Contractors & Others	132,648,979		98,052,305	
Contractors & Others - Project	2,285,957,167	2,418,606,146	1,961,597,073	2,059,649,378
Other Payable				
Deposits for Capital Works	14,852,766		29,751,910	
Creditors for Capital Works	16,284,360		61,738,092	
Employee payable	243,282,736		267,215,251	
Expenses Payable	164,928,994		167,320,276	
Project Payables	118,579,869		76,548,514	
Withholding and other taxes	28,077,102		21,535,862	
Other Liabilities	-	586,005,827	84,675	624,194,580
TOTAL		3,481,123,624		3,247,618,608

- 7.1 Withholding and other taxes payable includes liability on account of Wealth Tax of ₹ 220,920/- (Previous year ₹ 743,941/-) and recovery of Welfare Cess amounting to ₹ 5,459,882/- (Previous year ₹ 4,843,719/-) as per The Building and Other Construction Workers (RECS) Act, 1996 and The Building and Other Construction Workers Welfare Cess Act, 1996. The Labour Welfare Cess recovered in the State of Goa is not paid, pending identification of statutory authority acknowledging the payment .
- 7.2 Deposits from contractors & others for Project includes an amount of ₹ 250,000,000/- received from RDSO for research and development of SKY Bus Technology.

8 SHORT TERM PROVISIONS

(Amount in ₹)

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	Provision for employee benefits			
Employee Pension Scheme		1,908,238,154		1,897,186,434
Gratuity		146,024,032		106,563,844
Leave Salary		23,974,074		16,434,415
TOTAL		2,078,236,260		2,020,184,693

- 8.1 Refer Note No. 21.3 (B).

9- FIXED ASSETS (TANGIBLE AND INTANGIBLE)

(Amount in ₹)

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTISATION			IMPAIRMENT 2013-2014	NET BLOCK		
	BLANCE AS AT 01.04.2013	ADDITION 2013-2014	DELETION / ADJUSTMENT 2013-2014@	BALANCE AS AT 31.03.2014	UPTO 31.03.2013	FOR THE YEAR @@		DEDUCTION	UPTO 31.03.2014	AS AT 31.03.2014
1	2	3	4	5	6	7	8	9	11	12
TANGIBLE ASSETS										
LAND										
i) LEASE HOLD LAND	49,405,231	-	-	49,405,231	15,428,931	825,067	-	16,253,998	33,151,233	33,976,300
ii) FREE HOLD LAND	1,367,054,999	53,341,404	-	1,420,396,403	-	-	-	-	1,420,396,403	1,367,054,999
iii) EARTH WORK	9,918,043,481	188,078,551	-	10,106,122,032	-	-	-	-	10,106,122,032	9,918,043,481
BRIDGES & TUNNELS	16,436,142,687	80,745,157	-	16,516,887,844	3,909,868,638	268,733,772	-	4,178,602,410	12,338,285,434	12,526,274,049
P. WAY TRACK \$	6,607,691,085	60,300,840	-	6,667,991,925	4,309,402,383	312,367,016	-	4,621,769,399	2,046,222,526	2,298,288,702
PLANT & EQUIPMENTS	3,156,869,091	73,138,786	(1,472,725)	3,228,535,152	1,808,947,139	201,786,219	(959,935)	2,009,773,423	1,218,761,730	1,347,921,952
BUILDINGS	2,096,860,707	71,552,811	-	2,168,413,518	470,005,073	40,755,237	-	510,760,310	1,657,653,208	1,626,855,634
LOCOS & OTHER ROLLING STOCK	264,691,226	-	-	264,691,226	78,217,468	6,617,281	-	84,834,750	179,856,476	186,473,758
FURNITURE & FIXTURES	18,622,614	1,281,435	-	19,904,049	9,532,721	1,282,862	-	10,815,584	9,088,465	9,089,893
OFFICE EQPTS. & PERIPHERALS	232,256,914	20,152,341	-	252,409,255	202,384,069	5,612,443	-	207,996,511	44,412,744	29,872,845
VEHICLES	44,500,264	118,371	(5,146,369)	39,472,266	22,279,609	2,918,973	(4,552,868)	20,645,714	18,826,552	22,220,655
SKY BUS METRO #	523,059,049	-	-	523,059,049	523,059,049	-	-	523,059,049	-	-
TOTAL	40,715,197,348	548,709,696	(6,619,094)	41,257,287,951	11,349,125,080	840,898,872	(5,512,804)	12,184,511,149	29,072,776,804	29,366,072,268
INTANGIBLE ASSETS										
PATENT - ANTI COLLISION DEVICE	5,795,291	-	-	5,795,291	5,795,291	-	-	5,795,291	-	-
PATENT - SKY BUS METRO	5,736,092	-	-	5,736,092	5,736,092	-	-	5,736,092	-	-
ACD - KNOWHOW	138,953,873	-	-	138,953,873	138,953,873	-	-	138,953,873	-	-
TOTAL	150,485,256	-	-	150,485,256	150,485,256	-	-	150,485,256	-	-
GRAND TOTAL	40,865,682,604	548,709,696	(6,619,094)	41,407,773,207	11,499,610,336	840,898,872	(5,512,804)	12,334,996,405	29,072,776,804	29,366,072,268
Previous Year	40,391,150,668	477,832,138	(3,300,202)	40,865,682,604	10,348,369,340	890,454,303	(2,138,950)	11,236,684,693	29,366,072,268	-
Capital Work-in-progress									762,848,393	668,472,018
Intangible Assets under Development (Refer Note 9.4)										

- \$ Fixed assets exclude Track measuring 185.275 Kms (of book value ₹ 1,316,600,000/-) which had been sold and subsequently leased back to Corporation in earlier years with the approval of President of India.
- # Includes concessional supply of material for construction of Sky Bus metro, otherwise valued at ₹ 44,414,000/-.
- # Skybus metro consists of various classes of assets like P.way, Bridge, Building, Plant & Equipment, Rolling Stock, etc. During the financial year 2008-09 useful life of Sky Bus has been reviewed and it was decided to charge the unamortized depreciable amount as at 01.04.2008 over 10 years starting from financial year 2008-09. However, during the previous year the Corporation has decided to impair the unamortized value of SKY Bus Metro as 'Impairment Loss' in accordance with AS 28 issued by ICAI.
- @ The adjustment of ₹ 6,619,094/- in gross block includes deletion of ₹ 6,619,174/- (Previous year ₹ 3,300,202/-).
- @@ Depreciation includes an amount of ₹ 3,051,004/- pertaining to earlier years (Previous year ₹ 38,891/-)
- 9.1 (a) The assets under different heads have been capitalized based on figures appearing in the Books of Accounts. Fixed asset is capitalized after final measurement/certification by the concerned department. In cases where works have not been completed and some portion remain to be executed, the value of same have been taken based on the technical assessment and capitalized accordingly. Though on different dates various assets have been put to use, the entire line was opened for traffic on 26.01.1998. Accordingly, Interest & other Finance charges prior to 26.01.1998 were capitalized. Depreciation on such assets has been charged from the date of opening of entire line, i.e. 26.01.1998.
- (b) The Corporation continued to charge 7.2% towards 'Direction & General (D & G) Charges' on all capital works in accordance with the Railway Board guidelines.
- (c) In accordance with AS-26 issued by ICAI, the Corporation had capitalized the Research & Development expenditure on Anti Collision Device (ACD) as Intangible Assets.
- (d) The Corporation is having the regular program for physical verification of Stores and fixtures. Adjustment on account of discrepancy if any will be carried out subsequently after due reconciliation. The impact of the same is not considered to be material in nature. Reused material received back is added in stock register for control purpose and is not considered for valuation purpose.
- 9.2 Land cost includes indirect expenses incurred in the process of acquisition of land and provisional advance payments consequent to awards based on certificates of Special Land Acquisition Officer (SLAO) which will be reconciled and finally adjusted as and when final awards and acquittance details certified by the SLAOs are received.
- 9.3 The geo-tech safety works executed as a planned work are treated as Capital Expenditure and shown accordingly w.e.f. 2005-06.
- 9.4 During the previous year, in accordance with the AS-28 issued by the ICAI on 'Impairment of Assets', the management has carried out a review of its assets with respect to economic performance. On the basis of review, the Management is of the opinion that no firm order received on supply of ACD and on Development of SKY BUS Metro, it is decided to impair the unamortized value of fixed assets as 'Impairment Loss' amounting to ₹ 321,630,592/- comprising of

Particulars	Amount in ₹
SKY Bus Metro	233,374,473/-
ACD Technical Know How	28,242,932/-
Patents (Sky Bus & ACD)	1,308,242/-
ACD under development shown under Intangible Asset under development	58,704,945/-
Total	321,630,592/-

10 - LONG TERM LOAN AND ADVANCES

(Amount in ₹)

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	Unsecured, considered good			
Loans to Konkan Railway Welfare Organisation		190,289,400		190,289,400
Capital advance	256,974,269	-	14,101,002	-
Deposits with Court	252,735,047	-	270,775,552	-
Deposits Others	6,105,104	-	5,750,924	-
Payment of tax	82,356,123	598,170,543	68,414,910	359,042,388
Unsecured, considered doubtful				
Capital advance	9,968,784	-	9,968,784	-
Less: Provision for Doubtful debts	9,968,784	-	9,968,784	-
TOTAL		788,459,943		549,331,788

- 10.1 Loan given to Konkan Railway Welfare Organisation (KRWO) formed for the welfare of the employees of the Corporation carrying interest @ 7% payable in the span of 7 years, has been classified under unsecured due to non creation of mortgage of Land in favour of the Corporation as per terms and condition entered. The KRWO has executed simple mortgage in favour of the Corporation.
- 10.2 An aggregate amount of ₹ 12,693,159/- (Previous Year ₹ 10,972,435/-), lying in Capital 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 SLAOs are yet to be received.

11 - INVENTORIES

(Amount in ₹)

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	Rails	184,394,992		163,983,297
Sleepers	77,490,107		41,396,255	
Steel	151,377		167,170	
Diesel	73,452,492		44,411,742	
Others	9,898,594		22,931,347	
TOTAL	345,387,562		272,889,811	

- 11.1 (a) Construction materials issued during the year from stores have been charged to the 'Works'.
- (b) Construction material like cement, steel etc., issued to the contractors are debited to Capital-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 Capital-Work in Progress Account as and when finally settled. Due to this, Capital-Works in Progress Account and Advances/Recoverable are overstated and understated to that extent.

12 TRADE RECEIVABLES

(Amount in ₹)

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	Unsecured, considered good Traffic Earnings and other receivable			
a) More than 6 months	2,600,624,887	5,833,517,494	1,140,538,799	3,643,430,972
b) Less than 6 months	3,232,892,607		2,502,892,173	
Projects Receivables		203,258,148		296,408,740
a) More than 6 months	148,572,137		134,683,652	
b) Less than 6 months	54,686,011		161,725,088	
Unsecured, considered doubtful Traffic Earnings and other receivable				
a) More than 6 months	3,627,520		3,627,520	
b) Less than 6 months	-		-	
	3,627,520		3,627,520	
Less: Provision for Doubtful debts	3,627,520	-	3,627,520	-
Projects Receivables (Refer note no. 12.2.b)				
a) More than 6 months	97,700,000		97,700,000	
b) Less than 6 months	-		-	
	97,700,000		97,700,000	
Less: Provision for Doubtful debts	97,700,000	-	97,700,000	-
TOTAL		6,036,775,642		3,939,839,712

- 12.1 The amount receivable from Indian Railways on account of Fuel and Rolling Stock hire charges are ₹ 3,802,971,075/- (Previous Year ₹ 2,085,053,463/-) and ₹ 115,534,081/- (Previous Year ₹ 59,865,976/-) respectively.
- 12.2 (a) Sanctioned cost towards implementation of ACD Project on North Frontier Railway (NFR) does not provide for management fees as Ministry of Railways has not yet approved the inclusion of the same in the estimate
- (b) The Corporation has submitted the estimate of ₹ 1,006,400,000/- and has incurred cost accordingly on ACD project of NFR. The Railway Board has granted sanction of ₹ 828,700,000/- only. Pending sanction of Railway Board, the amount of ₹ 177,700,000/- continues to remain outstanding since 2007 from NFR. The corporation is continuously following with Railway Board and also refers the issue for redressal of disputes and also made provision in respect of receivables from NFR during the financial year 2012-13, further ₹ 28,278,748/- has been adjusted against payable of M/s KIML during the financial year 2013-14 and same has been accounted under other income, as bad debts recovered.
- 12.3 As per the terms of contract for the Jharkhand project, the corporation can recover 9.65% of the contractor's cost towards employee and other costs charged on actual basis. The Corporation has recognized an income of ₹ 19,684,280/- on final settlement with sub contractor/ railway.

13 - CASH AND BANK BALANCES

(Amount in ₹)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Cash and Cash equivalents		
Balances with Banks	582,925,130	1,232,300,409
Cash on Hand	28,752,940	38,781,406
Deposit accounts with original maturity less than 3 months	-	2,400,671,165
(A)	611,678,070	3,671,752,980
Other bank balance		
Deposit accounts with original maturity more than 3 months but less than 12 month	1,642,550,032	390,725,000
Deposit accounts with maturity more than 12 months	35,000,000	-
Margin money deposits (Refer note 26 (ii) & (iii))	42,341,000	181,662,000
(B)	1,719,891,032	572,387,000
TOTAL (A + B)	2,331,569,102	4,244,139,980

14 - SHORT TERM LOAN AND ADVANCES

(Amount in ₹)

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
Unsecured and Considered good				
Deposits with				
Govt. authorities / judiciary.		637,022		1,558,376
Others		20,714,659		52,325,086
Other Loans & Advances				
Advances to Employees		9,709,014		5,761,388
Project Advances		645,591,305		1,052,269,543
Prepayment		2,503,834		14,747,195
Advances to Contractors / Suppliers		39,409,254		46,468,429
Recoverable from contractors / others		-		8,305,597
Others		5,337,000		5,337,000
Unsecured, considered doubtful				
Advances to Employees	310,792		310,792	
Less: Provision for Doubtful debts	310,792	-	310,792	-
Project Advances (Refer note no. 12.2.b)	51,721,252		80,000,000	
Less: Provision for Doubtful debts	51,721,252	-	80,000,000	-
Advances to Contractors / Suppliers	3,917,276		3,917,276	
Less: Provision for Doubtful debts	3,917,276	-	3,917,276	-
Recoverable from contractors / others	8,470,239		38,470,239	
Less: Provision for Doubtful debts	8,470,239	-	38,470,239	-
Others	89,700		89,700	
Less: Provision for Doubtful debts	89,700	-	89,700	-
TOTAL		723,902,088		1,186,772,614

- 14.1 During the previous year Corporation has computed liability of service tax and has shown net input credit receivable of ₹ 21,780,671/-. The Net input credit taken includes CENVAT credit of Excise duty of ₹ 43,800,000/- paid to M/s.KMIL for ACDs supplied and installed at NFR for the period from 2004-05 to 2007-08. In view of the uncertainty of recovery of Service Tax input, the Corporation has written off the same as bad debts.
- 14.2 The corporation has filed an appeal with Central Excise Tribunal towards non/short granting of refund of ₹ 39,200,000/- on excise paid on purchase of sleepers during the period from 2003 to 2005. Out of the total refund claimed only ₹ 8,300,000/- has been shown as refund receivable in the books and the balance has already been absorbed in the cost.
- 14.3 The Corporation has to receive an amount of ₹ 38,400,000/- from Punwire Communication Ltd. Chandigarh pursuant to their cheques being dishonoured. Punjab and Haryana High court has appointed a provisional liquidator to take charge of the assets of Punwire to prevent them from withering away. The Corporation has initiated criminal proceeding under sec. 138 of the Negotiable Instruments Act and has also filed a summary suit for the recovery of the amount. The Corporation has made full provision of ₹ 38,400,000/- against the same, further corporation has received an amount of ₹ 30,000,000/- from M/s R R Financial Consultants Ltd (arrangers) on behalf of Punwire Communication Ltd. Chandigarh in the current year and same has been accounted under other income, as bad debts recovered.

15 - OTHER CURRENT ASSESTS

(Amount in ₹)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Interest Accrued but not due	225,437,938	220,146,136
Interest Receivable from KRWO	33,497,900	20,151,642
TOTAL	258,935,838	240,297,778

16 - TRAFFICE EARNINGS

(Amount in ₹)

Particulars	2013 - 14	2012 - 13
Passenger	4,511,243,972	3,767,172,766
Other Coaching	77,887,849	74,569,552
Goods	4,134,970,907	3,403,245,656
Sundry	48,203,646	44,808,533
TOTAL	8,772,306,374	7,289,796,507

- 16.1 Revenue for transportation services rendered by the Railways is collected by the Station from which the traffic originates and for the service that is rendered across more than one Zonal Railway, the revenue received by the originating Zone is apportioned between all the Zones that are involved in rendering the services, this is done by apportioning the revenue on straight-line method in proportion to distance travelled on each Zonal Railway on booking basis irrespective of actual travel by the passenger or actual transportation of goods. As per the MOU with the Ministry of Railways (MOR), the corporation is at par with other Zonal Railways for the purpose of apportionment of revenue. Accordingly, the corporation receives a part of its total revenue from other Zonal Railways whose originating traffic either passed through or terminated on the KR Route. Similarly, the corporation has to pay a part of its originating earnings to other Zonal Railways, where traffic terminated on other than KR Route.

The apportionment of revenue is done on the basis of standard junction tables giving zone-wise division of distances between any given pairs of stations. Each station prepares a statement of tickets sold and freight booked to all other stations on a monthly basis. This statement is used as input to the computerized Apportionment Master to produce the share of each Zonal Railway. The task of maintaining masters and processing the data for apportionment is entrusted

to M/S.RITES by Railway Board. Railways system of checks and balance to ensure correctness of the monthly earnings prepared by each station is also followed by the corporation and mutually accepted as correct. The corporation does a detailed check of list of pairs of stations and the junction distance table. Whenever the apportioned earnings appear to be less than the expected share as per the statistical and current trends, the corporation does a complete check of detailed earnings statements in addition. This ensures the correctness of our apportioned revenue.

- 16.2 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 Zonal Railways. Operating expenses like hire charges for coaches, wagons and engines, fuel charges, salary of crew have been provided for in the Corporation's accounts based on formula adopted by Indian Railways and statement of account received from Zonal Railways on periodical basis.

17 - PROJECT REVENUE

(Amount in ₹)

Particulars	2013-14	2012-13
<u>Contracts of Project Division</u>		
Udhampur Srinagar Baramulla Rail Link (USBRL) Project	3,202,875,826	3,296,856,893
Jaigad Port Detailed Project Report (DPR)	3,566,113	845,931
SESA Goa Ltd Detailed Project Report	370,426	259,328
Gujrat Water Infrastructure Ltd	2,448,771	-
TATA Steel Ltd Detailed Project Report	103,432	-
<u>Open Line Deposit Works</u>		
Anti Collision Device (ACD) on North Frontier Railway (NFR) Route	155,831,943	156,628,818
RCC Box Culvert/ Foot Over Bridge (FOB) II	155,563	364,109
Udupi Power Corporatin Limited (UPCL) Project	8,610,176	16,941,180
PWD Kudal - Halwal Road Over Bridge (ROB)	387,131	4,641,558
Survey Asnoti-Honkan Village	476,442	-
Survey for Rail connectivity SESA Goa	913,540	-
Station Building - Byndoor	7,098,275	11,507,948
Mangalore SEZ	17,042,158	55,442,041
Freight Miser	5,250,920	7,783,676
Automatic Coach Washing Plant & Effluent Treatment, Metro Rail, Kolkata	13,800,000	-
HPCL Work	135,965	-
Jindal Steel Works	24,596,560	15,783,387
TOTAL	3,443,663,241	3,567,054,869

- 17.1 The Project Revenue on account of survey works & ACD is shown net of service tax liability
- 17.2 (a) The Contract agreement between the Corporation and Northern Railway for the execution of USBRL Project expired on 15.08.2007 and further extended the validity of contract upto 31.12.2015.
- (b) In terms of the Contract Agreement between the Corporation and Northern Railway for execution of USBRL Project, monthly account statements are being submitted by the Corporation in the mutually agreed proforma incorporating all the expenses and 10% profit. So far Northern Railway has not disallowed any item of expenditure claimed by the Corporation. However, in case any item of expenditure is disallowed in future, such disallowance will be incorporated in the accounts of the period in which it has been disallowed.
- (c) Claims under arbitration against the Corporation as certified by the management is ₹ 158,780 Lakh (Previous Year ₹ 109,332 Lakh) for the USBRL Project. It is the considered opinion of the Corporation that these claims as decided by the arbitrators will be chargeable to the project.

(d) Beside above, the claim worth ₹ 1,001 Lakh has been awarded upto 2013-14. As communicated by Railway Board, the corporation has either to absorb arbitration cost in the ratio of 80 : 20 against the profit of that year or go for Arbitration. The management has decided to charge the amount of claim to project cost. If the corporation has to bear the claim, the same would be charged against the profit of that year.

17.3 The Corporation has not recognised interest for delayed payment as revenue from Udupi Power Corporation Ltd (UPCL) pertaining to maintenance and land licence fees in accordance with AS 9 Revenue recognition due to uncertainty involved in ultimate collection.

17.4 Disclosures pursuant to Accounting Standard 7 (Revised) issued by ICAI are as under:-

(Amount in ₹)

Particulars	2013-14	2012-13
a) Contract revenue recognized for the year.	3,443,663,241	3,567,054,869
b) Aggregate amount of contract costs incurred for the year.	3,137,341,557	3,262,638,501
c) Recognized profits (less losses) for the year.	306,321,684	304,416,368
d) Amount of advances outstanding for contracts in progress.	697,312,557	1,132,269,543
e) Retention amounts due from customers for contracts in progress.	Nil	Nil
f) Aggregate amount of costs incurred up to the reporting date:		
USBRL Project	19,008,926,328	16,084,059,038
Jaigad Port Detailed Project Report (DPR)	4,412,044	845,931
SESA Goa Ltd Detailed Project Report	629,754	259,328
TATA Steel Ltd Detailed Project Report	103,432	-
Gujrat Water Infrastructure Ltd	1,887,651	-
Openline Projects	1,455,286,420	1,248,739,775
g) Aggregate amount of recognized profits [less recognized losses] up to the reporting date		
USBRL Project	1,761,583,706	1,483,575,170
Jaigad Port Detailed Project Report (DPR)	-	-
SESA Goa Ltd Detailed Project Report	-	-
TATA Steel Ltd Detailed Project Report	-	-
Gujrat Water Infrastructure Ltd	561,120	-
Openline Projects	97,694,890	69,942,862
h) Aggregate Amount of advances received:-		
USBRL Project	22,340,000,000	19,020,000,000
Jaigad Port Detailed Project Report (DPR)	7,000,000	7,000,000
SESA Goa Ltd Detailed Project Report	2,646,000	2,646,000
Tata Steel Ltd (Jharkhand)	3,750,000	3,750,000
Gujrat Water Infrastructure Ltd	3,896,200	672,000
Openline Projects	1,251,605,697	1,017,500,267
i) Amount of retentions: -		
USBRL Project	Nil	Nil
Openline Projects	Nil	Nil

18 - OTHER INCOME

(Amount in ₹)

Particulars	2013-14	2012-13
Interest on Deposits	300,217,559	389,378,455
Interest on Loan	13,320,258	13,099,326
Miscellaneous Incomes	101,115,387	70,909,462
Bad debts recovered *	58,278,748	-
Excess provision of earlier years written back (net)	84,322,379	32,013,594
TOTAL	557,254,331	505,400,837

* Refer Note Nos: 12.2 (b) and 14.3

19 - TRAIN OPERATION EXPENSES

(Amount in ₹)

Particulars	2013-14		2012-13	
Fuel consumed		2,687,948,577		2,050,202,132
Hire Charges of Rolling and Motive Power		1,201,043,453		816,103,563
Electricity and Water Charges		73,318,950		75,233,538
Repair and Maintenance				
Permanent Way	487,078,114		394,428,512	
Station and Other Buildings	103,034,140		89,964,729	
Plant & Equipments	202,653,869		195,562,295	
Bridges & Tunnels	44,424,925		19,028,165	
Rolling Stock	71,239,015	908,430,063	46,847,399	745,831,100
TOTAL		4,870,741,043		3,687,370,333

20 - PROJECT COST

(Amount in ₹)

Particulars	2013-14		2012-13	
Contracts of Project Division				
Udhampur Srinagar Baramulla Rail Link Project				
Payment to contractors	2,658,916,520		2,796,675,745	
Establishment charges	209,640,530		152,956,578	
Other than Establishment charges	56,310,240	2,924,867,290	63,863,866	3,013,496,189
Jaigad Port Detailed Project Report (DPR)				
Payment to contractors	2,689,004		542,444	
Other than Establishment charges	877,109	3,566,113	303,487	845,931
SESA Goa Ltd Detailed Project Report				
Payment to contractors	234,500		252,529	
Other than Establishment charges	135,926	370,426	6,799	259,328
TATA Steel Ltd Detailed Project Report				
Payment to contractors	-		-	
Other than Establishment charges	103,432	103,432	-	-
Gujrat Water Infrastructure Ltd				
Payment to contractors	-		-	
Other than Establishment charges	1,887,651	1,887,651	-	-
Open Line Deposit Works				
Anti Collision Device-N F RLY				
Payment to contractors	115,886,923		123,150,197	
Establishment charges	13,683,942		11,538,383	
Other than Establishment charges	3,295,218	132,866,083	2,976,092	137,664,672
RCC Box Culvert /Foot Over Bridge II				
Payment to contractors	119,675		280,113	
Establishment charges	15,701		36,748	
Other than Establishment charges	15,701	151,077	36,748	353,609
Udupi Power Corporation Limited Project				
Payment to contractors	6,661,796		13,083,102	
Establishment charges	852,416		1,687,909	
Other than Establishment charges	852,416	8,366,628	1,687,909	16,458,920
PWD Kudal - Halwal Road Over Bridge				
Payment to contractors	357,792		4,289,795	
Establishment charges	14,670		175,882	
Other than Establishment charges	14,669	387,131	175,882	4,641,559

Particulars	2013-14		2012-13	
Survey Asnoti-Honkan Village				
Payment to contractors	476,442		-	
Establishment charges	-		-	
Other than Establishment charges	-	476,442	-	-
Survey for Rail Connectivity SESA Goa				
Payment to contractors	566,748		-	
Establishment charges	156,773		-	
Other than Establishment charges	156,773	880,294	-	-
Station Building - Byndoor				
Payment to contractors	7,098,275		10,697,283	
Establishment charges	-		405,332	
Other than Establishment charges	-	7,098,275	405,332	11,507,947
Mangalore SEZ				
Payment to contractors	13,110,663		42,651,987	
Establishment charges	1,720,029		5,595,647	
Other than Establishment charges	1,720,029	16,550,721	5,595,648	53,843,282
Freight Miser				
Payment to contractors	5,250,920	5,250,920	7,783,676	7,783,676
ACWP&ET,Metro Rail, Kolkata				
Payment to contractors	8,702,640		-	
Establishment charges	543,915		-	
Other than Establishment charges	543,915	9,790,470	-	-
HPCL Work				
Payment to contractors	104,598		-	
Establishment charges	13,723		-	
Other than Establishment charges	13,723	132,044	-	-
Jindal Steel Works				
Payment to contractors	23,833,876		15,293,980	
Establishment charges	381,342		244,704	
Other than Establishment charges	381,342	24,596,560	244,704	15,783,388
TOTAL		3,137,341,557		3,262,638,501

20.1 Common general expenses of the Corporation's Project Division are allocated to various on-going projects in proportion to the management's estimates of the costs incurred/ to be incurred on the respective projects.

20.2 The corporation has been handling various projects including construction projects. The same are also subcontracted. As the constructed asset is transferred by sub contractor to the corporation and in turn to main customer, no separate Works Contract Tax / General Sales Tax is collected and paid by the corporation. The management has relied on the judgment of Hon. Supreme Court in the case of Larson and Tubro Ltd and another V/s State of Andhra Pradesh & Other (2006) 146 STC616. The management is in the process of obtaining legal opinion to confirm the present status of applicability of the said view for corporation. The consequential adjustment if any on account of contrary view will be made in the subsequent year.

21 - EMPLOYEE BENEFIT EXPENSES

(Amount in ₹)

Particulars	2013-14	2012-13
Salary ,Wages and Allowances etc	1,761,848,056	1,900,008,419
Contribution to and provision for Provident and pension funds	275,949,141	155,314,320
Gratuity	75,174,139	66,811,425
Foreign Service Contribution	4,541,914	5,397,112
Cash Awards	1,468,950	1,405,776
Staff Welfare Expenses	135,496,342	113,976,665
Training Expenses	3,212,669	5,159,939
TOTAL	2,257,691,211	2,248,073,656

- 21.1 The High Court of Bombay in April 2008 exempted the Corporation from the purview of Employees' Provident and Miscellaneous Provisions Act, 1952 and permitted the Corporation to maintain its own provident fund and pension scheme. Accordingly, Pension as per Railway Service (Pension) Rules, 1993 which was managed by erstwhile "Konkan Railway Corporation Employees Superannuation Trust" through Life Insurance Corporation of India was restored. However, the employees those who have joined on or after 1.1.2004 are continued to be governed by the 'Contributory Pension Scheme' as announced by the Government of India
- 21.2 Salary ,Wages and Allowances etc includes Direction & General/Establishment expenses charged to Capital / Deposit Work amounting to ₹ (-) 29,018,909/- (Previous year ₹ (-) 38,527,742/-)
- 21.3 As per Accounting Standard 15 (Revised)"Employee Benefit", disclosure of employee benefit as defined in Accounting Standard are given below :

(A) **Defined Contribution Plan :**

- (i) The employees joined on or after 1.1.2004 are governed by the Contributory Pension Scheme Introduced by Government of India. The Corporation is contributing an amount equal to the contribution made by the employees to the fund and there is no further liability on this account.
- (ii) Contribution to Defined Contribution Plan, recognised as expenses for the year is as under

(Amount in ₹)

Particulars	2013-14	2012-13
Employer's Contribution to Provident Fund	1,666,079	1,048,456
Employer's Contribution to Pension Fund (Post 2004)	35,653,343	27,009,222

(B) **Defined Benefit Plan :**

- (i) **Gratuity:** The employees' gratuity fund scheme managed by a Trust, is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Represents benefits to employee on the basis of number of years of service rendered. The employee is entitled to receive the same on retirement. The Corporation has formed a trust for gratuity, which is funded by the Corporation. However the funding to Gratuity fund as required by actuarial valuation is partly funded.

- (ii) **Leave Encashment:** It represents un-availed leave to the credit of the employee and carried forward in accordance with leave rules of the Corporation.
- (iii) **Pension :** It represents benefits to employees joined prior to 1.1.2004 on the basis of rules framed in the Employees Pension Scheme. Rules as under:
- Retirement pension on normal retirement at age of superannuation. (1/70) of the final basic salary for each year of Service subject to maximum of 35 years.
 - No pension benefits accrue on exits before Normal Retirement age.
 - In-service death benefit to spouse:

There is no qualifying period of minimum service prescribed – Family Pension (30% of last drawn salary subject to Minimum of Monthly amount of ₹ 3,500/- and a maximum of ₹ 27,000/- is payable to spouse. However for the first 10 years from date of death, Enhanced Family Pension (50% of last drawn salary, double the family Pension, whichever is the lower will be payable)

- (d) Benefit to Family on death of member while receiving pension:

Family pension as defined above shall be payable to the family. However until 7 years from the date of retirement Enhanced Family Pension as defined above shall be payable.

- (e) For all Pension payments DA is allowed for at an appropriate rate consistent with the rates declared by the Corporation.

Voluntary Retirement Scheme:

The Corporation is yet to implement the Voluntary Retirement Scheme (VRS) as applicable to Central Government employees and Railway employees.

During the previous year in respect of employee benefits the Present Value Obligation as on 1st April, 2012 pertaining to pension of ₹ 2,563,792,422/- includes short provision of ₹ 1,399,176,250/- made for the earlier years on account of change in interpretation of pension rules by the actuary. Accordingly the Present Value Obligation as on 31st March, 2013 is amounting to ₹ 2,763,349,154/-. The short provision of ₹ 1,399,176,250/- has been shown under Exceptional Item in Statement of Profit and Loss for the financial year 2012-2013.

(C) ACCOUNTING STANDARDS (AS): 15 (Revised) – Employee Benefits

The following table sets out the status of the defined benefit Pension Plan, Gratuity Plan and Leave Salary Plan as required under AS 15:

(Amount in ₹)

Particulars	Funded Pension		Funded Gratuity		Unfunded Leave Salary	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Reconciliation of opening and closing balances of Defined Benefit Obligation						
Defined benefit obligation at the beginning of the year	2,763,349,154	1,164,616,172	625,500,000	518,200,000	748,425,688	563,751,105
Adj. to PVO at the beginning of the year	-	1,399,176,250	-	-	-	-
Current Service Cost	335,182,912	335,182,912	35,200,000	32,100,000	59,858,080	41,499,090
Interest Cost	226,213,699	209,611,392	50,040,000	41,456,000	59,744,189	47,775,155
Actuarial losses (gains)	(216,000,731)	(299,141,018)	43,854,844	38,427,658	(200,400,873)	98,781,254
Benefits paid	(42,729,850)	(46,096,554)	(3,808,109)	(4,683,658)	(3,246,657)	(3,380,916)
Defined benefit obligation at the year end	3,066,015,184	2,763,349,154	750,786,735	625,500,000	664,380,427	748,425,688

Particulars	Funded Pension		Funded Gratuity		Unfunded Leave Salary	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Reconciliation of opening and closing balances of Fair Value of Plan Assets						
Fair value of plan assets at the beginning of the year	871,102,178	797,534,372	518,936,156	446,270,981	--	--
Expected Return on Plan assets	91,825,900	75,873,709	49,216,529	42,248,833	--	--
Contributions by employer	233,702,921	48,369,042	40,418,127	35,100,000	--	--
Benefit Paid	(42,729,850)	(46,096,554)	(3,808,109)	(4,683,658)	--	--
Actuarial Gains (Losses)	9,542,281	(4,578,391)	-	-	--	--
Fair value of plan assets at the year end	1,163,443,430	871,102,178	604,762,703	518,936,156	--	--
Reconciliation of opening and closing balances of Fair Value of Plan Assets						
Present Value of Funded obligation at the year end	3,066,015,184	2,763,349,154	750,786,735	625,500,000	664,380,427	98,781,254
Fair Value of Plan assets at the year end	1,163,443,430	871,102,178	604,762,703	518,936,156	-	(3,380,916)
Amount Recognised in the Balance Sheet	(1,902,571,754)	(1,892,246,976)	(146,024,032)	(106,563,844)	664,380,427	748,425,688
Net Cost recognised in Statement of Profit and Loss (Under the head "Employee Benefit Expenses" - Refer note no.21)						
Current Service Cost	335,182,912	335,182,912	35,200,000	32,100,000	59,858,080	41,499,090
Interest Cost	226,213,699	209,611,392	50,040,000	41,456,000	59,744,189	47,775,155
Expected return on plan assets	(91,825,900)	(75,873,709)	(49,216,529)	(42,248,833)	-	-
Net actuarial losses (Gain) recognized during the year	(225,543,012)	(294,562,627)	43,854,844	38,427,658	(200,400,873)	98,781,254
Net Cost	244,027,699	174,357,968	79,878,315	69,734,825	(80,798,604)	188,055,499
Reconciliation of opening and closing net liability recognized in Balance Sheet						
Net Liability at the beginning of the year	1,892,246,976	1,766,258,050	106,563,844	71,929,019	748,425,688	563,751,105
Expenses as recognized in profit and loss account	244,027,699	174,357,968	79,878,315	69,734,825	(80,798,604)	188,055,499
Employers Contribution	(233,702,921)	(48,369,042)	(40,418,127)	(35,100,000)	(3,246,657)	(3,380,916)
Net liability/(Asset) recognized in Balance Sheet at the year end	1,902,571,754	1,892,246,976	146,024,032	106,563,844	664,380,427	748,425,688
Principal Actuarial Assumptions: -						
Discount Rate	9.00 % *	8.25 %	8.00 %	8.00 %	9.15%	8.00%
Expected Rate of return on Plan Asset	9.50%	9.50%	9.05% **	9.50%	-	-
Salary Escalation	8.00%	8.00%	6.00%	6.00%	6.00%	6.00%

* There is no detailed break-up available for Rate of return, etc. managed by LIC.

** The expected return on plan assets over the accounting period is based on an assumed rate of return. The assumed rate of return is 9.05% per annum.

22 - FINANCE COSTS

(Amount in ₹)

Particulars	2013-14	2012-13
Interest on Bonds	1,201,186,342	1,315,963,308
Management Fees on Bonds Issued	3,157,016	4,082,217
Guarantee Fees - Ministry of Railways	491,667	5,900,000
Other Interest	2,717,808	-
Interest on Arbitration Awards	392,732	527,676
TOTAL	1,207,945,565	1,326,473,201

22.1 Interest on Bonds include ₹ 72,142,779/- (Previous Year ₹ 94,099,860/-) on account of loss from interest rate swap transaction.

22.2 In accordance with the Accounting Policy C (ix), interest on arbitration awards payable after 26/01/1998 is being charged to Statement of Profit and Loss w.e.f. FY 2005-06 onwards.

23 - OTHER EXPENSES

(Amount in ₹)

Particulars	2013-14	2012-13
Rent for Residential buildings	2,597,612	1,714,180
Rent for Office buildings	7,610,239	8,406,464
Lease Rental	13,042,712	13,042,712
Telephone and Communications	7,184,057	7,871,935
Vehicle Expenses	8,615,727	8,090,150
Loss on sale of asset (net)	1,025,698	1,079,875
Provision for Doubtful debts	-	177,727,592
Legal Expenses	1,970,611	3,250,590
Advertisement & publicity	2,300,798	5,859,857
Payment to Auditors	975,000	825,000
Travelling expenses	100,977,693	98,089,302
Commission	468,883	370,423
Insurance	3,864,649	3,426,996
Catering Expenses	31,063,637	43,376,973
Service Tax Expenses	17,404,703	1,661,299
Rates and Taxes	11,733,205	7,341,890
Prior Period Adjustments	50,280,511	148,820,456
Other Sundry Expenses	66,350,280	49,598,228
TOTAL	327,466,015	580,553,922

23.1 Rates and Taxes includes Wealth Tax Provision Amounting to ₹ 220,920/- (Previous year: ₹ 271,264/-)

23.2 Other Sundry Expenses includes Direction & General/ Administrative expenses charged to Deposit Works amounting to ₹ (-) 33,698,569/- (Previous year ₹ (-) 8,146,224/-)

23.3 Prior Period Adjustments includes ACD - R & D amounting to ₹ 29,846,811/-

24 - EXCEPTIONAL ITEM

(Amount in ₹)

Particulars	2013-14	2012-13
Employee benefits		
Pension provisions for earlier years	—	1,399,176,250
Impairment of Fixed Assets		
SKY Bus Metro	—	233,374,473
ACD Technical Know How	—	28,242,932
ACD Under Development	—	58,704,945
Patents	---	1,308,242
TOTAL		1,720,806,842

- 24.1 During the previous year in respect of employee benefits the Present Value Obligation as on 1st April, 2012 pertaining to pension of ₹ 2,563,792,422/- includes short provision of ₹ 1,399,176,250/- made for the earlier years on account of change in interpretation of pension rules by the actuary. Accordingly the Present Value Obligation as on 31st March, 2013 is amounting to ₹ 2,763,349,154/-. The short provision of ₹ 1,399,176,250/- has been shown under Exceptional Item in Statement of Profit and Loss for the financial year 2012-2013. Refere note no 21.3(B)(iii).
- 24.2 During the previous year, in accordance with the AS-28 issued by the ICAI on 'Impairment of Assets', the management has carried out a review of its assets with respect to economic performance. On the basis of review, the Management is of the opinion that no firm order received on supply of ACD and on Development of SKY BUS Metro, it is decided to impair the unamortized value of fixed assets as 'Impairment Loss' amounting to ₹ 321,630,592/-.

25 - PROVISION FOR CONTINGENCIES :

- i. As per the project terms the corporation is required to maintain or make good, the defects in the project assets for a defined period of time depending on the terms specified in the MOU / Agreement.

The Corporation stipulates the similar conditions to the subcontractor. The corporation retains the security deposits and the financial guarantees offered by subcontractors during the maintenance period. Management is of the view that there would not be any financial impact on account of making good the defects or providing maintenance. Management is of the view that for all cases, no provision is required to be made in accordance with the AS 29 on "Provision, Contingent Liabilities and Contingent Assets".

- ii. In respect of various claims against the corporation (Court/Arbitration cases) provision for contingency has not been recognized in the books of accounts as management is of the view that
- In respect of land cases, entire amount would be charged to the land
 - In respect of arbitration entire amount would be charged to relevant fixed asset as all the cases pertains to construction period. Interest if any post 26.01.98 will have to be charged to revenue.

26 - CONTINGENT LIABILITIES/CAPITAL COMMITMENTS:

Claims/Disputed liabilities not acknowledged as debt:

- i. Estimated amount of contracts remaining to be executed on account of capital account and not provided for (net of advances), as certified by management are ₹ 348,109,635/- (Previous Year ₹ 313,484,618/-). The estimated amount of purchase order against capital budget and material not received ₹ 77,402,035/-(Previous Year ₹ 239,578,253/-) - as at 31st March, 2014.
- ii. Letter of credit for capital contracts amounting to ₹ Nil (Previous year ₹ 159,769,364/-) and margin money for the same in form of Term Deposits with Banks amounting to ₹ Nil (Previous year ₹ 180,000,000).
- iii. Performance Guarantee given to Gujarat Water Infrastructure Ltd amounting to ₹ 972,000/-, Metro Railway, Kolkata amounting to ₹ 690,000/- and NTPC Projects amounting to ₹ 40,665,000/- and margin money for the same in form of term deposits amounting to ₹ 972,000/-, ₹ 690,000/- and ₹ 40,679,000/- respectively.
- iv. Contract and other claims against the Corporation not acknowledged as debt, as certified by the management, is ₹ 583,357,743/- (Previous Year ₹ 858,132,827/-), which includes ₹ 21,860,000/- on account of Jharkhand Project. Besides, the corporation has challenged in Court, arbitration awards to the tune of ₹ 56,832,048/- (Previous Year ₹ 56,832,048/-).
- v. The Maharashtra State Labour Fund has levied labour cess of ₹ 1,072,302/- the corporation has paid against said demand ₹ 1,072,302/- and preferred appeal against the same.
- vi. Various cases have been filed by the landowners in several Courts for revision of amount of the award passed by the respective State Governments. The amount of likely liability on these accounts is ₹ 720,101,079/- in 551 cases (Previous Year ₹ 731,507,767/- in 552 cases) (approx.). Corporation has deposited ₹ 252,735,047/-(Previous Year ₹ 270,775,552/-) with the Court.
- vii. Arbitration award disbursed in respect of USBRL project up to 31st March, 2014 is ₹ 1001 Lakh (Previous Year ₹ 813 Lakh). The corporation has referred the matter to Arbitrator to decide whether the claim has to be borne by NR or corporation. In case it is decided that the claim will have to be borne by the corporation, the liability of the corporation will be restricted to 80% of the profit of that year.
- viii. Financial and Derivative instruments:

The Corporation has entered in Interest Rate Swaps (being a derivative instrument) on nominal amount of ₹ 2,000,000,000/- (Previous year ₹ 2,000,000,000/-) outstanding as on 31.03.2014. The contingent liability on account of interest on these transactions is ₹ 62,410,987/- (Previous year ₹ 42,272,217/-).
- ix. Proceedings for arrears of Land Revenue under Land Revenue Act, Samvat, 1996 amounting to ₹ 8,699,593/- for the year 2006-07 by Office of the Collector (Deputy Commissioner) Commercial Taxes (Recovery) Jammu and ₹ 4,949,175/- for the year 2007-08 by Office of the Collector, (Deputy Commissioner Sales Tax Recovery) Jammu.

27 The Corporation recognizes the operation of passenger and goods traffic as one business segment and income generated out of the projects executed for other agencies and Zonal Railways as another Reportable Segment as per AS-17 on "Segment Reporting" issued by ICAI. There is no secondary reportable segment as per AS-17 as Corporation operates only in domestic segment. Segment reporting information in accordance with the said AS-17 is as under:

Information in accordance with Accounting Standard 17 on Segment Reporting for the year ended 31.03.2014.

(Amount in ₹)

Primary Segments	Traffic		Projects		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
REVENUE						
External Revenue	8,772,306,374	7,289,796,507	3,443,663,241	3,567,054,869	12,215,969,615	10,856,851,376
Inter Segment Revenue	-	-	-	-	-	-
Total Revenue	8,772,306,374	7,289,796,507	3,443,663,241	3,567,054,869	12,215,969,615	10,856,851,376
RESULT						
Segment result	1,316,408,106	773,798,596	306,321,683	304,416,368	1,622,729,789	1,078,214,964
Unallocated Expenses	-	-	-	-	-	-
Operating Profit	1,316,408,106	773,798,596	306,321,683	304,416,368	1,622,729,789	1,078,214,964
Other Income	457,726,494	442,850,105	99,527,837	62,550,732	557,254,331	505,400,837
Finance charges	1,207,945,565	1,326,473,201	-	-	1,207,945,565	1,326,473,201
Depreciation/ Amortisation	840,898,872	890,447,317	-	6,986	840,898,872	890,454,303
Income Taxes (Wealth Tax/FBT)	-	-	-	-	-	-
Profit from ordinary activities	(274,709,837)	(1,000,271,817)	405,849,520	366,960,114	131,139,683	(633,311,703)
Exceptional Items	-	1,720,806,842	-	-	-	1,720,806,842
Net Profit	(274,709,837)	(2,721,078,659)	405,849,520	366,960,114	131,139,683	(2,354,118,545)
OTHER INFORMATION						
Segment Assets	38,601,872,416	38,063,177,175	1,718,782,956	2,404,638,794	40,320,655,372	40,467,815,969
Unallocated Corporate Assets	-	-	-	-	-	-
Total Assets	38,601,872,416	38,063,177,175	1,718,782,956	2,404,638,794	40,320,655,372	40,467,815,969
Segment Liabilities	24,447,445,987	24,718,086,515	2,340,150,509	2,347,820,260	26,787,606,496	27,065,906,775
Unallocated Corporate Liabilities	-	-	-	-	-	-
Total Liabilities	24,447,445,987	24,718,086,515	2,340,150,509	2,347,820,260	26,787,606,496	27,065,906,775
Depreciation and Amortisation	840,898,872	890,447,317	-	6,986	840,898,872	890,454,303

28 - RELATED PARTY DISCLOSURES

The Key Managerial Personnel of the Corporation and their remuneration (including Superannuation benefits) are as below:

a) Shri Bhanu Prakash Tayal, Chairman and Managing Director (Period 01/04/13 to 31/03/14)

Salary & Allowances: ₹ 2,345,661/- (Previous year ₹ 2,119,816/-)

Perks: Nil.

b) Shri Shahzad Shah, Director (Finance) (Period 01/04/13 to 30/09/13)

Salary & Allowances: ₹ 1,081,949/- (Previous year ₹ 2,132,662/-)

Perks: Nil.

c) Shri Amitabh Banerjee, Director (Finance) (Period 05/10/13 to 31/03/14)

Salary & Allowances: ₹ 1,392,852/- (Previous year - ₹ Nil)

Perks: Nil.

d) Shri Rajesh Tripathi, Director [Way & Works] (Period 01/04/12 to 31/12/12)

Salary & Allowances: ₹ Nil (Previous year ₹ 1,333,555/-)

Perks: Nil.

e) Shri Sanjay Gupta, Director [Operations/Commercial] (Period 30/09/13 to 31/03/2014)

Salary & Allowances: ₹ 1,067,911/- (Previous year - ₹ Nil)

Perks: Nil.

29 The Corporation has taken Permanent Way Track on non-cancelable operating lease from Ministry of Railways for an amount of ₹ 186,300,000/-. Formal lease agreement for the same is yet to be signed. The future minimum lease payments in respect of the said lease, as at 31st March, 2014 are as follows:-

Minimum Lease payments:

(Amount in ₹)

i	Payable not later than one year	13,042,712/-
ii	Payable later than one year and not later than five years	52,170,848/-
iii	Payable later than five years	7% of ₹ 186,300,000/- for each year

30 Earnings per Share (EPS) is calculated as under:

(Amount in ₹)

Particulars	2013-14	2012-13
Net Profit / (Loss) for the year	131,139,683	(2,354,118,545)
Weighted average no. of Equity shares of ₹ 1,000 each	8,064,661	8,064,661
Earnings Per Share	16.26	(291.91)

Note: There is no diluted EPS as there are no outstanding diluted potential equity shares.

- 31 Balances in debit and credit accounts of Contractors, Government Authorities, Zonal Railways, Suppliers and Control Accounts etc. pertaining to receivable and payable accounts are subject to confirmation / adjustment / reconciliation.

The Corporation is in the process of review of such balances for carrying out necessary adjustments in the subsequent years.

32 **Taxes on Income**

- i) In view of unabsorbed business loss and unabsorbed depreciation no income tax provision is made during current year.
- ii) The Corporation has an unabsorbed brought forward business loss and depreciation of ₹ 18,103,696,202/- as computed under Income Tax Act, 1961 and the current year profit of ₹ 131,139,683/- (including prior period adjustments) as per the Statement of Profit and Loss. Considering the past trend of income and payment towards servicing of interest, provision for deferred income tax assets is not made, in conformity with Para 17 of AS -22 on "Accounting for taxes on Income" issued by ICAI.

- 33 The amount transferred to the Investor Education and Protection Fund during the year is ₹18,549,622/- and up to the financial year 2013-14 is ₹ 57,665,920/-

34 **Auditors remuneration (excluding service tax)**

(Amount in ₹)

Particulars	2013-14	2012-13
Statutory audit fees/Limited Review	700,000	625,000
Tax audit fees	150,000	75,000
Certification	125,000	125,000
Total	975,000	825,000

35 **Expenditure in foreign Currency:**

(Amount in ₹)

Particulars	2013-14	2012-13
Capital Goods	192,108,672	Nil
Revenue	586,678	8,144,037

- 36 Value of imports calculated on Free On Board (F.O.B.) basis by the Corporation during the year 2013-14 in respect of

- i. Raw Material : Nil
- ii. Components and spare parts : Nil
- iii. Capital goods : ₹ 239,365,960/-

- 37 Previous year figures have been regrouped/ rearranged wherever necessary.

As per our report of even date

For Pathak H. D. & Associates
Chartered Accountants
Firm Registration No.107783W

Sd/-
MUKESH MEHTA
Partner
Membership No. 043495

For and on behalf of Board

Sd/-
AMITABH BANERJEE
Director (Finance)

Sd/-
BHANU PRAKASH TAYAL
Chairman and Managing Director

Sd/-
B.SATYANARAYANA
Company Secretary

Place : Mumbai

Date : 1st August, 2014

STATISTICAL SUMMARY OF TRAIN OPERATIONS

	Year 2013 - 14	Year 2012 - 13
GENERAL INFORMATION		
Guage	Broad Guage	Broad Guage
Route Length (Kilometers)	739	739
Number of Stations	58	58
PERSONNEL		
Number of Employees	4847	4785
Wage Bill (₹ in crore)	225.77	224.81
OPERATING STATISTICS		
Net Tonne Kilometers(Millions)(On actual distance)	3922	3605
Net Tonne Kilometers/Engine Hrs	24062	24624
Wagon Kilometers (Million)	110.87	96.66
Vehicle Kilometers (Million)	256.28	246.08
Net Tonne Kilometers /Wagon day	10992	11342
Wagon Kilometers per wagon day in use	309	304
Average Diesel Kilometers per Day	730	697
Wagon turn round (days)	1.75	1.75
Daily Average Wagon interchange	971	898
Average Speed of Goods train (Kilometers per hour)	30	30
Average outage per Day on Freight	18.83	16.68
PASSENGER TRAFFIC		
No.of passengers carried(Million)	32.12	31.62
Passenger Kilometers (Million)	5437.43	5469.54
Passenger earnings (₹ in crore)	451.12	376.71
Average lead (Kilometers)	474.57	570.39
FREIGHT TRAFFIC		
Tonnes originating (Million)		
Revenue earning traffic	3.37	3.28
Net Tonne Kilometers (Million)		
Revenue earning traffic	5882.57	5407.50
Earnings from freight carried (₹ in crore)	410.83	337.28
(Excluding demmorage and wharfage charges)		
Average lead-Revenue traffic (Kilometers)	603	588
REVENUE AND EXPENDITURE (₹ IN CRORE)		
Total Income (Excluding Project) (₹ In crore)	932.96	779.48
Total Expenditure (Excluding Project) (₹ in crore)	950.47	873.29

Note: -

1. Operating statistics and General Information are based on actual distances whereas, statistics on passenger and freight traffic are based on chargeable distance.

