KONKAN RAILWAY CORPORATION LIMITED

(A Government of India Undertaking)

Registered & Corporate Office : Belapur Bhavan, CBD Belapur, Navi Mumbai - 400 614

3rd RISK MATRIX (10.02.2023)

Consequent upon revision of 2nd Risk Matrix in the 9th Risk Management Cell Meeting attended by CMD, DF & D(O&C) on 10.02.2023, 3rd Risk Matrix of KRCL is drawn for the approval of the Risk Management Committee and BOD.

Sr. No.	Risk Type	Risk Description	Magnitude (Minor-1/ Critical-2/ Major-3)	Likelihood (Unlikely-1/ Possible-2/Likely-3/ Almost Certain-4	Risk Impact	Action Taken/ Planned to eliminate, reduce or manage risks	Contingency Plan	Intensity factor
OPEN LINE								
1	Strategic	Company unable to increase fare and freight tariffs in accordance with the increase in input cost (The fare & freight are controlled by the Union Govt)	Critical	Likely	Increase of Operating ratio	Identify other revenue streams and reduce traffic expenses.	Request was sent to MoR to increase distance inflation on sleeper/general classes. The request not accepted. Risk still exists.	6
2	Operational	Increase in salary & allowances due to pay revision & DA increase (Inflation)	Critical	Likely	Affects profit of the company	Selective introduction of pay and allowances	Rationalisation of staff strength.	6
3	Strategic	Development of new highways, ports and airports can impact the demand for passenger & freight	Critical	Likely	Railway share as a transporter of Passenger and freight is on decline impacting profitability of operations	Improve service levels like punctuality, safety etc.	Increase of marketing efforts	6
4	Financial	The Rupee Term Loan (Rs.1200 crore) is linked to MCLR of SBI. This long term loan of 15 years principal / interest servicing period (upto 2038). The fluctuation in interest rate is perceived as a risk.	Minor	Possible	Affects profitability of KRCL adversely.	Pre-closure of loan facility.	Refinancing	2
5	Operational	Accidents involving trains can cause loss of life and damage to properties and prolonged loss of revenue	Major	Possible	Possibility of loss of life/injury and Severely affect customer confidence. Damage to property and losses	Safety mantra on every aspect of train operation and maintenance. Safety audit and inspection at regular intervals	Replacement of rails, welds, interlocking of LC, elimination of LC and monitoring of maintenance.	6

6	Compliance	KRCL is a PSU and operating railway having Inter Zonal financial transactions for transporting passenger, freight and movement of Rolling Stock. Being a separate entity under Companies Act can throw up tax demands.	Major	Likely	Tax department not recognising KRCL services under The IR Act has resulted in huge tax claims on KRCL threatening the existence of the company	Legal recourse/ Appeal	Government Notification. Already under consideration of Ministry of Finance.	9
7	Operational	Corporate Office (control office) closed due to agitation/Natural calamity/Political/Legal proceedings/ pandemic	Major	Possible	Direct impact on Train operations	Provision for Alternate control at Madgao facility centre is available	Activate control room at Madgao	6
8	Operational	KRCL has two streams of revenue, train operations & projects. To keep revenue growth from train operations to match the increase in fixed cost is a risk	Major	Almost Likely	Poor financial performance , drop in service levels	Identify other revenue streams alongwith passenger and freight marketing measures.	Reduce staff cost by rationalization of staff	12
9	Strategic	The Shareholders of the company are Govt. of India and four State Govts. (Maharashtra, Goa, Karnataka & Kerala). Any capital expansion plan would require an equity infusion from stakeholders. Timely non-payment of equity contribution can affect expansion plans of the company.	Critical	Likely	Affects expansion plan of the company and lower or few capital inflow	Maintain Good relation with the shareholders, Appraise the correct financial position and action plans of the company at regular intervals.	Take term loan if projects are bankable	6
10	Compliance	Non-compliance of rules and regulations under various Acts including Companies Act, 2013.	Critical	Possible	Penalty, Liable for action, Imprisonment	Training ,Reporting	Internal Audit, Statutory Audit & C&AG Audit are carried out to prevent any violation of rules.	4

11	Operational	KRCL is conversing into more and more information technology based systems for its day to day operations, sale of tickets, vendor payments, etc. Therefore, cyber attack/fraud is a risk likely to be addressed by the company	Critical	Possible	Financial loss and Loss of reputation	Strict compliance of laid down rules and procedures. Insurance cover provided to station cash. Firewall with Antivirus servers, and a proxy server for restricted internet access, ensures that various forms of internet attacks are taken care of.	Internal Financial Control (IFC). Disaster recovery plan in place.	4
12	Strategic	Due to Technological change the mode of transport by Railway ceases to be preferred one.	Critical	Unlikely	Loss of Relevance as a Railway Company	Venture in to other modes of transport. Also, diversify in to other business area.	Develop end to end logistic solution.	2
13	Operational	Suspension of Cross traffic due to any reasons of short duration (more than 2 days, less than 7 days) or Long duration (more than 7 days). The reasons could be due to public agitation, failure of structures like tunnels, bridges, cutting, etc	Critical	Possible	Loss of revenue	Diversion, Transhipment of passengers .	Have close co-ordination with Railway Board and Zonal Railways.	4
14	Financial / Reputation	Inability to recover amount receivable from vendors / contractors/employees or loans advanced to related parties	Critical	Likely	Write-off losses, Litigation	Regular review of outstanding receivables and balance confirmation process.		6
15	Operational	Long tunnels are specific characteristics of Konkan Railway route. Any fire in such long tunnels is required to be dealt as a specific risk other than general accident	Critical	Possible	Possible loss of lives and damage to assets. Disruption of traffic	Provide suitable Firefighting arrangement in side long tunnels. Cables shall be replaced by FRLS (Fire Retardant Low Smoke) type and fans shall be of fire rating.	Prevent any accident by being forever vigilant	4

16	Strategic	The employees recruited during initial phase of the company are due for retirement between 2024-2030. This will result in loss of experienced manpower from the system.	Critical	Almost Certain	Shortage of skilled manpower	Advance planning for Recruitment. 500 new recruitment made in last 2 years.	Succession plan in place.	8
17	Operational	Industrial Relation – Labour Agitation and strike . Public litigation	Critical	Possible	Public agitation and sudden stoppage of train operations	Respond to MPs' letters	Prevention through regular PNM and Public/Staff contact program by KRCL, prompt response to MPs letter, Press briefing etc.	4
18	Strategic	Change in Government policies / decisions & Railway Board policies like disinvestment, sale, merger, etc.	Critical	Likely	The changes in policies have definite financial implication in terms of revenue, expenditure and profitability of the company.	---	Selective implementation of policies considering the financial position of KRCL where option is available.	6
19	Operational	Theft of Railway material or Loss due to fire stored at Depot	Minor	Unlikely	Minor impact. Expensive measures not required.	Provide sufficient Fire Extinguishers and Fire Fighting Equipments. Boundary walls to be reconstructed with security arrangement to avoid theft. Reorganization of MAO depot with proper material handling and staking arrangements is necessary.		1
20	Operational	Damage to data center due to extreme weather or natural disaster	Critical	Possible	It would disrupt normal business.	A High data replication Database server, as a secondary server at Belapur and a Remote secondary server at Madgaon for Disaster Recovery (DR) mechanism has been configured and working as a fall –back mechanism in the event of failure or disaster.	Business continuity plan should be notified to all concerned and trained to take step by step action.	4
21	Compliance / Reputation	Redemption of bonds – fail to redeem in time	Minor	Unlikely	Loss of reputation, down grading of credit rating	Plan Redemption in advance	Activate LOC from MOR	1
				PROJECT				
1	Strategic	High estimate of Input cost leading to high quote in bidding for contracts resulting in inability to expand order booked	Critical	Possible	Chances of Loosing new contracts	Use updated costing inputs	Each unsuccessful bids should be examined and compared with L1	4

2	Financial / Reputation	Inability to complete the project within the amount quoted resulting in revenue loss and legal complications	Critical	Possible	Revenue loss/Arbitration	Realistic assessment of all cost involved	Share the risk through formation of JV/LLP with capable and willing agencies	4
3	Financial / Compliance	Legal /Arbitration with client (N Rly) in USBRL project	Critical	Likely	Loss of profit margin	Matter in consultation with N Rly and Railway Board.	Make adequate provisions in the Books of KRCL	6