



# कोंकण रेलवे कार्पोरेशन लिमिटेड

(भारत सरकार का उपक्रम)

**KONKAN RAILWAY CORPORATION LTD.**

(A Government of India Undertaking)

दसवीं  
10<sup>TH</sup>

वार्षिक  
ANNUAL

रिपोर्ट  
REPORT

1999 - 2000  
1999 - 2000





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**KONKAN RAILWAY CORPORATION LIMITED**

**10TH ANNUAL REPORT**

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**BOARD OF DIRECTORS**

- |     |                                 |   |   |
|-----|---------------------------------|---|---|
| 1.  | <b>SHRI ASHOK KUMAR</b>         | - | Chairman                                  |
| 2.  | <b>SHRI B. RAJARAM</b>          | - | Managing Director                         |
| 3.  | <b>SHRI R. K. SINHA</b>         | - | Director (Finance)                        |
| 4.  | <b>SHRI K. K. GOKHALE</b>       | - | Director (Operations & Commercial)        |
| 5.  | <b>SHRI D. G. DIWATE</b>        | - | Director (Way & Works)                    |
| 6.  | <b>SHRI SWARUP K. GUPTA</b>     | - | Addl. Member (Traffic), Railway Board     |
| 7.  | <b>SHRI ARUN BONGIRWAR</b>      | - | Chief Secretary, Govt. of Maharashtra     |
|     | <b>ALTERNATE</b>                |   |   |
|     | <b>DR. SURESH JOSHI</b>         | - | Secretary Transport, Govt. of Maharashtra |
| 8.  | <b>SHRI B. K. BHATTACHARYA</b>  | - | Chief Secretary, Govt. of Karnataka       |
|     | <b>ALTERNATE</b>                |   |   |
|     | <b>SMT. TERESA BHATTACHARYA</b> | - | Addl. Chief Secretary, Govt. of Karnataka |
| 9.  | <b>SHRI ASHOK NATH</b>          | - | Chief Secretary, Govt. of Goa             |
|     | <b>ALTERNATE</b>                |   |   |
|     | <b>MS. ARCHANA ARORA</b>        | - | Secretary, Transport, Govt. of Goa        |
| 10. | <b>SHRI M. MOHAN KUMAR</b>      | - | Chief Secretary, Govt. of Kerala          |
|     | <b>ALTERNATE</b>                |   |   |
|     | <b>SHRI SATYANARAYANA DAS</b>   | - | Secretary, Transport, Govt. of Kerala     |

**COMPANY SECRETARY**

SHRI B. SATYANARAYANA

**STATUTORY AUDITORS**

M/S. KIRTANE & PANDIT

**C & AG AUDITORS**

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

**Registered Office :**

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

**Corporate Office :**

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



**NOTICE OF THE TENTH ANNUAL GENERAL MEETING**

Notice is hereby given that the Tenth Annual General Meeting of Konkan Railway Corporation Limited will now be held on 26<sup>TH</sup> September, 2000 at 16.30 hrs. at Committee Room, Rail Bhavan, Raisina Road, New Delhi 110 001, to transact the following business.

**ORDINARY BUSINESS**

**ITEM 1. Adoption of Annual Accounts :**

To receive and adopt the Directors' Report, Balance Sheet and Profit and Loss Account for the year ended 31.03.2000 and Auditors' Report thereon.

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

Sd/-

**B. SATYANARAYANA  
COMPANY SECRETARY**

**PLACE : NAVI MUMBAI**

**DATE : 1-09-2000**

**Notes :**

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

**CHAIRMAN'S SPEECH**

**Gentlemen,**

It gives me great pleasure to welcome you to this 10th Annual General Meeting of your Corporation.

The performance of the Corporation for the year 1999-2000 has been covered in the Directors' Report and therefore it does not call for any further elaboration from my side.

I am happy to note 30% increase in revenue this year compared to the last year. Even though the earning through freight traffic and passenger traffic has increased compared to the last year the Corporation has to go a long way to improve its own business activity to mobilise as much traffic as possible to improve the performance and in order to reduce the debt obligations of the Corporation.

In operational phase to strengthen the marketing efforts and for diversifying the activities of the Corporation, the Board of Directors has been reconstituted with four functional Directors including Managing Director. All the four Directors are now in place and it shall be the corporate endeavour to direct energy towards the core activity of the Company.

The Corporation has mobilised Rs.299.75 crores and reissued the bonds worth Rs.484.25 crores which had become due for redemption in the financial year 1999-2000. During the current financial year the Corporation has already taken necessary action for reissue of Rs.180.25 crores of bonds which are falling due. The Corporation has replaced the existing external commercial borrowing with low cost external commercial borrowing with a swap arrangement by raising necessary rupee funds of Rs.520 crores through taxable bonds of Rs.450 crores and tax - free bonds of Rs.70 crores. Ministry of Railways has agreed to provide assistance to the Corporation in servicing its debt liability and has released Rs.200 crores in the current financial year. The cumulative amount of long term interest free debt provided by the Ministry now stands at Rs.510 crores.

As part of business development the Corporation has undertaken certain works.

- ★ The work of construction of twin tube tunnels in Mumbai - Pune Expressway and Jawahar Tunnel will be completed shortly.
- ★ A joint Venture Agreement was sent for getting the approval from the President of India for floating a Joint Venture Company for exploiting the excess Optic Fibre Cable capacity available with the Corporation to start the business of Internet Service Provider in the Konkan Region.
- ★ The Government of Andhra Pradesh has awarded the Owk Tunnel Project in Andhra Pradesh.



- ★ The Company is retained by Indian Railways to develop, manufacture and install 800 Anti Collision Devices (ACDs) for providing in Malda sector in North Frontier Railway.
- ★ The Corporation is also pursuing with Maharashtra/Goa Governments as well as a private party to run luxury train over Konkan Railway Route passing through tourist spots enroute.
- ★ The Corporation is offering to provide consultancy services on Information Technology in railway operations.

The Corporation has adopted two pronged strategy viz. improving the earnings and reducing the expenditures wherever it is possible in all areas.

I hope all the measures stated above will help to improve the performance of the Corporation in the years to come.

Recently the Corporation had experienced major land slides causing disruption of traffic. This was due to combined effect of earth tremors in summer months measuring 3.2 to 5.2 on Richter scale and unprecedented concentrated rainfall in July, 3 times the average that caused disruption not only on Konkan Railway but also on national highways and elsewhere. However all precautions are being taken to minimize the possibility of such disruptions in future.

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

Thanking you.

(ASHOK KUMAR)  
CHAIRMAN

## DIRECTORS' REPORT

Gentlemen,

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

### 1. Operation of the Company :

#### A) TRAIN OPERATIONS

The Corporation has completed two years of operations. As you are all aware, the earnings of the Corporation's have not been as per original projections, made in the Southern Railway survey that was the basis on which the project was sanctioned. To put things in perspective, the comparative figures for the two years are given below.

Freight traffic - Tonnage (in million tonnes)						
	98-99			99-00		
	Projections	Actuals	Ratio	Projections	Actuals	Ratio
Local	1.194	0	0.00%	1.227	0	0.00%
Interchange - inward	1.093	0.099	9.06%	1.117	0.271	24.26%
Interchange - outward	2.837	1.083	38.17%	2.874	1.19	41.41%
Cross	2.353	0.077	3.27%	2.419	0.149	6.16%
Total	7.477	1.259	16.84%	7.637	1.61	21.08%

#### Freight Traffic - Earnings (in crores of Rs.)

	98-99			99-00		
	Projections	Actuals	Ratio	Projections	Actuals	Ratio
Local	22.92	0	0.00%	23.62	0	0.00%
Interchange - inward	27.06	5.23	19.33%	27.73	5.94	20.52%
Interchange - outward	79.21	5.56	7.01%	79.98	7.94	9.30%
Cross	105.17	5.89	5.60%	109.37	6.56	5.54%
Total	234.35	16.67	7.11%	240.70	20.44	8.49%

#### Coaching traffic (in million trips)

	98-99			99-00		
	Projections	Actuals	Ratio	Projections	Actuals	Ratio
Diverted from road	11.18	15.86	141.86%	11.46	19.03	166.49%
Diverted from Rail	3.47	2.67	76.95%	3.60	3.20	88.89%
Total	14.65	18.53	126.48%	15.06	22.28	147.94%

#### Coaching earnings (in crores of Rs.)

	98-99			99-00		
	Projections	Actuals	Ratio	Projections	Actuals	Ratio
Diverted from road	19.27	53.96	280.02%	19.78	70.25	299.06%
Diverted from Rail	27.23	9.06	33.27%	28.68	26.47	77.70%
Other coaching earnings	6.71	0.26	3.87%	7.00	0.49	6.43%
Total	53.21	63.28	118.93%	55.46	97.21	147.66%





It may be noted that the materialization of tonnage in the two years is to the extent of 16.84% and 21.08%, but the realization of earnings is only 7.11% and 8.49% respectively. This is because global leads for the project traffic were taken into consideration in the survey report. The actual earning of the Corporation, however, is restricted to apportioned earnings for leads within the project area. In coaching traffic, the materialization of passenger traffic and earnings has been better than the projections. It may, however, be seen that the other coaching earning has materialized only to the extent of 3.87% and 6.43% during the two years. These earnings consist mainly of parcel and luggage bookings. The survey report had taken these to be equal to 14.44% of passenger earnings on the basis of end results of working published by the railways. (statement I.R. ASS-6-1986-87). However, as parcel and goods earnings are not apportioned on the railways. Corporation is not getting earnings commensurate with the other.

**B) PROJECTS****a) Bombay - Pune Expressway Tunnelling Work**

The Corporation has undertaken the work of construction of twin tube tunnels in Bombay - Pune Expressway on cost plus basis at an estimated cost of Rs.200 crores and the work has been completed in June 2000.

**b) Jawahar Tunnel**

The Corporation also has taken up lighting and ventilation work in 2.5 km long Jawahar Tunnel at an estimated cost of Rs.9.17 crores which will be completed shortly.

**2. FINANCIAL RESULTS**

The train operations have yielded a gross earning of Rs.118.13 crores on apportioned basis. After meeting with operating cost, there is a net revenue of Rs.14.11 crores from train operations. The Corporation has generated a net other earnings of Rs.12.09 crores, mainly through execution of construction projects for other clients. After meeting with depreciation (Rs. 69.27 crores) and financing costs (Rs.339.64 crores) (including amortization of initial cost of bond issue and lease instalments), the net loss for the year is Rs.382.71 crores. Taking into consideration the prior period expenses, the total loss during the year is Rs.384.69 crores. The accumulated losses upto the year are Rs.920.84 crores.

**3. SHARE CAPITAL**

The paid up share capital of the Corporation stood at Rs.772.8002 crores as on 31-03-2000 against the Authorised Share Capital of Rs.806.4661crores. The details are as under :

(Figures in thousand)				
	As on 31-03-2000		As on 31-3-99	
Ministry of Railways	408,00,00		407,71,92	
Govt. of Maharashtra	155,65,00		154,65,00	
Govt. of Goa	41,15,00		40,15,00	
Govt. of Karnataka	120,00,01		120,00,01	
Govt. of Kerala	48,00,01		48,00,01	
	772,80,02		770,51,94	

We have been advised that an amount of Rs.310 crores received as long term interest free loan, qualifies to be treated as capital reserve for the purpose of Net worth calculation and total shareholders' funds for this purpose will be Rs.1082.8002 crores.

**4. ISSUE OF BONDS**

During the year under review the Corporation raised an amount of Rs.299, 7563 crores by issue of tax free/taxable bonds. Thus the Corporation has mobilised Rs.2599.5538 crores upto 31.03.2000 including Rs.131.14 crores raised through IRFC Ltd. from inception of the Corporation by issue of taxable / tax free/ infrastructure bonds. The Corporation has been able to reissue the bonds worth Rs.214.88 crores and Rs.484.25 crores which had fallen due for repayment during the financial years 1998-99 and 1999-2000. In the current financial year Rs.180.25 crores is falling due for redemption for which necessary action has been taken by the Corporation.

**5. SHORT TERM BORROWINGS**

An amount of Rs.21.76 crores (approx.) is outstanding as on 31.03.2000 excluding interest, which was borrowed from the market during the year under review, to meet the day to day operations and statutory obligations of the Corporation.

**6. LONG TERM BORROWINGS**

An amount of Rs.260 crores interest-free loan is received from Ministry of Railways during the year under review. In the current year the Corporation has received Rs. 200 crores interest free loan from Ministry of Railways making total of Rs.510 crores including the amount of Rs.50 crores received during the year 1998-99.

An amount of US\$ 115 million borrowed through M/s. ANZ Banking Group Limited at an interest rate of 72.5 basis points over LIBOR is outstanding during the year under review. Ministry of Finance has agreed to prepay 20% of existing external commercial borrowing (US\$ 23 million) without any prepayment premium and the balance amount of US\$ 92 million will be repaid by fresh external commercial borrowing from M/s. Standard Chartered Bank, London Branch repayable in five equal semi-annual installments commencing on 30th June, 2003 and ending on 30th June, 2005 at an interest rate of 0.65% p.a. over 6 month US\$ LIBOR. The Corporation will hedge the foreign currency loan through a swap arrangement. Thus the total floating rate foreign currency loan of US\$ 115 million will get converted to a fixed rate Rupee loan.

**7. FUTURE PLANS**

As part of improving our revenues the Corporation is proposing to take up the following works.

**a. Oak Tunnel in Andhra Pradesh**

The Government of Andhra Pradesh has awarded contract for construction of Oak Tunnel at a cost of Rs.18.5 crores and the work should be completed before December, 2001.

**b. Anti Collision Device (ACD)**

Konkan Railway has innovated Anti Collision - Device to provide safety shield against accidents viz. Side Collision, Head-On Collision, Rear-End Collision, Collision between trains and road vehicles at manned (non-interlocked) as well as unmanned level crossing gates. This device will provide protection to the life and property. Railways have approved installation of ten ACDs for field trials. Ministry of Railways have provided in the budget for procuring and fixing ACDs worth Rs.50 crores on N.F. Railway.

**c. Integrated Road Rail Train**

Konkan Railway proposes to operate Integrated Road Rail Train services between metropolitan cities to generate traffic by competing with road ways. An integrated Road Rail Services provide door to door service can open entirely new market of high rated traffic, and this will be an added value service to the customers.



d. **Hotel Train**

The Corporation is exploring the possibility to run luxury train over Konkan Railway Route covering all tourist spots en-route.

e. **Planting of Trees/Growing Medicinal Plants**

The Corporation is exploring the possibility for development of surplus land by cultivating medicinal/herbal plants and other plantations.

f. **Consultancy Services on Information Technology etc.**

The Corporation also is exploring the possibility to provide consultancy services on information technology. South Eastern Railway has shown interest on modules developed by the Corporation, and a small project is under negotiation with them.

g. **The corporation has also submitted proposals for an innovative Sky Bus Metro projects for cities of Hyderabad, Thane, Bangalore and will pursue as a business venture.**

**8. DIVIDEND**

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

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

Provision of Section 271 (1) (e) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1988 are not applicable to the Company as far as conservation of energy and technology absorption are concerned.

**10. KONKAN RAILWAY INSTITUTE OF STAFF TRAINING (KRIST)**

Konkan Railway Institute of Staff Training was established at Mangalore for providing In-house training to the staff and for organising refresher courses to improve skills and efficiency. Several courses were organised during the year under review. Technical Training Centre was opened on 19/11/1999 at Bhatkal to impart training to the artisans, mechnaics, group D staff and junior group C staff to supplement the efforts of KRIST which is imparting training to the supervisors and senior staff. During the year under review, 445 and 190 employees attended Training courses conducted by KRIST & KRTTC respectively.

**11. VIGILANCE**

During the year under review more than 100 preventive checks were conducted and recovered an amount of Rs.2.60 lakhs from various agencies and passengers and 21 employees of the Corporation had been taken up. An awareness was created among the staff by participating in training programmes and circulating vigilance bulletins by the Vigilance Department for improving the systems and procedures in the Corporation.

**12. PARTICULARS OF EMPLOYEES**

During the year under review, no employee of the Company was in receipt of salary of Rs.50,000 per month or Rs.6,00,000 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.

**13. PROGRESS MADE IN USE OF HINDI IN THE CORPORATION**

The Company has made satisfactory progress in the propagation of Hindi under the provisions of Official Language Act and Rules made thereunder during the year under review. The Corporation had taken steps to print the interest warrants in Hindi and English for convenience of the investors.

**14. DIRECTORS**

The Board of Directors had been reconstituted with four functional Directors including Managing Director, Part-time Chairman and one nominee Director from Ministry of Railways and one nominee Director from each participating State and four non-official Part-time Directors. Non - official Part-time Directors are yet to be appointed by Public Enterprises Selection Board.

Name	Tenure
1. Shri. Ashok Kumar, Chairman	From 01.09.2000
2. Shri V. K. Agarwal, Former Chairman ✓	From 13.02.1998 to 31.08.2000
3. Shri B. Rajaram, Managing Director ✓	From 15.12.1997
4. Shri. R. K. Sinha, D(F) ✓	From 05.05.1998
5. Shri. K.K. Gokhale D(O & C)	From 25.04.2000
6. Shri. D. G. Diwate D( W & W)	From 22.05.2000
7. Shri. L.C. Jain ✓	From 22.09.1997 To 10.03. 2000
8. Shri. Swarup K. Gupta ✓	From 04.03.1997
9. Shri. S. Suryanarayanan ✓	From 04.03.1997 to 10.03.2000
10. Shri. P. Subrahmanyam ⊗	From 20.09. 1997 to 26.05.1999
11. Shri B. K. Bhattacharya ✓	From 23.08.1997
12. Shri. S. R. Sharma ⊗	From 01.09.1998 To 23.09.1999
13. Shri. M. Mohan Kumar ✓	From 17.10.1998
14. Shri. Arun Bongirwar ✓	From 26.05.1999
15. Shri. Ashok Nath ✓	From 23.09.1999

**15. AUDITORS**

The Department of Company Affairs, New Delhi on the advice of Comptroller & Auditor General of India, have appointed M/s. Kirtane & Pandit as Statutory Auditors for the year 1999-2000.

**16. ACKNOWLEDGEMENT**

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

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

For and on behalf of the Board of Directors

Sd/-

**B. Rajaram**

Managing Director



# KONKAN RAILWAY CORPORATION LIMITED

10TH ANNUAL REPORT

## BALANCE SHEET as at 31st March 2000

Particulars	Schedule No.	As at 31st March 2000		As at 31st March 1999	
		Rs.	Rs.	Rs.	Rs.
<b>I. SOURCES OF FUNDS</b>					
<b>AUTHORISED CAPITAL</b>			8064661000		8000000000
(1) Shareholders' funds:					
(a) Capital	1	7728002000		7705194000	
(b) Reserves and Surplus	2	96697500		18165000	
			7824699500		7723359000
(2) Loan Funds					
(a) Secured Loans	3	25982649851	+ 683242	25393916204	213 - 26665892064 -
(b) Unsecured Loans	4	8428266168		6248585478	
			34410916019		31642501682
(3) Current Liabilities and Provisions	5	2086084706		2025462742	
Less:					
Current Assets, Loans and Advances	6	1660945845		2121273046	
			425138861		-95810304
			42660754380		39270050378
<b>II APPLICATION OF FUNDS</b>					
(1) Fixed Assets					
a. Gross Block		34491689185		34215122045	
b. Less depreciation		1493778283		801862060	
c. Net Block	7	32997910902		33413259985	
d. Capital works in progress advances and deposits for Capital works	8	106621613		103745601	
			33104532515		33517005586
(2) Investment	9		36845588		36845588
(3) Miscellaneous Expenditure (to the extent not written off or adjusted)					
a. Preliminary Expenses		2856300		3264343	
b. Expenditure on Public Issue		190835830		218098092	
c. Discount on Bonds Issue		117296067		133407120	
			310988197		354769555
(4) Profit and Loss Account			9208388080		5361429649
			42660754380		39270050378

As per our report of even date appended hereto

For KIRTANE & PANDIT  
CHARTERED ACCOUNTANTS

Sd/-  
(J. V. NAIK)  
PARTNER

On behalf of the Board

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

Sd/-  
(B. RAJARAM)  
MANAGING DIRECTOR

Sd/-  
(B. SATYANARAYANA)  
COMPANY SECRETARY

PLACE : MUMBAI  
DATE : 27-7-2000




**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2000**

Particulars	Schedule No.	Current Year Rs.	Previous Year Rs.
<b>A. INCOME</b>			
a. Traffic Earnings	10	1181288056	806155356
b. Other income	11	120893360	181272648
(A)		1302181416	987428004
<b>B. EXPENDITURE</b>			
1. Expenses on staff	12	356529825	321779421
2. Hire charges for Rolling Stock & Motive power.		136210789	90496774
3. Fuel		203918225	134369372
4. Lease rentals		199650000	199650000
5. Repairs and Maintenance			
a) Permanant Way		154448563	71846589
b) Station and Other buildings		12845718	8465268
c) Equipment		54133583	31115348
d) Bridges & Tunnels		15186779	31732149
e) Rolling stock		15452188	14749794
6. Loss on sale of assets		699284	4064966
7. Depreciation	7	691041482	681325051
8. Depreciation Written back		0	(126531)
9. Depreciation for earlier years		1615202	(14186)
10. Misc. & other operating Expenditure	13	147637384	170893966
11. Finance charges	14	3139922439	3038178463
(B)		5129291461	4798526444
(A - B)		(3827110045)	(3811098440)
12. Prior period adjustments	15	(19848386)	408040615
Net loss during the year		(3846958431)	(3403057825)
Add loss brought forward		(5361429649)	(1958371824)
Total loss transferred to Balance Sheet		(9208388080)	(5361429649)
Accounting Policies and Notes to Accounts form part of accounts	16		

As per our report of even date appended hereto

**On behalf of the Board**

For **KIRTANE & PANDIT**  
**CHARTERED ACCOUNTANTS**

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

Sd/-  
**(B. RAJARAM)**  
MANAGING DIRECTOR

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

Sd/-  
**(B. SATYANARAYANA)**  
COMPANY SECRETARY

PLACE : MUMBAI  
DATE : 27-7-2000



**SCHEDULE 1 - SHARE CAPITAL**

<b>PARTICULARS</b>	<b>As at 31st March 2000 Rs.</b>	<b>As at 31st March 1999 Rs.</b>
<b>AUTHORISED</b> 80,64,661 equity shares of Rs.1000 each	<b>8064661000</b>	<b>8000000000</b>
<b>ISSUED,</b> 80,00,000 equity shares of Rs. 1000 each (Previous year 7705194 - Shares of Rs. 1000/- each)	<b>8000000000</b>	<b>7705194000</b>
<b>SUBSCRIBED AND PAID UP</b> 80,00,000 equity shares (Previous year Rs.8000000000 7687694 Shares) of Rs. 1000/- each  Less : Calls in Arrears Rs. 271998000	<b>7728002000</b>	<b>7687694000</b>
<b>SHARE APPLICATION MONEY</b> NIL shares (Previous year 17500 of Rs. 1000 each)	<b>0</b>	<b>17500000</b>
<b>TOTAL</b>	<b>7728002000</b>	<b>7705194000</b>

**SCHEDULE 2 - RESERVES & SURPLUS**

<b>Particulars</b>	<b>As at 31st March 2000 Rs.</b>	<b>As at 31st March 1999 Rs.</b>
<b>CAPITAL RESERVE</b> Premium on Issue of Bonds.	<b>96697500</b>	<b>18165000</b>
<b>TOTAL</b>	<b>96697500</b>	<b>18165000</b>


**SCHEDULE -3 - SECURED LOANS**

Particulars	As at 31st March 2000 Rs.	As at 31st March 1999 Rs.
<b>1. BONDS</b>		
<b>A. PUBLIC ISSUE 2A SERIES</b> 10.5% secured redeemable at par non-cumulative and non-convertible bonds of Rs. 1000 each redeemable on 01.03.2004. (Letter Of Comfort issued by Ministry of Railways)	<b>2295155000</b>	2308597000
<b>B. PUBLIC ISSUE 6B SERIES</b> 10.5% secured issued at 5% discount redeemable, at par, non-cumulative and non-convertible bonds of Rs. 1000 each redeemable on 09.01.2007 (Letter Of Comfort issued by Ministry of Railways)	<b>2000000000</b>	2000000000
<b>C. PRIVATE PLACEMENT</b>		
(I) 10.5% secured, redeemable at par non-cumulative and non-convertible bonds of Rs.1000/- each.		
1. 519800 bonds of series 1A redeemable on 30.06.2003	<b>519800000</b>	519800000
2. 3100 bonds of series 1B redeemable on 01.10.2003	<b>3100000</b>	3100000
3. 218900 bonds of series 1C redeemable on 30.11.2003	<b>218900000</b>	218900000
4. 1407000 bonds of series 2B redeemable on 31.03.2004 (previous year 302000 bonds redeemable on 31.03.99)	<b>1407000000</b>	302000000
5. 714800 bonds of series 2C redeemable on 05.05.2004	<b>714800000</b>	715000000
6. 1366500 bonds of series 2D redeemable on 01.08.2004	<b>1366500000</b>	1366500000
7. 2761000 bonds of series 3A redeemable on 27.08.2004	<b>2761000000</b>	2761000000
8. 740000 bonds of series 3B redeemable on 12.10.2001	<b>740000000</b>	740000000
9. 645000 bonds of series 3C redeemable on 31.10.2004	<b>645000000</b>	645000000
10. 120000 bonds of series 4A redeemable on 07.02.2005	<b>120000000</b>	120000000
11. 630000 bonds of series 4B redeemable on 20.02.2005	<b>630000000</b>	630000000
12. 750000 bonds of series 4C redeemable on 05.07.2000	<b>750000000</b>	750000000
13. 420000 bonds of series 5A redeemable on 05.08.2000	<b>420000000</b>	420000000
14. 200000 bonds of series 5B redeemable on 11.10.2000	<b>200000000</b>	200000000
15. 432500 bonds of series 5C redeemable on 30.03.2001	<b>432500000</b>	432500000
16. 3,80,000 bonds of series 6A redeemable on 18.05.2001	<b>380000000</b>	380000000
17. 1,29,178 bonds of 6C series issued at 5% discount redeemable on 03.02.2007	<b>129178000</b>	129178000
18. 11,40,000 bonds of series 7A redeemable on 23.06.2002	<b>1140000000</b>	1140000000



<b>Schedule 3 continued.....</b>	<b>As at 31st March 2000 Rs.</b>	<b>As at 31st March 1999 Rs.</b>
19. 25000 taxable bonds of series 9A issued at 12.36% redeemable on 01.10.2005	25000000	0
20. 1972563 taxable bonds of series 9A issued at 12.52% redeemable on 01.10.2006	1972563000	0
(II) Secured, redeemable, at par non-cumulative and non-convertible bonds of Rs.100000/- each backed by Letter Of Comfort issued by Ministry of Railways.		
21. 9.25% bonds of 17,650 of 7B series issued at 5% discount redeemable on 26.12.2004	1765000000	1765000000
22. 5771 taxable bonds of series 8A issued at 13% redeemable on 30.05.2005	577100000	577100000
23. 10000 tax free bonds of series 8B issued at 10.5% redeemable on 11.08.2008	1000000000	1000000000
24. 6000 tax free bonds of series 8C issued at 10.15% redeemable on 29.01.2006	600000000	600000000
25. 3579 infrastructure bonds of series 8D issued at 10.5% redeemable on 04.02.2006	357900000	357900000
26. 5000 taxable American put bonds of series 8E issued at 12.6% redeemable on 12.02.2002	500000000	500000000
27. 1000 tax free bonds of series 9B issued at 8.55% redeemable on 06.01.2010	1000000000	0
<b>TOTAL</b>	<b>24670496000</b>	<b>20581575000</b>
<b>2. LOANS FROM I R F C</b> (Being the proceeds of 9% tax free Rs.111.64 Crores and 10.5% tax free bonds for Rs.19.5 Crores issued by IRFC for Konkan Railway Project)	<b>1311400000</b>	<b>1311400000</b>
<b>- I C I C I</b> ( Secured by Hypothecation of Assets present and future )	<b>0</b>	<b>3000000000</b>
<b>Bank</b> <b>- Cash credit</b> (Secured by Hypothecation of all tangible, moveable property, present and future)	<b>753851</b>	<b>500941204</b>
<b>TOTAL</b>	<b>25982649851</b>	<b>25393916204</b>

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

The charge has been created in favour of Indian Railway Finance Corporation for an amount of Rs.131.14 crores and in favour of Federal Bank of India for Rs.50 crores and in favour of Central Bank of India for Rs. 26 Crores over the assets of the Corporation (present & future).


**SCHEDULE 4 - UNSECURED LOANS**

Particulars	As at 31st March 2000 Rs.	As at 31st March 1999 Rs.
<b>i. SHORTTERM LOANS</b>		
From Banks	218080000	254580000
(Short term F.C.N.R loan)		
Inter corporate deposit	0	500000000
Add : Interest accrued and due (Amount repayable within next one year Rs.24282811] [Previous year Rs.778862811]	24282811	24282811
	242362811	778862811
<b>ii. MINISTRY OF RAILWAYS</b>	3100000000	500000000
<b>iii FOREIGN CURRENCY LOAN</b>		
From a Bank	69603357	90272667
[Amount repayable within next one Year Rs.23825678] [Previous Year Rs.2,10,09,720]		
<b>iv FOREIGN CURRENCY LOAN - ECB</b>	5016300000	4879450000
(External Commercial Borrowings) (LOC issued by Ministry of Railways)		
<b>TOTAL</b>	<b>8428266168</b>	<b>6248585478</b>




**SCHEDULE 5 - CURRENT LIABILITIES & PROVISIONS**

Particulars	As at 31st March 2000 Rs.	As at 31st March 1999 Rs.
<b>A. CURRENT LIABILITIES</b>		
1. Sundry Creditors		
i. Contractors	249593101	269752167
ii. Expenses	59737459	72403346
iii. Deposits from contractors & others	112068397	124056706
iv. Payable to Railways		
a) Train operating expenses	511339237	225608073
b) Apportioned share of earnings	192131754	107250601
	703470991	332858674
v. Other Liabilities	31127554	10257428
2. Interest accrued but not due on		
a) Loans	87579450	251702818
b) Bonds	683242213	536535399
	770821663	788238217
3. Unclaimed Interest on Bonds	57156420	161435146
4. Unclaimed Application Money	81500	123300
5. Interest on application money	0	(3140030)
6. Advance against sales	93809547	121212869
7. Unclaimed Brokerage	0	134420
8. Unclaimed Bonds Redeemed	152353	0
9. MSRDC	0	146798256
10. Sundry Advance Received	6733478	0
<b>B. PROVISIONS</b>		
Provision for Wealth Tax	1332243	1332243
<b>TOTAL</b>	<b>2086084706</b>	<b>2025462742</b>


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

Particulars	As at 31st March 2000 Rs.	As at 31st March 1999 Rs.
<b>A. CURRENT ASSETS</b>		
I i. Interest Accrued	6809048	5062927
ii. Cash in Hand	6078392	4320122
iii. Funds in Transit	2400000	1758939
iv. Balance with Scheduled banks in		
a) Current Account	377286185	703911073
b) Term Deposit Out of this	42081231	442973324
An amount of Rs.41907231		1146884397
is pledged with bank .		
(Previous yr. Rs. 71814462 )		
v. Traffic Earnings receivable		
a) over 6 months	82238656	1440556
b) less than 6 months	413053223	98747219
		100187775
II. Inventory (Schedule-6A)	200205792	240264868
A (I + II)	1130152527	1498479028
<b>B. LOANS &amp; ADVANCES</b>		
[Unsecured, considered good unless otherwise stated]		
I i. Advances recoverable in cash or in kind or for value to be received	27697871	13786849
ii. Sundry receivables	78494435	252023468
iii. Advances to employees	12190880	2136731
iv. Deposits for accomodation	1099422	1631478
v. Deposit with government agencies	1070076	1080801
vi. Other Deposits	28496825	22653860
vii. Deposit for lease of assets	216000000	216000000
viii. Deposit works to other Govt/Dept.	0	5826060
ix. TDS deduction	38103905	36460702
		551599949
II. Advances and deposits for Capital Works		
i. Contractors & Suppliers	26508217	37116661
ii. Land Acquisition	20375570	19618052
iii. Purchase of Material & Equipment	22861144	13831359
iv. Advance to Govt agencies for works	198596	627997
v. M S R D C	57696377	0
	127639904	71194069
B (I + II)	530793318	622794018
<b>GRAND TOTAL [ A + B ]</b>	<b>1660945845</b>	<b>2121273046</b>

**SCHEDULE 6A - INVENTORY**

Particulars	Current Year Rs.	Previous Year Rs.
i. Rails	45776549	46166143
ii. Sleepers	82421627	76272781
iii. Cement	1606117	4726672
iv. Steel	18343795	25557828
v. Diesel	6358244	6003763
vi. Explosives	0	1308388
vii. Others	45699460	80229293
[Includes materials in transit Rs.2301335 previous year Rs. 6100128]		
<b>TOTAL</b>	<b>200205792</b>	<b>240264868</b>



SCHEDULE - 7 FIXED ASSETS

SR NO	DESCRIPTION	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		ASSET VALUE AS AT 01.04.99	ADDITION DURING 99-2000	ADJUSTMENTS TRANSFERRED OF ASSETS 99-2000	ASSET VALUE AS ON 31.03.2000	DEPR AS AT 01.04.99	DEPR FOR 99-2000	ADJ. OF TRF/DEL DEPR. IN 99-2000	CUMULATIVE DEPR. TO END 99-2000	NET ASSET VALUE AS AT 31.3.2000	AS AT 31.3.99		
1	2	3	4	5	6	7	8	9	10	11	12		
1.	Land	1153107509	976430	20793426	1174877365	0	0	0	0	1174877365	1153107509		
2.	Formation	23060424742	97089815	63335146	23220849703	283549243	246736821	961737	531247801	22689601902	22776875499		
3.	P Way	5757552909	25293930	5446742	5788293581	312269150	271682762	301151	584253063	5204040518	5445283762		
	(a)												
4.	Buildings	1658452748	9573260	26236777	1694262785	31473666	27539692	514911	59528269	1634734516	1637739300		
5.	Plant & Equipment	2241460507	21089653	-6918844	2255631316	136093838	115138991	-781552	250451277	2005180039	2104314799		
	(b)												
6.	Locos & Other Rolling Stock	165533461	755686	0	166289147	8989894	4139550	0	13129444	153159703	156543568		
7.	Furniture & Fixtures	1067630	1637121	-11466	2693285	88353	114317	-1348	201322	2491963	148432		
8.	Office Equip. & Peripherals	162114331	12508826	-1513734	173109423	27715246	24409139	-120158	52004227	121105196	125521577		
9.	Vehicles	15408208	274372	0	15682580	1682670	1280210	0	2962880	12719700	13725539		
	TOTAL	34215122045	169199093	107368047	34491689185	801862060	691041482	874741	1493778283	32997910902	33413259985		
	Previous Yr.	33353178340	430033905	431909800	34215122045	122005006	681325051	-1467997	801862060	33413259985			

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

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


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

Particulars		As at 31st March 2000 Rs.	As at 31st March 1999 Rs.
<b>A. CAPITAL WORKS- IN -PROGRESS</b>			
<b>I Works</b>			
i) Structural Engg. Works		97420619	93191345
<b>TOTAL - A</b>		97420619	93191345
<b>B. I EXPENDITURE ON CONSTRUCTION &amp; ESTABLISHMENT.</b>			
i) Salaries, Allowance & Benefits	8A	10350835	13280312
ii) Other Administrative Expenses	8B	3330029	2736225
iii) Prior period adjustments	8C	313642	155508
<b>TOTAL</b>		13994506	16172045
<b>II. LESS INCIDENTAL INCOME</b>	8D	4793512	5617789
<b>TOTAL B</b>		9200994	10554256
<b>TOTAL [A+B]</b>		106621613	103745601

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

Particulars	Current Year	Previous Year
i. Salaries & Allowances	8552679	11464944
ii. Contribution to Provident & other funds	1174697	997906
iii. Gratuity	136173	304449
iv. Foreign Service Contribution	53983	151812
v. Staff Welfare	433303	361201
<b>TOTAL</b>	10350835	13280312



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

Particulars	Current Year Rs.	Previous Year Rs.
i. Rent	84933	117999
ii. Insurance and Taxes	50881	97788
iii. Printing and Stationery	40805	46344
iv. Postage , Telephone & Telex	123109	111202
v. Travelling and Conveyance	792203	978871
vi. Vehicles Expenses	732560	505584
vii. Repairs and Maintenance		
a) Plant and Machinery	180930	345625
b) Buildings	10475	20010
c) Others	2777	5305
viii. Electricity & Water Charges	9049	133241
ix. Advertisement and Publicity	21001	15012
x. Other Expenses	1281306	359244
<b>TOTAL</b>	<b>3330029</b>	<b>2736225</b>


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

Particulars	Current Year Rs.	Previous Year Rs.
1. Salaries, allowances and Benefits	785	155508
2. Foreign Service Contribution	6603	0
3. Staff Welfare Expenses	4622	0
4. Amount Written Off	262561	0
5. Other Expenses	32572	0
6. Repairs to Vehicles	6499	0
<b>TOTAL</b>	<b>313642</b>	<b>155508</b>

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

Particulars	Current Year Rs.	Previous Year Rs.
i. Sale of Tender Forms etc.	22094	30357
ii. Rent recovery	12124	13412
iii. Other receipts	4759294	45940
iv. Depreciation written back (Dunnet Sleeper laying machine)	0	5528080
<b>TOTAL</b>	<b>4793512</b>	<b>5617789</b>



**SCHEDULE 9 - INVESTMENTS**

Particulars	As at 31st March 2000 Rs.	As at 31st March 1999 Rs.
<b>I. LONG TERM INVESTMENTS</b>	0	0
<b>II. CURRENT INVESTMENTS</b>		
a) Government or Trust Securities	0	0
b) Share & Debentures or Bonds Non convertible bonds (Quoted) of Punjab Wireless Systems Limited of Rs.5,00,00,000 (part payment received during 1998-99 of Rs.1,31,54,412)	36845588	36845588
c) Investment Properties	0	0
d) Other Investment	0	0
<b>TOTAL</b>	<b>36845588</b>	<b>36845588</b>

**SCHEDULE 10 - TRAFFIC EARNINGS**

Particulars	Current Year Rs.	Previous Year Rs.
1. Passenger	967055228	632797958
2. Other Coaching	4900156	2569624
3. Goods	204444025	166444945
4. Sundry	4888647	4342837
<b>TOTAL</b>	<b>1181288056</b>	<b>806155356</b>


**SCHEDULE 11 - OTHER INCOME**

Particulars	Current Year Rs.	Previous Year Rs.
1. Interest on investments	37909935	48743184
2. Rent for residence	1641080	2473045
3. Miscellaneous receipts including Management fee received from MSRDC	81097354	129619860
4. Furniture hire charges	4302	21070
5. Re-imbursement of Est. expenses	0	0
6. Other earnings	240689	415489
<b>TOTAL</b>	<b>120893360</b>	<b>181272648</b>

**SCHEDULE 12 - EXPENSES ON STAFF**

Particulars	Current Year Rs.	Previous Year Rs.
i. Salary wages and allowances etc.	277575172	249651408
ii. Travelling Expenses	25796142	29171269
iii. Cash award	403525	219750
iv. Contribution to Provident and other Funds	24827116	20404802
v. Foreign Service Contribution	5191212	4960701
vi. Staff Welfare Expenses	22736658	17371491
<b>TOTAL</b>	<b>356529825</b>	<b>321779421</b>



**SCHEDULE 13 - MISCELLANEOUS EXPENSES**

Particulars	Current Year Rs.	Previous Year Rs.
i. Electricity and Water Charges	7277150	27973173
ii. Cost of Tickets and Forms	137330	541030
iii. Telephone and Communications	8576119	8550889
iv. Vehicle Expenses	9366274	16927925
v. Rent for Residential buildings	1032327	1900432
vi. Rent for Office buildings	465133	148698
vii. Other Sundry expenses	58617220	97026575
viii. Expenses Written off	56671097	0
ix. Legal Expenses	3772768	12007137
x. Advertisement & publicity	1721966	5818107
<b>TOTAL</b>	<b>147637384</b>	<b>170893966</b>

**SCHEDULE 14 - FINANCE CHARGES**

Particulars	Current Year Rs.	Previous Year Rs.
a) Interest on Bonds [includes Rs.1575(previous year Rs.1575) paid to Directors].	2520303291	2211043774
b) Interest on Loans	615684294	818904749
c) Management fee on bonds	3894559	8229940
d) Others	40295	0
<b>TOTAL</b>	<b>3139922439</b>	<b>3038178463</b>





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

Particulars	Current Year Rs.	Previous Year Rs.
1. Hire charges on - Coaches/Wagons	0	2181951
2. Fuel and lubricants	0	(8394358)
3. Salary and establishment	2013721	7246949
4. Duties and taxes	0	853518
5. Lease rentals	0	(3875000)
6. Miscellaneous expenses	7659931	3871108
7. Financing charges	6355179	(410195610)
8. Repairs & maintenance - plant & machinery, Station Buildings etc.	4649451	270827
9. Other operating expenses	475698	0
10. Depreciation	0	0
11. Loss on sale of Assets	0	0
12. Repair and Maintenance of Vehicles	0	0
13. Advertisement and Publicity	0	0
14. Other Miscellaneous receipts	(1305594)	0
<b>TOTAL</b>	<b>19848386</b>	<b>(408040615)</b>

**SCHEDULE NO .16 : ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS.****A) APPLICABLE SIGNIFICANT ACCOUNTING POLICIES.**

1. The Corporation after completion of the project is intended to be merged with the Indian Railways as and when its loan liabilities are fully discharged. Accordingly, the Accounting Policies, including rules of allocation and classification of revenues, expenditures and incidence of cost as adopted by Indian Railways, as far as possible are being followed.
2. The Accounting policies involved in the guidance note on "Treatment of expenditure during construction period" published by the Institute of Chartered Accountants of India as is relevant and applicable have been followed.
3. The Corporation generally follows accrual method of accounting, except that interest on delayed payment of T.D.S & share capital and sales tax which are treated on cash basis. Payment of bonus is accounted for in the year when Govt. of India's sanction is issued.
4. (a) In classifying the nature of "Fixed Assets" and "Capital works in progress" the requirements of Schedule VI of the Companies Act, 1956 and the format of disclosure followed by the Indian Railways have been kept in view.  
(b) The assets in use are shown at cost less accumulated depreciation. Adjustments arising from Foreign Exchange Rate variations relating to borrowings attributable to fixed assets are allotted to the entire block of Fixed Assets and not only to assets created out of Foreign Exchange Loans, due to difficulty in identifying the assets separately.  
(c) The Broad Gauge line between Roha and Mangalore was completed and opened for traffic on 26.1.1998. The entire expenditure net of income in the Development account has been apportioned to the various assets heads as a whole on a Prorata basis.  
(d) Depreciation is charged at the rates prescribed in Schedule XIV of the Companies Act, 1956 under straight line method and in case of addition to fixed assets, depreciation is charged at pro-rata from the month of addition. In case of assets where schedule XIV of the Companies Act is silent, the rate of depreciation have been worked out with reference to effective life of the respective assets as given in Indian Railway Engineering Code. The rates of depreciation followed in the case of following assets are mentioned below.
  - i) Buildings including Offices, Rest Houses, Residences, Other Service Buildings, Stations, Workshops, Tunnels, Ballastless Track, Road Crossing & Fencing, Bridges. 1.63%
  - ii) Plant & Machinery 4.75%
  - iii) Furniture & Fixtures including Station Plant & Equipment 6.33%
  - iv) Other Construction Plant & Machinery 11.31%



v) Computer & peripherals	16.21%
vi) Loco / Other Rolling Stock / Cranes	2.50%
vii) Vehicles	9.50%
viii) Temporary Structures	100%
ix) Assets costing below Rs.5000/- are charged off fully under "Stores and Spares consumed" head in the P & L Account.	

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



- (b) The sale of traffic ticket through agents are treated as earnings as and when sold to them, irrespective of consumption of tickets.
  - (c) The revenue from sale of scrap, salvage or waste materials is accounted for on realisation.
  - (d) Accountings in respect of profit/loss on sale of assets are made at the time of delivery to the buyer.
  - e) Commission received on encashment of warrants issued by Defence / Police is recognised on accrual basis.
  - f) Service charges recoverable from M/s.MSRDC by the Project Division is recognised on accrual basis.
10. Contractor's claims.
- (a) Claims for escalation by contractors are accounted for only when such claims are accepted after due verification.
  - (b) The contractors liabilities are taken into account on the basis of works completed and also in respect of incomplete works, by making a suitable provision, for all bills pertaining upto 31.03.2000 recieved in the accounts upto 31.05.2000.
  - (c) Recovery on account of risk and cost transactions is effected at the time of completion of works after due determination and the same will be accounted on actual realisation.
- 11 (a) Liabilities
- Provision is made for all known liabilities existing on the date of balance sheet but liabilities not yet crystallised or liabilities whose amount cannot be determined with any reasonable degree of accuracy are not provided for.
- (b) Prior period / Extra ordinary items
- All expenses or income exceeding as Rs.1 Lakh relating to the prior period are disclosed in the accounts. Any income / Expenditure less than Rs.1 Lakh is appropriately disclosed as current year's income / expenditure.
12. Preliminary Expenses is being amortised over a period of 10 years. Discount / Other Expenses on issue of bonds is being amortised over the tenure of the bonds.
13. Contingent liabilities are not provided for but are disclosed by way of notes to the account.
14. Carrying amount of Current Investments are normally shown at cost or fair market value, wherever such fair market value is available.

**B) NOTESTO THE ACCOUNTS**

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



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

- 16 (a) The passenger trains are being run through Konkan Railway system with Indian Railways rolling stock and a detailed Memorandum of Understanding has been sent for the approval of Ministry of Railways regarding Inter Railway Adjustment on the reciprocal arrangements, for movement of Inter Railway traffic.
- (b) The arrangements existing for the Inter Railway financial adjustments have been adopted for the purpose of providing for the liability for services provided by other Railways. The Corporation's share of passenger traffic receivable out of the income collected by Railway Stations operated by other Railways and share payable to other Railways out of the collections made by this Corporation have been accounted for by the respective Railways. After approval of Memorandum of Understanding by the Ministry of Railways, if any changes arise, it will be accounted for during that year.
- (c) Similarly operating expenses like hire charges for coaches and engines, Fuel charges, Salary of crew has been provided for, based on formula adopted in Indian Railways and bills received.
- 17 (a)(i) The assets under different heads have been capitalised based on figures appearing in the Books of Accounts. In cases where works have not been completed and some portion remains to be executed, the value of same have been taken based on the technical assessment and capitalised and Depreciation has been charged from the date of opening of entire line, i.e., 26.1.1998.
- ii) Consequent to the completion of various capital works of the Konkan Railway project the development account was closed as on 25/01/1998. However, the new works which are being carried out during 1999-2000 and not completed are continued to be shown under capital works in progress along with the development expenditure.
18. (a) Land cost includes indirect expenses directly incurred in the process of acquisition of land and provisional advance payments consequent to awards based on certificates of Special Land Acquisition Officer which will be reconciled and finally adjusted as and when final awards and acquittance of SLAO'S are received.
- (b) An aggregate amount of Rs. 2.04 Crores. Lying in advance account and yet to be disbursed by Special Land Acquisition Officer is not transferred to land account as the acquittance details certified by the SLAO'S are not received. (previous year Rs.1.96 Crore)
- 19 Advance for materials and other advances could not be adjusted to the final head amounting to Rs 3.85 Crores ( previous year Rs 1.97 Crore) for want of full reconciliation.
- 20 (a) Transactions of Receipts / Issues for the year in respect of construction materials are recorded in the stores and charged to the works. However there is a difference between book balance and ground balance, which is still under reconciliation.
- (b) Construction material like cement, steel etc., issued to the contractors are debited to Work in Progress Account and actual consumption can be determined only after final measurement of the work. Hence excess material, if any issued to the contractors will be accounted for by crediting to Work- in- Progress



as and when finally settled. Due to this, Works- in- Progress and Advances / Recoverable are overstated and understated respectively to that extent.

- (c) Sundry receivable includes the balance of Rs 19,16,444 /- towards interest charges on the excess amount billed on MSRDC by project division Rs 11,25,608 towards bills not admitted by MSRDC for material / spares supplied.
  - (d) The construction material cement includes stock of damaged cement of 313.20 MT. The claim for the damaged cement is already preferred with the insurance company and the difference if any between the claimed amount and settled amount will be accounted as loss on settlement of the insurance claim. The said amount is shown as recoverable from the Insurance Company.
  - (e) Stores in Transit is having a balance of Rs 31.29 lakhs ( previous year Rs 61.00 lakhs) which is still to be adjusted.
  - (f) A few electrical items originally booked to Tunnel and subsequently returned to Electrical Stores, are in the process of reconciliation, and will be adjusted to appropriate head after identification.
- 21 (a) Sundry balances in debit and credit accounts of contractors, Government authorities, Companies suppliers and others are subject to confirmation, reconciliation and required adjustment, if any.
- (b) Sundry balances of unsecured loans taken are subject to confirmation.
22. Loan from Indian Railway Finance Corporation (IRFC) represents gross face value of bonds issued on private placement by IRFC on behalf of the Corporation. The loan carries the same rate of interest as the Bonds.
- 23 (a) 10.5% Tax Free Bonds and Infrastructure bonds issued by the Corporation under various series as stated in schedule 3 are secured by way of Pari Passu charges / mortgaged created / to be created on movable / immovable fixed assets relating to this project both present and future.
- (b) Necessary Bond Redemption Reserve will be created in the year in which the corporation will have profit.
- 24 Future obligations towards lease rentals under the lease agreements as on 31st March, 2000 in case of primary lease are Rs 78.53 crores and in case of secondary lease Rs 3.89 crores.
- 25 Sales Tax assessment from the year 1990-91 to 1994-95 has not been completed so far except Karnataka State Sales Tax. Hence liability, if any, in this regard will be accounted for as and when assessment will be finalised.
- 26 Loans and Advances include due from Directors Rs 7,361 /- ( previous year Rs.822 /- ) Maximum balance outstanding on any day during the year was Rs 17,361/- (previous year Rs 25,000 /-).
- 27 Hire charges paid for passenger coaches are shown net of recoveries. The amount receivable from Indian Railways on account of Fuel and passenger coaches hire are Rs 17,29,85,523 /- (previous year Rs 6,23,45,536 /-) and Rs 5,04,52,293 /- ( previous year Rs 2,09,50,110/-) respectively



- 28 Advance payments for steel amounting to Rs 57.70 lakhs are mostly on account of long pending items above 3 years, are under reconciliation.
- 29 Foreign Service Contribution payable account shows certain amounts outstanding for a long time, which are not adjusted due to non receipt of bills.
- 30 An excess payment of interest of Rs 87.94 lakhs has been made on 2D series during the year and an amount of Rs. 7287733 /- is outstanding on the balance sheet date. However, the outstanding amount is already recovered before 30.06.2000.
- 31 Short Term Investment of Rs 5 Crores for 45 days was made in M/s Punwire Communications Ltd, Chandigarh backed by the post dated cheques. On presentation the cheques were bounced. However, M/s Punwire Communications Ltd, has made a payment of Rs 2 crores, which was adjusted against the principal and interest. The corporation has initiated criminal proceedings under Sec. 138 of the Negotiable Instruments Act. The Corporation is of the opinion that an amount of Rs.3.86 crores towards principal and Rs.15 lacs towards interest (excluding for the year 1999-2000) is recoverable and debt is good and hence no provision is made.
- 31a Fixed assets excludes Track measuring 185.275 Km. amounting to Rs.108 Crores which has been sold and leased back to Corporation with the approval of President of India. The said transaction has also been placed before the AGM in the meeting held on 23rd September 1996 and 19th December 1997.
- 31b. Management fees shown as income has been received from MSRDC against the total turnover of Rs.97 crores achieved during the year through contracts executed on cost plus management fees basis.
- 32 Contingent Liabilities not provided for
- (a) Estimated amount of contracts remaining to be executed and not provided for as certified by the management was Rs 9.45 Crores (previous year Rs. 8.23 Crores)
  - (b) Contractor's and other claims against the Corporation not acknowledged as debt as per the certificate submitted by the management are Rs 189.63 Crores Previous year Rs 193.48 Crores are received.
  - (c) A demand of Rs 22.04 Crores raised by the Income Tax Department has been decided by the Commissioner of Income Tax (Appeals) in favour of the Corporation. However, the joint Commissioner of Income Tax has appealed to the Income Tax Tribunal against the CIT(Appeals) decision.
  - (d) Excise duty demands are disputed to the extent of Rs 4.84 Crores. (previous year Rs 4.84 Crores).
  - (e) Various court cases have been filed by the land owners in several courts for revision of the amount of the award passed by the state Government. The amount of likely liability on this account is unascertainable at present.
  - (f) Sales Tax demands being disputed of Rs 0.67 Crores (previous year Rs 0.91 Crores).
  - (g) As per accounting policy of 10(C) the total estimated risk & cost of Rs 25.81 Crores is recoverable from the various contractors.
33. Previous year's figures have been regrouped / rearranged wherever necessary to make them comparable with the current year's figures.


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

		<b>Current Year Rs.</b>	<b>Previous Year Rs.</b>
34 (a)	Directors Remuneration The remuneration of Directors is as under :-		
	Salary and Allowances	<b>1154915</b>	1187124
	Contribution to Provident Fund	<b>0</b>	21844
	Pension Contribution paid to Rlys.	<b>190752</b>	155876
		<b>1345667</b>	1364844
(b)	Auditors Remuneration Auditors remuneration is as under :-		
	For Audit fees	<b>75000</b>	7500
	For Tax Audit	<b>30000</b>	30000
	For Income Tax matters	<b>5000</b>	5000
	For reimbursement of out of pocket expenses	<b>100000</b>	202018
35	Earnings in foreign exchange :-	<b>Nil</b>	Nil
36	Foreign currency expenditure :-		
	Travelling	<b>619471</b>	1112624
	Interest, Handling & Other Charges	<b>337565420</b>	321790007
	Other than Capital goods	<b>32395</b>	425355
		<b>338217286</b>	323327986
37	Value of imports on C.I.F. basis :-		
	I. Component and spare parts	<b>1825114</b>	7154110
	II. Capital goods	<b>16080721</b>	29592162
		<b>17905835</b>	36746272
38	Balance Sheet Abstract and a Company's General Business Profile as per Schedule VI part (iv) of the Companies Act, 1956.		
I.	Registration Details:		
	Registration No:		<b>55-10891</b>
	State Code No :		<b>55</b>
	Balance Sheet Date :		<b>31.03.2000</b>
II.	Capital Raised during the year		
	Public Issue		<b>Nil</b>
	Rights Issue		<b>Nil</b>
	Bonus Issue		<b>Nil</b>
	Private placement (Firm Allotment to the promoters and their associates)		<b>180000000</b>





III	Position of Mobilisation and Deployment of Funds:-	(Rs.)
	Total Liabilities	44321700225
	Total Assets	44321700225
	<b>SOURCES OF FUNDS</b>	
	Paid-up Capital (Includes Share Application Money Amounting to Rs.28.08 lacs)	7728002000
	Reserves & Surplus	96697500
	Secured Loans	25982649851
	Unsecured Loans	8428266168
	Net Current Liabilities	425138861
		<b>42660754380</b>
	<b>APPLICATION OF FUNDS</b>	
	Gross Fixed Assets including Capital WIP	34598310798
	Investments	36845588
	Misc Expenditure	310988197
	Accumulated Losses	9208388080
IV	Performance of Company	
	Turnover	1302181416
	Total Expenditure	
	(Including prior period adjustment)	5149139847
	Profit / (loss) before Tax	(3846958431)
	Profit / (loss) after Tax	(3846958431)
	Earnings per share Rs.	N.A.
	Dividend Rate %	N.A.
V	Generic name of Principal Product of Company (as per monetary terms)	700 as per industrial classification of joint stock companies
	Item Code No	
	Product Description	Railway Transportation

**CASH FLOW STATEMENT FOR 1999-2000**

(Rs.'00,000)

**A CASH FLOW FROM OPERATING ACTIVITIES**

Net profit before tax & extraordinary items:	-38470
Adjustments for :	
Expenditure written off	566
Depreciation	6926
Interest & other income	-1209
Prior period Adjustments	198
Interest expenses	31399
Operating loss before working capital changes	-590
Increase in Sundry debtors	-3031
Increase in inventories	401
Increase in Sundry creditors	576
Cash generated from operations	-2644
Income tax paid	-
Cash flow before extraordinary item	-2644
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>-2644</b>

**B CASH FLOW FROM INVESTMENT ACTIVITIES**

Purchase of fixed assets	-1835
Proceeds from sale of equipment	130
Interest received	0
<b>NET CASH FROM INVESTMENT ACTIVITIES</b>	<b>-1705</b>

**C CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds from issuance of share capital	228
Proceeds from long term borrowings	129953
Repayment of long term borrowings	-101509
Interest paid	-31574
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>-2902</b>
Net increase in cash & cash equivalents	-7251
Cash & Cash equivalents at beginning of period	11898
Cash & Cash equivalents at end of period	4647

Signatures for Schedules 1 to 16

On behalf of the Board

As per our report of even date appended hereto

For **KIRTANE & PANDIT**  
CHARTERED ACCOUNTANTSSd/-  
**(R.K.SINHA)**  
DIRECOTR (F)Sd/-  
**(B.RAJARAM)**  
MANAGING DIRECTORSd/-  
**(J. V. NAIK)**  
PARTNER.**PLACE : MUMBAI**Sd/-  
**(B.SATYANARAYANA)**  
COMPANY SECRETARY**DATE : 27<sup>TH</sup> JULY 2000****Auditors Certificate**

We have verified the attached Cash Flow Statement of the Konkan Railway Corporation Ltd., which has been compiled from and is based on the audited financial statement for the year ended March 31, 2000. To the best of our knowledge and belief and according to the information and explanations given to us, it has been prepared pursuant to clause 32 of the Listing Agreement with The Stock Exchange, Mumbai and New Delhi.

**PLACE : MUMBAI**For **KIRTANE & PANDIT**  
CHARTERED ACCOUNTANTS  
sd/-  
J. V. NAIK  
(Partner)**DATE : 27<sup>th</sup> July, 2000**



## **AUDITORS' REPORT**

To the Members

Konkan Railway Corporation Limited.

We have audited the attached Balance Sheet of KONKAN RAILWAY CORPORATION LIMITED, as at 31st March 2000 and the Profit and Loss Account of the company for the year ended on that date annexed thereto, and we report that

1. As required by the Manufacturing and Other Companies (Auditor's Report) order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annexe hereto statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in the paragraph above, we report that:
  - A. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - B. In our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from our examination of the books.
  - C. The balance sheet and the Profit & Loss Account dealt with by this report are in agreement with the Books of Accounts.
  - D. In our opinion Profit & Loss Account and Balance sheet comply with the Accounting Standards referred to in sub section 3C of section 211 of the Companies Act 1956, except that certain items referred to in note nos. 3 & 10C are accounted on cash basis and that provision for losses on current investments has not been made as required by Accounting Standard 13 (AS 13) issued by the Institute of Chartered Accountants of India.
3.
  - a) There is a possibility of Penalties leviable under Income Tax Act, 1961 on account of Non Deduction of Tax from various parties, the amount of which is not quantifiable at this stage.
  - b) Interest and other finance charges relating to assets completed and put to use on different dates have been debited to development account and allocated to different assets with effect from a cut off date. However, interest and finance charges pertaining to the period after the assets have been put to use, have not been segregated & quantified and charged to revenue. The amount of such interest and finance charges is not quantifiable.
  - c) Though the assets have been put to use on different dates, depreciation thereon has been charged only from 26.01.1998. The consequent impact on the assets and Profit & Loss is not ascertainable. To that extent the assets have been overstated.



- d) i) Land includes leasehold land, which is required to be shown separately. These are not also amortised over the period of lease.
- ii) Land cost is subject to reconciliation, arising out of outstanding statements to be received from SLAO pending final awards [Refer Note No 18 (a) ]
- iii) Non - adjustment of advances Rs 2.04 crores to land account [Refer Note No.18 (b)
- e) Advances to the extent of Rs 3.85 crores are pending adjustment to final head as full reconciliation details are not available. (Refer note 19 )
- f) i) Book value and value as per physical records of construction materials are subject to reconciliation. Refer Note 20 (a) ]
- ii) Overstatement of the amount of WIP and understatement of the amount of advances to contractors is not quantifiable as it is under reconciliation. [Refer note 20 (b) ].
- iii) Non provision of amount of loss on damaged cement, the amount of which is not quantifiable.[Refer note 20 (d) ]
- iv) Non accounting of dismantled material returned from works which has not been quantified. Refer note 20 (f) ]
- v) Stores in transit to the extent of Rs.0.31 crore is pending adjustment. [Refer note 20 (e) ].
- g) Sundry balances in debit and credit accounts are subject to confirmation / reconciliation. Refer notes 20 (a) & (b) )
- h) Management has exceeded the ceiling of Rs 100 crores for short-term investments by Rs 29.6 crores on 11 /6 /99 asnd by Rs 22.15 crores on 13 /1 / 2000. This requires ratification by the board of Directors.
- i) Provision for losses on the value of current Investments has not been made as required by AS- 13 "Accounting for Investments " issued by the institute of Chartered Accountants of India. The amount of such loss is not quantifiable.
- j) The corporation has not provided depreciation on additions to fixed assets arising out of foreign exchange fluctuations in the year in which such addition is made but provides depreciation from year after such addition. This has resulted in the fixed assets being overstated to the extent of such depreciation and the loss for the year being understated to that extent. The amount of such depreciation and consequently, such overstatement / understatement is not quantified by management.

The effect of the other points 3 (a) to (J) above, is not quantifiable.

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

- i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2000.
- ii) In the case of the profit and loss Account ,of the loss for the year ended on that date.

**For KIRTANE & PANDIT**  
**CHARTERED ACCOUNTANTS**

sd/-

**J.V. NAIK**  
**(PARTNER)**

PLACE : MUMBAI

DATE : 27<sup>th</sup> JULY 2000

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS REPORT ON THE ACCOUNTS OF KONKAN RAILWAY CORPORATION LIMITED, FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2000.**

The company has generally maintained proper records showing full particulars including quantitative details and locations of Fixed Assets barring some cases. As informed to us, the Fixed Assets have been physically verified by the management at reasonable intervals. We are informed that the discrepancies arising between the physical verification of assets and book records of fixed assets have not been adjusted in the books of account.

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



11. According to the information and explanations given to us, there has been no purchase of goods and materials and sale of goods, materials and services aggregating during the year to Rs.50,000/- or more in respect of each party in pursuance of contracts or agreements entered in the register under Section 301 of the Companies Act, 1956.
12. There are no adequate procedures for determination of unserviceable or damaged material and no records have been maintained at some of the units.
13. The company has not accepted any deposits in terms of Section 58-A of the companies Act, 1956 and rules made therein.
14. Reasonable records are not being maintained by the company for the sale and disposal of scrap of steel, empty cement bags.etc. The company has no by-products.
15. In our opinion, the internal audit system of the company needs strengthening to be made commensurate with its size and nature of business. Scope and extent of checking of the same needs to be enlarged.
16. The maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, has not been prescribed by the Government.
17. As per records of the company, the Provident Fund deductions have not been deposited regularly, As informed to us The Employees State Insurance Act, 1948, is not applicable to the company.
18. According to the information and explanations given to us, there were no undisputed amount payable in respect of Income Tax, Sales Tax, Customs Duty as on 31st March, 2000 outstanding for a period of more than six months from the date they became payable except for an amount of Rs 13,32,243 /- in respect Wealth Tax, and an amount of Rs. 45165 /- on account of sales tax pertaining to july, 1999.
19. As per information and explanations given to us, no personal expenses other than those payable as per contractual obligations or in accordance with generally accepted business practices have been charged to the Development Account and Profit & Loss Account.
20. We are of the opinion that the Company does not fall within the meaning of "Scheduled Industry" as defined under clause (n) of section 3 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985, and as such the provisions of that act are not considered to be applicable.
21. In respect of service activities of the company a lumpsum amount is being charged for material consumed for job and the man hours spent on the job by other railways, hence as explained to us no separate records in respect of the above are maintained by the Company.

**For KIRTANE & PANDIT  
CHARTERED ACCOUNTANTS**

Sd/-

**( J. V. NAIK )**

**PARTNER**

PLACE : MUMBAI

DATE : 27<sup>th</sup> JULY 2000



Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the Accounts of Konkan Railway Corporation Limited (KRCL) for the year ended 31 March 2000.

**A. BALANCE SHEET :**

Current Assets, Loans and Advances :  
Traffic Earnings Receivable - Rs.49.53 crores  
(Schedule 6).

This is overstated by Rs.5.97 crore being the overpaid amount due for recovery from Contractors wrongly included in Traffic Earnings Receivable. This has also resulted in understatement of Sundry Receivables.

**Management's Remarks**

Though the advances recoverable from the contractors has been erroneously shown under Traffic Earnings Receivable instead of Sundry Receivable both fall under main head of Current Assets, Loans and Advances in the Balance Sheet. Therefore the materiality of the accounts is not affected by the interchange of one sub-head to another sub-head in the same schedule.

However, efforts will be made, to minimise such occurrences in future.