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**KONKAN RAILWAY CORPORATION LIMITED**  
**FINANCIAL SUMMERY FOR THE YEAR 2000-01 TO 2009-10**

Sr.No.	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
1	Total Income (incl.other income)	168	189	228	245	289	630	669	787	787	766
2	Expenditure (incl.increase/decrease in stock)	133	145	146	195	217	499	510	555	600	520
3	Operating Margin	35	44	82	50	72	131	159	232	187	246
4	Interest Expenses	345	335	328	332	304	303	321	305	190	166
5	Depreciation	70	71	70	70	69	70	70	70	76	77
6	(loss)Profit before tax	-380	-362	-316	-352	-301	-242	-232	-143	-78	3
7	Profit after tax	-380	-362	-316	-352	-301	-243	-233	-144	-79	3
8	Divident	0	0	0	0	0	0	0	0	0	0
9	Foreign Projects reserve	0	0	0	0	0	0	0	0	0	0
10	General Reserves	15.21	15.21	15.21	15.06	5.55	0	0	0	0	0
11	Other Reserves	0	0	0	0	0	0	0	0	0	0
12	Reserves & Surplus	0	0	0	0	0	0	0	0	0	0
13	Net Fixed Assets (Gross block)	3295	3519	3530	3547	3615	3656	3687	3732	3792	3876
14	Inventories	17	13	23	26	61	16	13	11	16	14
15	Foreign Exchange earnings	0	0	0	0	0	0	0	0	0	0
16	Equity Share Capital *	779	784	784	789	790	803	803	803	806	806
	preferece share capital *	0	0	0	0	0	0	0	0	3474	3771
17	Capital employed	3188	3157	3133	3111	3184	3172	3112	3222	3307	3366
18	Government Investment	*	*	*	*	*	*	*	*	*	*
19	Net Worth	-534	-894	-1211	-1559	-1859	-2080	-2314	-2459	937	1247
20	Profit before tax to Capital employed	-0.119	-0.115	-0.101	-0.113	-0.095	-0.076	-0.075	-0.045	-0.024	0.001
21	Operating Margin to capital employed	0.011	0.014	0.026	0.016	0.023	0.041	0.051	0.072	0.057	0.073
22	Profit after tax to share capital	-0.488	-0.462	-0.403	-0.446	-0.381	-0.302	-0.290	-0.179	-0.099	0.004
23	Expenditure to income	3.262	2.915	2.386	2.437	2.042	1.384	1.347	1.182	1.1	0.996
24	Number if Employees			3453	3552	3722	4119	4160	4304	4308	4353
25	Income per employee			0.066	0.069	0.078	0.153	0.161	0.183	0.183	0.176
26	Foreign exchange earning per employee	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
27	Current ratio	0.585	0.681	0.814	0.934	1.098	1.079	0.985	1.218	1.343	1.428
28	Debt/equity ratio	-7.332	-4.641	-3.632	-3.014	-2.722	-2.525	-2.345	-2.310	2.528	1.698
29	Investments	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

\* Note: Total of Equity and Preferece share capital is held by Government.



## BOARD OF DIRECTORS

- |                                     |   |  |
|-------------------------------------|---|--|
| 1. <b>SHRI RAKESH CHOPRA</b>        | : | Chairman   |
| 2. <b>SHRI BHANU P. TAYAL</b>       | : | Managing Director &<br>Director (Operations & Commercial)                              |
| 3. <b>SHRI SHAHZAD SHAH</b>         | : | Director (Finance)   |
| 4. <b>SHRI PRADEEP BHATNAGAR</b>    | : | Addl. Member (Traffic Transportation),<br>Railway Board                                |
| 5. <b>Shri J.P.DANGE</b>            | : | Chief Secretary, Govt. of Maharashtra  |
| Alternate                           |   |  |
| <b>SHRI C. S. SANGITRAO</b>         | : | Secretary (Transport, Excise & Ports)<br>Government of Maharashtra                     |
| 6. <b>SHRI S. V. RANGANATH</b>      | : | Chief Secretary, Govt. of Karnataka  |
| Alternate                           |   |  |
| <b>SHRI V.MADHU</b>                 | : | Principal Secretary (infrastructure Development)<br>Government of Karnataka            |
| 7. <b>SHRI SANJAY K. SRIVASTAVA</b> | : | Chief Secretary,<br>Government of Goa  |
| Alternate                           |   |  |
| <b>SHRI NARENDRA KUMAR</b>          | : | Principal Secretary (Transport)<br>Government of Goa                                   |
| 8. <b>DR. P.PRABHAKARAN</b>         | : | Chief Secretary,<br>Government of Kerala   |
| Alternate                           |   |  |
| <b>SHRI V.P.JOY</b>                 | : | Principal Secretary (Transport)<br>Government of Kerala                                |
| 9. <b>SHRI N. ARAVINDAN</b>         | : | Director   |
| 10. <b>DR. M. C. DEO</b>            | : | Director   |
| 11. <b>SHRI S. M. SINGLA</b>        | : | Director   |
| <b>SHRI B. SATYANARAYANA</b>        | : | Company Secretary  |
| <b>M/s/ JAIN &amp; JAIN</b>         | : | Statutory Auditors   |
| <b>C &amp; A G AUDITORS</b>         | : | Principal Director of Commercial Audit &<br>Ex-officio Member, Audit Board-II, Mumbai. |

### Registered Office:

334-C, 3<sup>rd</sup> Floor,  
Metro Station Building,  
Pragati Maidan,  
New Delhi – 110 001.

### Corporate Office:

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



## **NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING**

Notice is hereby given that the 20<sup>th</sup> Annual General Meeting of Konkan Railway Corporation Limited will be held on 27<sup>th</sup> September, 2010 at 12:30 hrs. at Committee Room, Rail Bhavan, Raisina Road, New Delhi 110 001 to transact the following business:

### **ORDINARY BUSINESS:**

#### **ITEM NO.1 ADOPTION OF ANNUAL ACCOUNTS**

To receive and adopt the Directors' Report, Balance Sheet and Profit and Loss Account for the year ended 31.03.2010 and Auditors' Report thereon.

#### **ITEM NO.2 FIXATION OF REMUNERATION TO AUDITORS**

To fix the remuneration to the Statutory Auditors appointed by the Comptroller & Auditor General of India for the year 2010-11.

### **SPECIAL BUSINESS:**

#### **ITEM NO.3 SHIFTING OF REGISTERED OFFICE FROM NEW DELHI TO NAVI MUMBAI**

**To consider and, if thought fit, to pass the following Resolution as a Special Resolution:**

"RESOLVED THAT pursuant to section 17, 146(2) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the confirmation by the Company Law Board / National Company Law Tribunal (NCLT). / approval of the Central Government, as the case may be, the Registered Office of the Company be shifted from the state of Delhi to the state of Maharashtra".

"**FURTHER RESOLVED** that the existing Clause II of the Memorandum of Association be substituted by the new clause as mentioned hereunder:"

#### **EXISTING CLAUSE**

II "The Registered Office of the Company will be situated in the Union Territory of Delhi."

#### **NEW CLAUSE**

II "The Registered Office of the Company will be situated in the state of Maharashtra."

"**FURTHER RESOLVED** that Shri B. Satyanarayana, Company Secretary be and is hereby authorized to sign and file necessary application form and other documents and to make such statements, furnish such information as may be required and further authorized to appear and represent the Company before the Company Law Board /National Company Law Tribunal (NCLT). / Central Government as the case may be for getting approval to the proposed alteration of the situation Clause of the Memorandum of Association and to do all such other acts, deeds and things as may be necessary in this regard".

Yours faithfully,

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

Sd/-

**B. SATYANARAYANA**

Company Secretary

**PLACE: NAVI MUMBAI**

**Date: 9th August 2010**

#### **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. 334C, Third Floor, Metro Station Building, Pragati Maidan, New Delhi 110 001 not less than 48 hours before the time fixed for holding the meeting.



## EXPLANATORY STATEMENT

(Pursuant to section 173 (2) of the Companies Act, 1956)

### ITEM NO.2 FIXATION OF REMUNERATION TO THE STATUTORY AUDITORS

The Board of Directors on the recommendation of the Audit Committee recommends to the Shareholders the remuneration payable to the Statutory Auditors to be appointed by the Comptroller & Auditor General of India for the year 2010-11 as follows.

- a) Audit Fee of ₹ 4,25,000/- Per annum plus Reimbursement of actual out of Pocket expenses.
- b) For each six monthly Limited Review 1,00,000/-
- c) For Tax Audit – 75, 000/-

### ITEM NO.3 SHIFTING OF REGISTERED OFFICE FROM NEW DELHI TO NAVI MUMBAI

The Registered Office of the Company has been situated at New Delhi (Delhi State) since the incorporation of the Company. The Corporation has received a letter from Ministry of Railways, (Railway Board) to shift the present Registered Office situated at 101, Rail Bhavan., Raisina Road, New Delhi- 110001. Further all the business functions are carried out from the Corporate Office located at Belapur Bhavan, Sector 11, CBD Belapur, Navi Mumbai – 400 614 , Maharashtra State. There are no activities in the state of Delhi as such where the Registered Office is situated. Moreover all the functional Directors are also based at Navi Mumbai, Maharashtra State. Therefore it is very difficult to coordinate the matters from Navi Mumbai to discharge the statutory obligations related to the Registered Office. Hence it is proposed to shift the Registered Office from New Delhi (State of Delhi ) to Navi Mumbai (Maharashtra State) so as to carry on the business activities more economically and efficiently. Further Maharashtra is an advanced State in terms of Industrialization and business point of view, therefore if the Registered Office of the Company is shifted to Maharashtra; it will also help to enlarge the area of its Business Operations.

As per section 17 of the Companies Act, 1956, the Registered Office of the Company may be shifted from one state to another by way of approval of the members with Special Resolution subject to the confirmation by the Company Law Board /National Company Law Tribunal (NCLT) / Central Government as the case may be.

A Copy of the Memorandum of Association is available for inspection at the Registered Office of the Company on all working days of the Company between 11:00 a.m. and 1:00 p.m. up to the date of the Meeting and at the venue of the Meeting for the duration of the Meeting.

The Board of Directors approved the proposal for shifting the Registered Office from the state of Delhi to the State of Maharashtra at its' 105th Meeting held on 23rd September, 2009 and the same proposal was placed before the shareholders on the same day but the shareholders deferred the item till Presidential approval is received for shifting Registered Office from the state Delhi to the state of Maharashtra. Now the presidential approval has been received for shifting the registered office from New Delhi (State of Delhi) to Navi Mumbai (State of Maharashtra).

Copy of the presidential approval vide letter no: 2009/PL/50/14 dated 10-03-2010 is enclosed for information of the shareholders.

In view of the above the Board of Directors commends the passing of the Resolution at Item No.3 as a Special Resolution.

None of the Directors is concerned or interested in the proposed Resolution.



## CHAIRMAN'S SPEECH

Gentlemen,

It gives me great pleasure to welcome you to the Twentieth Annual General Meeting of your Corporation.

### 1. FINANCIAL & OPERATING PERFORMANCE:

- a) The performance of the Corporation for the year 2009-10 has been covered in the Directors' Report. I am glad to inform you that with the implementation of 'Financial Restructuring Proposals', the Shareholders' Funds have increased in the Balance Sheet to 4578 Crore. The growth in Traffic earnings continues and closed at 588 Crore compared to 576 Crore in 2008-09, while other income also increased from 26 Crore to 33 Crore. However, the Project revenue has come down from 185 Crore to 145 Crore because of stoppage of work at Jammu & Kashmir Project and pending approval for execution of ACD works at various zonal railways. Accordingly the Project cost has come down from 171 Crore to 135 Crore due to the reasons mentioned above. The liability of finance charges decreased from 188 Crore to 166 Crore on account of restructuring of finances.

- b) The net impact of the improved financial position is that for the first time the corporation has earned a net profit of 3.36 Crore compared to the previous year's net loss of 78 Crore. After prior period adjustments of 8.28 Crore the net profit stood at 11.64 Crore thereby accumulated losses have come down to 3331 crore from 3343 crore in previous year.

The operating ratio which is a parameter of efficiency, has improved to 74.14% as compared to 83.8% in the year 2008-09. The Corporation has redeemed 250 crore worth of bonds and Net Worth has increased from 937 Crore to 1248 Crore during the year under review. The corporation is hoping to maintain the same tempo in the years to come.

### 2. PROJECTS:

- a) The work of 72.91 km of Katra-Dharam Section of J&K new Rail Line project was entrusted to KRCL in Dec 2002 with an estimated cost of 5005 crore ( Five Thousand Five Crore only). All the works except service roads works were pending w.e.f 25th of July 2008 for deciding the issue of realignment till 1<sup>st</sup> Sept,'2009. The Corporation has mobilized the resources and recommenced the work during the year under review and the turnover in the year is 101.18 crore on this project. The cumulative turnover at the end of the financial year 2009-10 is 922.10 crore. .
- b) Jharkhand Government and Ministry of Railways had proposed to construct 14 Road Over Bridges in Jharkhand State on cost sharing basis. Railways have awarded the entire work to KRCL on turnkey basis at an estimated cost of 163.02 crore ( One Hundred Sixty Three Crore Two Lakhs only) on 'Cost plus 10% Management Fees' basis. The entire Project of construction of 14 Road Over Bridges was completed during the financial year 2009-10 without any time and cost overrun.
- c) Pilot ACD project on North East Frontier Railway was commissioned on 25/06/2007 and the same is being maintained by KRCL with the assistance of M/s. KERNEX for a period of 3 years (2009 to 2012). Anti Collision Device trials would be done on multiple/electrified/Automatic signaling system areas & for its future growth.
- d) The Corporation has entered into an MOU with M/s. Balaji Infra Project Ltd and M/s. Dighi Rail Infra Structure Ltd. on 27<sup>th</sup> January'2010 for construction of rail link between Indapur station and



Dighi Port on deposit term basis at an estimated cost of 450 crore which would be completed within two years six months.

- e) The Karnataka Govt is proposing to entrust the work for construction of 11 nos. of Road Over Bridges/ Road Under Bridges (ROBs/RUBs) in Bangalore and Belgaum at an estimated cost of 300 crore.
- f) The Railway Board has recently entrusted the work of development of Multi-Functional Complexes (MFCs) to KRCL at three places in Central Railway and three places in Western Railway.

### 3. SAFETY

- a) Geo-safety works of 26.39 Crore has been completed during the year to make vulnerable cuttings stable & improving the drainage to prevent boulder falls in tunnels to ensure safety of running trains.
- b) The rainfall recorded at Nivsar during the current year is unprecedented. As a result of this, cumulative settlement of 2.160m has been observed at Nivsar yard and also soil slip of about 2000 cum and 95m RCC retaining wall was also collapsed in Ratnagiri-Nivsar section. The ground settlement problem at Nivsar will be addressed on receipt of the recommendation from IIT/Bombay. Meanwhile a proposal of constructing a major bridge having sufficient span to cover the settled portion of Nivsar embankment, carrying the main line and two loop lines have been planned. The estimated cost of construction of major bridge at Nivsar yard is about 25 Crore. The other alternative solution may be diversion of railway line from Nivsar station which is also under consideration.

### 4. FUTURE OUTLOOK

I am confident that with the implementation of the financial restructuring proposals and earnings from train operations; project management has the potential to improve the earnings of the Corporation 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. Most importantly, I acknowledge the critical role played by the employees whose contribution to your Company's business growth has been paramount.

Thanking you,

**PLACE: NEW DELHI**

**Date:** 27-09-2010

**Sd/-**

Shri. Rakesh Chopra  
Chairman





## DIRECTORS' REPORT

Gentlemen,

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

### 1. FINANCIAL RESULTS:

Total revenues of the Corporation are 766.27 crore ( Seven hundred sixty six crore twenty seven lakhs only) compared to previous year's total revenues of 786.58 crore ( Seven hundred eighty six crore fifty eight lakhs only). The train operations have yielded a gross earning of 588.28 crore ( Five hundred eighty eight crore twenty eight lakhs only) on apportioned basis and other income of 33.02 crore ( Thirty three crore two lakhs only). The operating surplus (after meeting the operating costs, the earnings before Interest, depreciation, taxes & amortization (EBIDTA)) is 237.45 crore ( Two hundred thirty seven crore forty five lakhs only). The profit during the year is 3.36 crore ( Three crore thirty six lakhs only), after providing 166.82 crore ( One Hundred Sixty six crore eighty two lakhs only) towards Financing costs and 76.76 crore ( Seventy six crore seventy six lakhs only) towards depreciation.

### 2. A) SHARE CAPITAL:

#### (i) Equity Share Capital:

The Paid up Equity Share Capital of the Corporation stood at 806,45,62,000 ( Eight hundred six crore forty five lakhs sixty two thousand only) as on 31.03.2010 against the Authorized equity Share Capital of 806,46,61,000 ( Eight hundred six crore forty six lakhs sixty one thousand only). The details are as under:

	As on 31.03.2010	As on 31.03.2009
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
<b>Total</b>	<b>806,45,62,000</b>	<b>806,45,62,000</b>





**(ii) Preference Share Capital:**

The Paid up Preference Share Capital of the Corporation stood at 3771.34,00,000 ( Three thousand seven hundred seventy one crore thirty four lakhs only) as on 31.03.2010 against the Authorized Preference Share Capital of 4079,51,00,000 ( Four thousand seventy nine crore fifty one lakhs only) held by Ministry of Railways.

**B) Financial Restructuring Proposals Approved By CCEA (Cabinet Committee on Economic Affairs) On 4.12.2008:**

- KRCL will continue as a Central PSU even after discharge of its debt liabilities.
- The loans already provided by the Ministry of Railways for debt servicing up to 31.3.2008, along with accrued interest amounting to 3222.46 crore ( Three thousand two hundred twenty two crore forty six lakhs only) & be converted into non-cumulative preferential shares redeemable at the end of 20 years. The dividend payable will be non-cumulative and at the same rate at which Ministry of Railways pays to Government of India.
- The Ministry of Railways will provide financial assistance amounting to 857.05 crore ( Eight hundred fifty seven crore five lakhs only) for full debt servicing and 50% of the redemption of the Bonds for the next three financial years, i.e., from 2008-09 to 2010-11, as and when due. This financial assistance will also be converted into non- cumulative preferential shares redeemable after 15 years from the date of payment to KRCL.
- The proposed arrangement of financial support for interest and 'redemption liabilities to be reviewed before lapse of three years.

**C) Present status of implementation of the above scheme:**

- KRCL will continue as a Central PSU even after discharge of its debt liabilities.  
AS PER FINANCIAL RESTRUCTURING PROPOSALS THE LOANS PROVIDED BY MINISTRY OF RAILWAYS (MOR) WERE/BE CONVERTED INTO PREFERENCE SHARES AS FOLLOWS:

		in Crore
a) Up to 31 <sup>st</sup> March 2008	-	3222.46
(Date of Allotment 30.03.2009 -20 yrs.)		
b) For the financial Year 2008-09	-	251.50
(Date of Allotment 30.03.2009 -15 yrs.)		
		<u>3473.96</u>

Details of Preference Shares allotted (redemption period 15 years) in the financial Year 2009-10, are as follows:

Date of Allotment	Amount ( in crore)
27.05.2009	85.38
01.10.2009	37.50
30.10.2009	82.00
30.11.2009	67.50
26.02.2010	25.00
Total	297.38



In the financial Year 2010-11 the Preference Shares would be issued in trenches worth 308.17 crore for 15 years from the date of allotment

The Summary of Preference share issued or to be issued by the Corporation in the name of President of India.

	in crore
Up to 2008	3222.46
2008-09	251.50
2009-10	297.38
2010-11	308.17
<b>Total</b>	<b>4079.51</b>

**D) Issue & Re-Issue Of Bonds:**

During the year 2009-10, the Corporation has redeemed bonds worth 250 Crore ( Two hundred fifty crore only). In 2010-11 the Corporation has to redeem bonds worth 339.50 Crore ( Three hundred thirty nine crore fifty lakhs only)

**E) AAA (SO) Rating Of Bonds:**

CRISIL/CARE rating agencies reaffirmed this year AAA (SO) rating for the bonds issued by the Corporation during the previous years.

**3. BUSINESS OF TRAIN OPERATIONS:**

**A) Passenger Operations:**

Presently 25 (twenty five) pairs of Mail/Express (including Rajdhani, Janshatabdi, Duranto) and 5 (five) pairs of passengers trains are running over Konkan Railway system.

<u>Train</u>	<u>Mail/Express</u>	<u>Passenger</u>
Daily	6 pairs	5 pairs
Tri-weekly	2 pairs	–
Bi-weekly	6 pairs	–
Weekly	11 pairs	–

- Punctuality of passenger services has been 87% which is well above the MOU target of 66%
- During the year 2009-10 also Monsoon Time Table was operated over Konkan Railway w.e.f. 10.06.2009 to 31.10.2009 by limiting the maximum speed of passenger carrying trains to 75 kmph, which ensured punctuality performance with greater customer satisfaction in addition to ensuring safety.
- A total of 10,562 passenger trains were run during 2009-10 Including 519 Special Trains, as against 9147 passenger and 451 Special Trains run in 2008-09 respectively.
- Following new train services have started via Konkan Railway during 2009-10.
  - 2133/2134 CSTM-Karwar Express (tri-weekly)
  - 0215/0216 Madgaon-Ernakulam Express (weekly)
  - 2283/2284 Ernakulam-Nizamuddin Duranto Express (Weekly)
  - 2997/2998 Hapa-Tirunelveli Express (Weekly)

## B) Freight Operations:

- During the year freight earning was 302.13 Cr. as compared to 309.24Cr.during the year 2008-09. The marginal shortfall was mainly due to effect of economic recession on iron ore traffic during first half of the year.
- A significant feature of the performance of the financial year 2009-10 has been originating loading of 1.570 million tonnes against Ministry of Railway target of 1.25 million tonnes. This increase was result of extensive marketing efforts to capture new traffic of Pig Iron for Northern Railway / Western Railway destinations and new RORO service between Suratkal and Ankola.
- During the year KRCL have loaded a record of 37620 trucks on RORO circuit. This was 56 % higher than no of trucks loaded during 2008-09.
- Net Ton Kilometer (NTKM) which is an indicator of throughput registered an increase of 10.58% i.e. from 3080 million NTKM during 2008-09 to 3406 million NTKM during 2009-10.

Passenger & freight performance are as under:

Sr. No.	Items	Unit	2008-09	2009-10	% age variation (+/-)
1	RORO earning (including in freight earning)	in crore	22.63	23.67	+5
2	RORO	Number of trucks	24041	37620	+56
3	Originating loading	Million tons	1.123	1.570	+40
4	NTKM/Engine hour	NTKM	21350	22156	+4
5	Avg. wagon interchange per day.	EWU	850	821	-3
6.	Wagon km/wagon day	KM	312	418	+34

- ❖ The line capacity enhancement works also given due importance. Two new crossing stations at Zarap and Vinhere on Kolad - Madgaon section were commissioned on 21/01/2010 and 09/04/2010. The work on two new crossing stations Viz. Madure and Lolium has also started.
- ❖ New Power plant of M/s. Udupi Power Corporation Limited (UPCL) was commissioned near Udupi. M/s. UPCL have laid as a siding to their plant taking off from Nandikur station between Padubidri and Mulki over Konkan Railway. This company has entered into a coal supply agreement with coal suppliers in countries like Australia, South Africa and Indonesia etc. for supply of coal to the power plant. M/s. UPCL has also entered into an agreement with KRCL and Southern Railway for transportation of Coal from New Mangalore Port to the power plant. This imported coal arriving at New Mangalore Port will be transported to the Power plant in 'BOBRN' (Bottom discharge wagons) rakes through Konkan Railway. The company proposes to move 2.5 to 3.0 million tonnes of coal annually which translates to 2 to 3 rakes a day. The traffic for the UPCL plant has already started in the month of May'2010.

## 4. ENGINEERING PROJECTS:

### A) Construction of Katra-Dharam Section of Udhampur-Srinagar-Baramulla Rail Link (USBRL) Project:

Railway Board has entrusted the work of construction of 72.91 km of Katra – Dharam Section of Udhampur – Srinagar – Baramulla Rail Link (USBRL) to KRCL on cost plus 10% basis. The approximate cost of this section (km. 30 to 100.868) is 5005 Crores. The Project involves construction of 31 tunnels with aggregate length of 57.13km (78.36%), 46 'major bridges' with



aggregate length of 9.09 km (12.46%) and balance 6.69 km (9.18%) on embankment and cuttings. All the works except service roads works were pended w.e.f 25th of July 2008 for deciding the issue of realignment till 1<sup>st</sup> Sept, '2009. The corporation has mobilized the resources and recommenced the work during the year under review. During the Financial Year 2009-10, the turnover was 101.18 crore on this project as against 126.98 crore during the financial year 2008-09. The cumulative turnover at the end of the financial year 2009-10 is 922.10 crore.

#### **B) Construction of Road Over Bridges in Jharkhand State:**

Jharkhand State Government and the Railways decided to construct 14 Road Over Bridges (ROBs) in lieu of busy Level Crossings where the Train Vehicle Units (TVUs) were in excess of one lakh per day on cost sharing basis between the Railways and the State Government. The elimination of Level Crossings eased the traffic congestion and enhanced safety and the detention to train movements also reduced considerably. Though KRCL faced delays on account of delay in handing over of land free of encumbrances, removal of encroachments, relocation of utilities and adverse law and order situation etc., the works on all the 14 (fourteen) Road Over Bridges were completed progressively and opened for users. The entire work has been completed in 2009-10. The total amount spent on the project is 166.01 Crores against the ceiling limit of 171.17 Crores ( 163.02 Crores + 5% as per letter of award).

#### **C) Anti Collision Device (Raksha Kavach):**

Pilot ACD project on North East Frontier Railway was commissioned on 25/06/2007 and the same is being maintained by KRCL with the assistance of M/s. KERNEX for a period of 3 years (2009 to 2012). It is proposed for setting-up of ACD Repairs Centre (ARC) at Verna & ACD Training Centre (ATC) at Madgaon.

Railway Board on 24.04.2009 has advised that new Train Collision Avoidance System (TCAS) Specification with a broader aim to develop multi- vendor scenario for such systems have been framed by RDSO and KRCL has been chosen to implement their 'ACD solution' on three railways i.e. South Central Railway, South Western Railway and Southern Railway till such time more vendors are developed/available. The Railway Board on 18/01/2007 has decided 'time frame' for completing the ACD design modifications (with deviations approved by Railway Board) and submission of cost estimate for ACD project execution on South Central Railway, South Western Railway and Southern Railway and completion of ACD project on those zonal railways after the modified ACD design is tested in joint field trials with the involvement of RDSO, Zonal Railway and outcome is accepted and approved by Railway Board.

### **5. ENGINEERING WORKS:**

Various Geo-safety works have been completed along the alignment to 'stabilize the cutting and make the track safer for travel. The geo-safety works completed during the year under review are as follows:

a) Earthwork for flattening of slopes	:	3.258 lac cum.
b) Catch water drain lining and RCC retaining wall / side drain wall & gabion wall etc.	:	15 nos. of cutting
c) Shotcreting	:	100043 sqm.
Rock bolting	:	255.02 MT

Geo-safety works of 26.39 Crores has been completed during the year under review to make vulnerable cuttings stable & improving the drainage to prevent boulder falls in tunnels to ensure safety of running trains.



## 6. SAFETY:

Konkan Railway has implemented fusion of standard engineering practices & innovative technologies to ensure safe journey of trains over its section. To safeguard against the heavy monsoon geo-safety works like rock bolting, boulder netting, shotcreting, catch fencing, earth works like flattening of slopes and creation of berms, soil nailing and micro piling etc, are being carried out every year before onset of monsoon. Due to geo safety works and other precautions taken, there has been no accident during monsoon in the last 5 years.

As a safety measure Konkan Railway has reduced maximum speed of trains between Veer & Udupi stations (645 Kms) from 110 Kmph to 75 Kmph during Monsoon period from 10th June to 31st October every year for the last five years. Extra safety has been introduced in train operations by patrolling round the clock at vulnerable locations in addition to patrolling in block sections as per Indian Permanent Way Manual & by imposing suitable speed restrictions at identified vulnerable locations & cuttings deeper than 20 mtrs. Apart from this, day & night patrolling is being done throughout the year at the unsupported sections of all tunnels. To increase level of safety alertness in field staff & to eliminate human failures causing mishaps, multiple safety seminars, department specific drives, mobile workshops on monsoon special patrolling, brake binding train parting, methods of protecting-reporting & assisting in accidents were conducted.

**DETAILS OF ACCIDENTS: During the last 2 years there were no reportable accidents over Konkan Railway.**

- Cause wise analysis of accidents for the last two years:**

Year	No. of Accidents	Natural Causes	Rly. Staff Failures	Material Failures	Other Failures
2008-09	Nil	Nil	Nil	Nil	Nil
2009-10	Nil	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil	Nil

A number of training programmes including safety seminars and safety workshops are organized in addition to refresher courses conducted at Konkan Railway Institute of Staff Training (KRIST) at Mangalore / Konkan Railway Technical Training Centre, (KRTTC) at Bhatkal for educating the staff and increasing their safety awareness. For the first time, Safety Calendar was released on KR during the year 2009. This laid down Safety drives for each month on critical issues. Similar calendar has been issued for the year 2010 too.

A comprehensive Disaster Management Plan for Konkan Railway has been prepared. Konkan Railway passes through the most difficult terrain & Disaster Management Plan will be the crucial document in its strife with challenging geo-realities. The Disaster Management Plan of Konkan Railway is drafted to have a standard code of procedure to prevent and reduce the net impact of disaster on our esteemed passengers & the organization itself. It comprises of an overview of disaster scenarios, role of functionary, the response mechanism and measures for long term preparedness along with comprehensive management plan-post disaster. The objective of this Disaster Management Plan is to raise the bar of Safety, Efficiency & Quality of service rendered through ensuring preventive & mitigating dimensions in proper place.

## 7. AFFORESTATION:

About 3,06,300 sqm. area has been planted with Hamata stylo plants during the year under review.



## 8. INFORMATION TECHNOLOGY:

Information Technology (IT) is essential working pillar of KR business, helping it to remain lean & efficient. KR-IT, supports all aspects of Konkan Railways' working, through 8 major & 12 minor modules, fully integrated in "Railway Applications Package" (RAP, & now J-RAP), On-line, real-time modules cover – Train Operations, Accounting, Personnel, Commercial (21 types of ticketing), Stores Inventory, Infrastructure maintenance, and Employee Health Management.

Informix-4GL (and J2EE) & Informix RDBMS based custom-built KR-ERP is maintained in-house, & changes are also done for suiting business needs.

KR-IT depends on the KR-Net (KRCL's Network over OFC/Copper), with installed base of 82 servers (56 Stations have a Server each, for network failures) and 600+ VT dumb- Terminals, 360+ Linux Thin Clients and 300+ PCs.

Porting of 10 year old CUI Informix-4GL (declared obsolete) RAP to modern 3 tier platform of J2EE based Appliances has been completed. This has made the 'J'-RAP, web-browser-enabled, full GUI, platform-independent and maintainable.

## 9. (i) INDUSTRIAL RELATIONS:

During the year 2009-10, cordial industrial relations have been maintained throughout the year. Election for recognition of Union through secret ballot was successfully conducted in March, 2010.

## (ii) STAFF WELFARE:

A monthly newsletter called "Konkan Newsletter" has been introduced to have better communication with the staff on various issues related to promotion, payments, welfare, polices etc., To promote welfare activity and improved bonding in the corporation, Inter-Regional Sports, various sports events, tournaments and cultural activities were organized.

## 10. HUMAN RESOURCES DEVELOPMENT:

During the year, 29 different courses were conducted for 288 Senior Supervisors at Konkan Railway Institute of Staff Training (KRIST) at Manglore & 19 courses were conducted to give training to 337 staff at Konkan Railway Technical Training Centre, (KRTTC) at Bhatkal. 78 staff of Marmugoa Port Trust were also given training at Konkan Railway Technical Training Centre, (KRTTC) at Bhatkal.

## 11. MOU BETWEEN KONKAN RAILWAYS AND INDIAN RAILWAYS:

MD/KRCL and Secretary, Railway Board has signed Memorandum of Understanding for the year 2010-11, between KRCL and Indian Railways.

## 12. MATERIAL MANAGEMENT:

The material system adopted is through non-stock items, which is different from other railways where concept of stock items is generally followed. Procurement of materials has been organized in cost effective and professional way through tendering process adopting computerized on line Stores Inventory (SI) Module covering all procurement functions & depot activities which has helped in keeping the purchase cycle short & ensuring timely supply of materials to facilitate smooth train operations and Project activities of the Corporation. Extant guidelines for public procurement are followed duly ensuring transparency at various stages. The Materials Management system so followed meets the requirements of ISO 9001: 2000 and covers the entire Materials Management Department including the Depots at Ratnagiri and Madgaon





### 13. PARTICULARS OF CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

The 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, Corporation has taken several steps for Energy Conservation.

April to March	Energy consumption in KWH	Energy bill in	Rate per unit
2008-09	8338861	49026791	5.88
2009-10	7812070	49156478	6.29
Variation	-526791	129687	
% Variation	-6.32	0.20	

By adopting various measures a saving in the energy consumption has been achieved to the tune of 5.26 Lakh units which amounts to 6.32% reduction in the total energy consumed during this year as compared to the year 2008-09. This has resulted in actual saving of 1.30 lakh (notional saving of 33.14 Lakh) in energy bill.

### 14. VIGILANCE:

In its endeavor to fight the menace of corruption, KRCL Vigilance has taken a holistic approach which includes not only punitive but also preventive measures with emphasis on increasing awareness of systems by sensitizing the employees and the rail users to adopt good and ethical practices in exercise of their day to day operations.

During the year, 67 preventive checks covering all areas of work including train checks were carried out. As a result, while 18 officials were taken up under minor penalty and 3 officials under major penalty under Disciplinary and Appeal Rules and administrative actions were recommended against 18 employees for the irregularities / lapses detected. The aforesaid checks also yielded an earning of 10.67 lakhs towards penalties / recoveries from the Contractors who failed to comply with the contractual obligations, fare and penalty through train checking. A total of 27 complaints received during the period under review including 11 numbers brought forward from last year of which investigation into 17 cases were completed resulting into action under 'Disciplinary and Appeal Rules' in 3 cases.

Vigilance Awareness Week was observed from 3/11/2009 to 7/11/2009 over entire KRCL jurisdiction including J&K project Office, Reasi keeping focus on spreading awareness by educating employees about the evil consequences of corruption. Pledge was administered by respective Heads of Offices. Competition for Essay writing both in Hindi and English etc. presentations on Vigilance & Corruption related subjects was organized.

### 15. HEALTH CARE:

Telemedicine has been introduced whereby engineers and other staff in Jammu & Kashmir are being provided health care facilities. This service has also been made available to the beneficiaries at Ratnagiri and Madgaon stations. Soon it will be made available to the beneficiaries at remote stations along Konkan Railway, Konkan Railway has implemented Telemedicine in North East Frontier Rail





way where the remote centres located at Badarpur in Lumbding Division and Rangapara in Rangia Division are connected to Central Railway and Maligaon, Guwahati. Konkan Railway has also implemented Telemedicine in East Central Railway connecting Hajipur (remote) & Danapur Railway Hospital and Sonpur Hospitals. Similarly, Konkan Railway has introduced Telemedicine in Mumbai Central Division, Valsad, Nandurbar, Vadodara, Godhra, Ratlam, Ahmedabad, Rajkot, Bhavnagarpara hospitals in Western Railway. Konkan Railway has also implemented Telemedicine in North Central Railway including Allahabad, Chennai and Mumbai.

The Man-days loss as a result of sickness in Railways in our lean human resource organization is only 0.93%. This results in greater availability of productive human resource to the Corporation.

#### **16. PROGRESS MADE IN USE OF HINDI IN THE CORPORATION:**

With a view to take stock of the progressive use of Rajbhasha Hindi, the Second Sub Committee of Parliament on Official Language visited Madgaon on 06/02/2010. The Hon'ble Members of the Committee appreciated the steps taken by KRCL for the effective implementation of Rajbhasha Hindi. For the first time in Konkan Railway Hindi Quarterly Magazine called "Konkan Garima" has been introduced. Hindi Week was celebrated from 23/02/2009 to 27/02/2009. On this occasion various Hindi Competitions like hindi essay competition, hindi noting and drafting competition, hindi elocution competition, rajbhasha quiz, hindi workshop, symposiums were organized. All the stenographers and Personal secretaries of KRCL were trained in Hindi stenography by conducting Special Training Classes. Hindi Libraries and Reading Rooms have already been set up at all the regional offices and important stations. Hindi Day was celebrated on 14/09/2009

#### **17. DIVIDEND:**

The Directors do not propose to recommend payment of dividends during the year under review.

#### **18. PARTICULARS OF EMPLOYEES:**

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.

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

The Board of Directors of the Company confirms that,

In the preparation of the annual accounts, the applicable accounting standards has been followed and made proper explanation relating to material departures as pointed out by the auditors of the corporation.

That the selected accounting policies were applied consistently and the directors made judgments 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, 2010 and of the profit of the company for the year ended on that date.

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.

The annual accounts have been prepared on a 'going concern' basis.



## **20. AUDITORS:**

The Comptroller & Auditor General of India has appointed M/S Jain & Jain as Statutory Auditors for the year 2009-10.

## **21. CORPORATE GOVERNANCE:**

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

### **1. The Management philosophy:**

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.

The logo of the Corporation is “सादर सेवा” 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, its 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.

### **2. Board of Directors:**

The Board of Directors consists of Fourteen Directors, out of which four are functional Directors including Managing Director. Part time Chairman and one Nominee Director from Ministry of Railways and one Nominee Director from each participating State (Maharashtra, Karnataka, Goa and Kerala) are part-time official directors. There are four part-time non-official directors (Independent Directors) in the Board appointed by Public Enterprises Selection Board (PESB).

Being a Government Company under section 617 of the Companies Act, 1956, the functional Directors (executive) are appointed by the Public Enterprise Selection Board. The President of India appoints part-time chairman and one director representing Railway Board and the Governor of each participating state appoints the Chief Secretary as the director in the Corporation by virtue of Articles of association of the corporation. For participating states there is a provision for appointing Alternate Directors also.

During the year under review five (103 to 107) Board Meetings were held on 27/04/2009, 17/07/2009, 23/09/2009, 30/10/2009, 29/01/2010 respectively.

Attendance of Directors at the Board Meetings during the year and the Annual General Meeting is enclosed as annexure A.

Directorships held by directors is enclosed as annexure B

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.



## DIRECTORS:

	Name	Tenure
1.	Shri Rakesh Chopra	From 26/08/2009
2.	Shri Bhanu P. Tayal	From 07-05-2008
3.	Shri Shahzad Shah	From 17.09.2008
4.	Shri N. Aravindan	From 13.08.2008
5.	Shri M. C. Deo	From 13.08.2008
6.	Shri J.P.Dange	From 01/12/2009
7.	Shri S.V.Rangnath	From 01/10/2009
8.	Shri Sanjay K.Srivastava	From 10/08/2009
9.	Shri S.M.Singla	From 18/08/2009
10.	Shri Anurag Mishra	From 01.07.2007 to 31/08/2009
11.	Shri Girish Chandra	From 08.08.2008 to 01/01/2010
12.	Shri Johnny Joseph	From 01-05-2007 to 30/11/2009
13.	Shri Sudhakara Rao	From 06.02.2008 to 30/09/2009
14.	Shri J.P. Singh	From 25-01-2006 to 17/07/2009
15.	Shri K. J. Mathew	From 24.04.2009 to 30/06/2010
16.	Shri G. Raghuram	From 22.02.2007 to 22/02/2010
17.	Smt.Neela Gangadharan	From 26/10/2009 to 21/04/2010

## Board Procedure:

- The Board of directors meets at least once a quarter to review the quarterly 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 meeting. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman.
- The information as specified in Annexure I of the Listing Agreement is regularly made available to the Board.
- 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.
- 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.
- The minutes of the board meetings are circulated in advance to all Directors and confirmed at subsequent Meeting.



### 3. Audit Committee:

#### Broad Terms of Reference:

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 Company's 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.

The Board of Directors at 103rd meeting held on 27th April, 2009 reconstituted the Audit Committee as follows:

1. Shri B. P. Tayal, Director (Operations & Commercial)
  2. Dr. G. Raghuram, Independent Director
  3. Shri N. Aravindan, Independent Director
  4. Dr. M. C. Deo, Independent Director
- (Dr. G. Raghuram, Ceased as Independent Director after completion of his tenure on 17/02/2010)

#### Permanent Invitees would be as follows:

1. Director (Finance)
2. Statutory Auditor
3. Internal Auditors

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

NAME OF DIRECTOR	STATUS	No. of Meetings attended / No. of Meetings held in 2009-10
Dr. G. Raghuram	Director	4/5
Shri Bhanu P. Tayal	Director	4/4
Shri N. Aravindan	Director	2/5
Shri M.C. Deo	Director	4/5

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

34th to 38th Audit Committee Meetings were held on 27/04/2009, 17/07/2009, 23/09/2009, 30/10/2009, 29/01/2010 respectively.

### 4. Remuneration Committee:

The Board of Directors on 14.01.2009 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.

The Remuneration Committee consisting of the following members.

1. Shri N. Aravindan, Chairman, Independent Director
2. Shri Narendra Kumar, Member, Principal Secretary, Government of Goa
3. Shri Shahzad Shah, Member, Director (Finance), KRCL

However no meetings were held

#### 5. The details of Directors' Remuneration for the year 2009-10

( in Lakhs)

Director's Name	Designation	Pay	DA and Other Allow	Perks	Service Contribution Payable to Railways	Total
Shri Anurag Mishra	Managing Director	15.33	1.83	–	–	17.16
Shri Bhanu P. Tayal	Director (O&C) and Managing Director	13.83	2.39	–	–	16.22
Shri Shahzad Shah	Director (Finance)	10.44	2.65	–	1.70	14.79
	<b>Total</b>	<b>39.60</b>	<b>6.87</b>	<b>–</b>	<b>1.70</b>	<b>48.17</b>

#### Notes:

The Corporation has not paid any bonuses. No stock options have been issued to the Directors.

There are no performance-linked incentives payable 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.

#### 6. Shareholders' Committee:

Shareholders Committee consist of Managing Director and Prof. M. C. Deo, Independent Director are the Members in the Shareholders Committee for effecting Share Transfers held by Central Government and State Governments and no listing of shares is made in the stock exchange. Company Secretary is acting as a Compliance Officer to resolve the complaints received from Shareholders or Bondholders.

#### 7. General Body Meetings:

The last three Annual General Meetings were held in Delhi on 23rd September, 2009, 9th September 2008 and 22nd September 2007. The attendance of the shareholders is enclosed as Annexure C.

#### 8. Means of Communication:

All quarterly results/half yearly results were published in Free Press Journal (English) & Rashtriya Sahara (Hindi). Audited Balance sheets and Profit & Loss accounts of the previous years are made and displayed in the website of the Corporation. Web site is" konkanrailway.com"

#### 9. General Shareholder's information:

##### i) Share/Bond Transfer System :



All equity shares are held in physical form and all preference shares are held 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.

**ii) Dates of Book Closure:**

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

**iii) Listing of Bonds:**

The privately placed bonds were listed in National Stock Exchange.

**iv) Details of Dematerialization of bonds:**

Sr. No.	ISIN No. – Nature of Issue	Name of the Security (Series)
1.	INE139F09374 Pvt. Placement	10E-III
2.	INE139F09382 Pvt. Placement	11A-I
3.	INE139F09390 Pvt. Placement	11A-II
4.	INE139F09408 Pvt. Placement	11A-IV
5.	INE139F09416 Pvt. Placement	11B
6.	INE139F09424 Pvt. Placement	11C-I
7.	INE139F09432 Pvt. Placement	11C-II
8.	INE139F09440 Pvt. Placement	11C-III
9.	INE139F09457 Pvt. Placement	11D
10.	INE139F09465 Pvt. Placement	11E
11.	INE139F09473 Pvt. Placement	11F
12.	INE139F09481 Pvt. Placement	12A-I
13.	INE139F09499 Pvt. Placement	12A-II
14.	INE139F09507 Pvt. Placement	12A-III
15.	INE139F09549 Pvt. Placement	13B
16.	INE139F07022 Pvt. Placement	13D
17.	INE139F09572 Pvt. Placement	13F
18.	INE139F09564 Pvt. Placement	13G
19.	INE139F09580 Pvt. Placement	13H
20.	INE139F09598 Pvt. Placement	14A
21.	INE139F09606 Pvt. Placement	14B
22.	INE139F09614 Pvt. Placement	15A
23.	INE139F09622 Pvt. Placement	15B



**v) Capital:**

**a) Equity:**

51% of the Equity Share Capital is held by Government of India through Ministry of Railway 22% Equity Share Capital is held by Govt. of Maharashtra, 15% Equity Share Capital is held by Govt. of Karnataka, 6% Equity Share Capital is held by Govt. of Goa & 6% Equity Share Capital is held by Govt. of Kerala.

**b) Preference:**

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

**vi) Address for correspondence:**

The Company's Registered Office is situated at Konkan Railway Corporation Ltd. 334-C, 3<sup>rd</sup> Floor, Metro Station Building, Pragati Maidan, New Delhi – 110 001.

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

**vii) 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	The bonds are not actively traded in the stock exchanges.

**viii) Shareholding Pattern:**

	As on 31.03.2009	Percentage of Shareholding
Ministry of Railways	411,28,74,000	51.00
Government of Maharashtra	177,42,24,000	22.00
Government of Goa	48,38,79,000	6.00
Government of Karnataka	120,96,98,000	15.00
Government of Kerala	48,38,80,000	6.00
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	
<b>Total</b>	<b>806,45,62,000</b>	





**ix) Code of Conduct:**

The Board of Directors has adopted code of business conduct and ethics at its 82<sup>nd</sup> meeting held on 14<sup>th</sup> July 2005.

1. Code of Conduct for all the Members of the Board of Directors of KRCL.
2. Code of Conduct for Senior Management and whole-time Directors as Executives of KRCL.
3. Key values of KRCL

The above Code of conduct approved by the Board of Directors also displayed in the website of the Corporation.

Further the Board of Directors and Senior Management affirmed that they have complied the Code of Business Conduct and Ethics and have not violated any of the provisions of the code during the year ended 31<sup>st</sup> March, 2010.

**x) Accounting Standards:**

Replies to the auditor's qualifications on the deviations in Accounting Standards, if any, would be incorporated in this Annual Report separately for the year 2009-10.

**xi) Disclosures:**

**a) 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.

**b) 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'.

**c) Risk Management**

Board of Directors constituted Risk Management Committee on 29th January 2010 consisting of the following members.

1. Shri N. Aravindan, Director
2. Prof. M. C. Deo, Director
3. Shri Shahzad Shah, Director (Finance), KRCL.

No meetings held during the year under review.

**d) 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 Limited 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 Limited or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.



**Non-mandatory requirements:**

**i) Remuneration Committee:**

The Board of Directors on 14.01.2009 constituted Remuneration Committee headed by an Independent Director as per the recommendations of the 2<sup>nd</sup> 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.

**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 seven 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.

**10. 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.

**Operation and efficiency factors**

- i) Daily about 30 passenger carrying trains are run on the single line section and punctuality performance is excellent.
- ii) Perhaps unique in the world, the lean staff strength coupled with IT enabled services through Railway Application Package, enable the Konkan Railway to generate operating surplus. World Bank praised this achievement to be considered as “benchmark” for others.

**B. Threats & Opportunities:**

Passenger traffic on this line is very buoyant and the goods traffic though improved tremendously in the financial year under review is mainly cross traffic loaded from Indian Railways.

In order to improve the originated traffic the corporation proposes to undertake infrastructural project in the field of,

1. Rail Connectivity to Ports, Power Plants, Heavy Industries.
2. Development of Hospitality and Tourism Industry along West Coast.
3. Development of Urban Transportation Projects.



**a) Debt Servicing:**

The Corporation is having debt liabilities of 2118.50 crore as on 31<sup>st</sup> March, 2010.

As per the financial restructuring proposals the Central Govt. through Ministry of Railways has provided financial assistance by way of loans, which was /would be converted into non-cumulative redeemable preference shares in order to meet the redemption and interest obligations of the corporation. The Corporation has to depend on Ministry of Railways for debt servicing for the current year also. The arrangement of financial support for interest and redemption liabilities will be reviewed during the current year i.e. 2010 -11.

**b) Alternate opportunities to augment income to Konkan Railway:**

Mega-project management skills: -

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

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 would be nurtured for generating revenues in the coming years.

**C. Segment wise Analysis:**

The Corporation also undertakes execution of commercial construction projects especially for the Indian Railways. The Corporation has successfully executed various projects including the installation and commissioning of Anti Collision devices in North-East Frontier Railway. Train Collision Avoidance System (TCAS) will be implemented on three railways i.e. South Central Railway, Southern Railway and South Western Railway in the near future.

At present the Corporation has been given the task of executing a portion of the prestigious national Railway Project linking Jammu with Srinagar. There have been set backs due to delays in land acquisition, forest clearance, adverse geology met with, inaccessible sites and pendency of works except main road works on account of review of alignment by Northern Railway since 25<sup>th</sup> July 2008 to September 2009

The Corporation has completed construction of 14 Road Over Bridges in Jharkhand state.

The Corporation therefore is confident that the earnings from train operations; project management will improve in the years to come.

**D. Internal Control:**

The Corporation by and large follows the internal control systems as applicable under Companies Act, 1956 and Indian Railways.

**22. ACKNOWLEDGEMENT:**

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

The Board of Directors expresses their deep appreciation of the valuable contribution made by the officers and employees of the Corporation during the year under review.

For and on behalf of the Board of Directors

**Sd/-**

Bhanu P. Tayal  
Managing Director

Date :- 9<sup>th</sup> August 2010



**SCHEDULE A”**

Name of Director	Category of Directorship	No. of Board Meetings attended	A t t e n - dance at last AGM
Shri Rakesh Chopra	Part-time Chairman/ME/ Railway Board	3/3	Yes
S/Shri Anurag Mishra / Bhanu Prakash Tayal	Managing Director	5/5	Yes
Shri Shahzad Shah	Director (Finance)	5/5	Yes
S/Shri R.N. Verma / Girish Chandra	Addl. Member (Traffic & Transportation/Railway Board	1/5	No
S/Shri Johny Joseph / J.P.Dange / C.S.Sangitrao	Chief Secretary, Maharashtra or Alteranate Director	1/5	No
S/Shri Sudhakar Rao/ S.V.Rangnath / Sudhir Kumar / Arvind G. Risbud /V.Madhu	Chief Secretary, Karnataka or Alteranate Director	4/5	No
S/Shri J.P. Singh / Sanjay K.Srivastava / Narendra Kumar	Chief Secretary, Goa or Alteranate Director	4/5	No
S/Shri K.J.Mathew / Smt.Neela Gangadharan / K. R. Jyothilal / T.K.Manoj Kumar / Anand Kumar	Chief Secretary, Kerala or Alteranate Director	2/5	Yes
Prof. G. Raghuram	Director	3/5	Yes
Shri N. Aravindan	Director	2/5	No
Prof. M. C. Deo	Director	4/5	Yes
Shri S.M.Singla	Director	3/3	Yes



**SCHEDULE B''**

Name of Director Father's Name Date of Birth	Designation	Qualifications	Directorships held / Memberships in Committees etc.	Bonds held in Corpora- tion	Details of contract (s) /Agreement (s) entered with the Corporation
Shri Rakesh Chopra Late Shri Krishan Chopra, 21 <sup>st</sup> September 1950	Member Engineering Railway Board, Chairman, KRCL	M.Tech	1. Chairman, Rail Vikas Nigam Ltd. 2. Chairman, Rail land Development Authority 3. Director, Delhi Metro Rail Corporation Ltd.	NIL	NIL
Shri Bhanu Prakash Tayal Late Shri R.P. Tayal 15 <sup>th</sup> December, 1955	Director (Operations & Commercial), KRCL.	M.Sc (Zoology); MBA	NIL	NIL	NIL
Shri Shahzad Shah Late Shri Syed Enayat Hossain Shah 13 <sup>th</sup> Feb. 1957	Director (Finance)	M.A. (History)	NIL	NIL	NIL
Shri Pradeep Bhatnagar Late Shri S.P. Bhatnagar 24 <sup>th</sup> Mar. 1952	Adviser (Traffic Transportation) Ministry of Railways	M.A. (History)	Director-Kutch Railway Corporation Limited.	NIL	NIL
Shri Jagannath Pandharinath Dange Shri Pandharinath Dange 1 <sup>st</sup> June 1951	Chief Secretary, Govt. of Maharashtra	B.Com; MBA; LLB; M.Sc	NIL	NIL	NIL
Shri S.V.Ranganath Late Shri Sakalespur Visweswaraya 25 <sup>th</sup> April 1953	Chief Secretary, Govt. of Karnataka	M.Sc	1) Krishna Bhagya Jala Nigam Ltd. 2) Karnataka Neeravari Nigam Ltd. 3) Cauvery Neeravari Nigam Ltd. 4) Bangalore International Airport Ltd. 5) Bangalore Airport Rail Link Ltd.	NIL	NIL
Shri Sanjay Kumar Srivastava Shri Triloki Nath Srivastava, 20 <sup>th</sup> April 1957	Chief Secretary, Govt. of Goa	M.Sc; LLB; MBA	NIL	NIL	NIL
Dr. P. Prabhakaran S/o. Palaniappan 09 <sup>th</sup> Mar. 1952	Chief Secretary, Govt. of Kerala	MSC; M.A; Ph. D	NIL	NIL	NIL
Shri Narayanan Aravindan Shri. Manikath Narayanan 16 <sup>th</sup> June 1946	Independent Director	B.E(Hons)	Sole Proprietor of Armadain Technologies	NIL	NIL
Prof. Makarand Chintamani Deo Shri. Chintamani Gajanan Deo 14 <sup>th</sup> January 1954	Independent Director	B.E.; M.Tech; Ph.D	NIL	NIL	NIL
Shri Satish Mohan Singla Shri Janardan Prakash Singla 10 <sup>th</sup> October, 1944	Independent Director	B.Tech (Hons.)	NIL	NIL	NIL



**SCHEDULE C''**

Sr. No.	Name of the Shareholder	19 <sup>th</sup> AGM Attended or Not
1	Shri Rakesh Chopra, Chairman	Yes
2	Representative of President of India	Yes
3	Representative of Governor of Maharashtra	Yes
4	Representative of Governor of Karnataka	No
5	Representative of Governor of Goa	No
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 A. K. Tiwari, A.M. (Planning), Railway Board	Yes
12	Shri V. K. Singh, Director (PSU), Railway Board	Yes



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 31<sup>st</sup> March 2010, as stipulated in clause 49 of the listing Agreement of the Konkan Railway Corporation limited with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to 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, subject to the following:

- 1. Number of Independent Directors is less than 1/3<sup>rd</sup> of the total board of Directors.**
- 2. As per the present constitution, there are no Directors having financial and accounting expertise.**
- 3. Audit Committee Meeting No. 35 was conducted even when only 1 independent director was present, as against the minimum requirement of 2 independent directors to be present for quorum of the Audit Committee Meeting.**

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<sup>st</sup> 2010.

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

**For Jain & Jain**

Chartered Accountants

**Sd/-**

**(Niranjan M. Jain)**

Partner

Membership No.101360

Firm Regn. No.103869W

Date : 09<sup>th</sup> August 2010

Place : Mumbai.





## CFO & CEO CERTIFICATION

We hereby certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the year 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 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/-

**Shahzad Shah**

Director (Finance)

Sd/-

**Bhanu Prakash Tayal**

Managing Director

Place : Navi Mumbai

Date : 29.07.2010



## 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 31<sup>ST</sup> MARCH 2010.

The preparation of financial statements of Konkan Railway Corporation Limited for the year ended 31<sup>st</sup> March 2010 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 assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 9 August 2010.

I, on the 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 31<sup>st</sup> March 2010. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619(4) of the Companies Act, 1956.

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

Sd/-

**Sarit Jafa**

Principal Director of Commercial Audit &  
*ex-officio* Member Audit Board II, Mumbai

Place: Mumbai

Date: 14<sup>th</sup> September 2010



## AUDITORS' REPORT

To the Shareholders of Konkan Railway Corporation Limited:

- 1) We have audited the attached Balance Sheet of **Konkan Railway Corporation Limited** as at **31<sup>st</sup> March, 2010**, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on the accounts maintained and produced for our audit.
- 2) We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used, significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provided a reasonable basis for our opinion.
- 3) As required by the Companies (Auditors' Report) Order 2003 and Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Sub-section 4(A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and as per the information and explanations given to us, We annex hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order as are applicable to the Corporation.
- 4) We report, further to our comments in the Annexure referred to in Paragraph 3 supra, that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of accounts as required by law have been kept by the Corporation so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (e) Being a Government Company, pursuant to the Notification No. GSR829(E) dated 21.10.2003 issued by Govt. of India, provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the Corporation.
  - (f) We draw attention to:
    - (i) **Note no. 7 of 'Schedule-15 (II)' of the Accounts regarding balances in Sundry Debtors, Creditors, 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 subsequent year.**
    - (ii) **Note no. 4 (iii) of 'Schedule-15 (II)' of the Accounts regarding works where there is no physical progress during the year and kept under Capital work in progress, where management has said that it will be capitalized or accounted with necessary adjustment in the subsequent year;**
    - (iii) **Note no. 27 (ii) of 'Schedule-15 (II)' of the Accounts regarding claims lodged against the Corporation and lying under arbitration for a sum of 87,071**



lacs during execution of USBRL Project, for which no provision on estimated basis has been made by the Corporation. It may be noted that there is no clarity as to who would bear the cost of claims under arbitration.

- (iv) Note no. 24 of 'Schedule 15 (ii)' of the accounts regarding Sky Bus Project where the management has stated that the corporation is in the process of inviting 'Expression of Interest' and has opined that there is no adverse change in technology, economic or legal environment or decrease in the rate of return on investment as anticipated initially and therefore there is no impairment as on the balance sheet date. It may be noted that Project is yet to receive the safety certification, which is necessary to introduce Skybus in the market.
- (v) Note no. 32 of 'Schedule 15 (II)' for change in accounting policies being made by the Corporation. The impact of such change on current year's financial figure is as under.

No.	Particulars	Impact
1	The corporation has decided to amortise expenditure incurred on ACD installed upon a period of 10 years or 6000 ACD's whichever is earlier, as against previous policy of amortising over a period of 5 years or 6000 ACD's whichever is earlier.	Unamortised balance of 917.34 lakhs have been deferred to be amortised for another 5 years.
2	The corporation has decided to provide for bonus liability for employees covered under bonus act as against accounting for bonus as and when it was declared by the Board.	Current year expenditure has increased by 10 lacs.

- (g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Notes forming part of the Accounts including the Significant Accounting Policies appearing in Schedule-15, give the information required by the Companies Act, 1956 in the manner so required and give a true & fair view in conformity and in accordance with accounting principles generally accepted in India.
- (i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31<sup>st</sup> March, 2010;
- (ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on 31<sup>st</sup> March, 2010; and
- (iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on 31<sup>st</sup> March, 2010.

**For Jain & Jain**  
**Chartered Accountants**

**Sd/-**  
**Niranjan M.Jain**  
Partner  
M. No. 101360  
Firm Reg. No. 103869 W

Place: Mumbai  
Date: 9<sup>th</sup> August, 2010



## ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 3 of our report of even date on the accounts of KONKAN RAILWAY CORPORATION LIMITED for the year ended March 31, 2010:

(In this annexure, the matters specified in paragraphs (4) and (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 Corporation 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 Corporation in a phased periodical manner that all the assets are verified once in a year.

In our opinion, the frequency of verification is reasonable having regard to the size and operations of the Corporation 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 Corporation 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 Corporation 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. The corporation had also carried out verification of sleepers during the year. There are no other inventories lying with the Company apart from items mentioned herein supra.

(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 Corporation, 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 Corporation 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 have been properly 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 rupees 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;**

The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act.

- (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 exists reasonable internal control system commensurate with the size of the Company and the nature of its business, with regard to purchase of stores and spares, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods and services.

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 Corporation 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 lakhs as at the commencement of the financial year concerned, or having an average annual turnover exceeding Five 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 the areas outsourced. In our opinion the internal audit procedures adopted were found to be commensurate with the size of the Corporation and nature of its business. However in respect of balance sheet items such as receivables payables and WIP, the frequency of review and extent of verification needs to be increased.

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;**

Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.

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 31<sup>st</sup> March 2010 for a period of more than six months from the date they became payable except for service tax of 1.33 lakhs.

- (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 dues disputed in respect of sales tax/ income tax/ custom duty/ wealth tax/ excise duty/ cess etc., which have not been deposited with the respective authorities except for amount payable in respect of;

- (i) sales tax for A.Y. 95-96 for 9.5 lakhs, where the corporation has preferred appeal with Sales Tax Tribunal and matter has been referred back to Assessing officer for verification.
- (ii) Non agriculture tax of 673 lakhs for which the Corporation has requested Supreme Court to appoint an arbitrator to settle the dispute as per the agreement.





- 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 3,33,092 lacs, which is more than its Net Worth of 1,24,687 lacs as at 31.03.2010. [Net Worth = Equity Share Capital + Preference Share Capital - Accumulated losses]

The Company has made cash profit in the current financial year ended 31<sup>st</sup> March 2010 of 8,021 lakhs as against the cash loss of 313 lakhs in the previous year [Cash Loss = Net Loss- (Depreciation + Amortization of Expenses)], [Cash profit = Net profit + Depreciation + Amortization of Expenses]

- 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 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 Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation and information and explanation provided to us, Corporation 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 Corporation 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;**

The Corporation had issued Preference Shares to Ministry of Railways as a part of a financial restructuring. 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 Corporation 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 Corporation 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 Corporation has been noticed or reported during the year under audit that causes the financial statements to be materially misstated.

**For Jain & Jain**

**Chartered Accountants**

**Sd/-**

**(Niranjan M. Jain)**

**Partner**

M. No. 101360

Firm Reg. No. 103869 W

Place: Mumbai

Date: 9<sup>th</sup> August, 2010



**Management Replies to the Statutory Auditors' remarks for the F.Y. ended 31/03/2010**

S.No	Statutory Auditors' Remarks	Management replies
1	Note no. 7 of 'Schedule-15 (II)' of the Accounts regarding balances in Sundry Debtors, Creditors, 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 subsequent year.	The major amount of debit and credit balances lying under receivable/payable are related to the Inter Railway accounts wherein, this practice of confirming receivable/payable to the other Railways is not in existence. However, the balance confirmation of outstanding balances lying against other than Railways were issued by the corporation. It may be noted that Inter Railway Reconciliation Meeting is conducted periodically to ensure the balances reflected in the accounts are true. Reconciliation / adjustment of various debit/ credit is a continuous process at any given point of time.
2	Note no. 4 (iii) of 'Schedule-15 (II)' of the Accounts regarding works where there is no physical progress during the year and kept under Capital work in progress, where management has said that it will be capitalized or accounted with necessary adjustment in the subsequent year.	Progress of capital works is regularly reviewed by the Executive. Capitalization is done once the work is completed. Further, review by Management will be taken as suggested by Audit.
3	Note no. 27 (ii) of 'Schedule-15 (II)' of the Accounts regarding claims lodged against the Corporation and lying under arbitration for a sum of Rs. 87,071 lacs during execution of USBRL Project, for which no provision on estimated basis has been made by the Corporation. It may be noted that there is no clarity as to who would bear the cost of claims under arbitration.	Railway Board is in the process of modifying the arbitration clause of NR's agreement with KRCL to the extent that on the award, the liability is to be shared between KRCL and Railways. The liability of KRCL towards arbitration awards should be limited to 80% of the profit earned by KRCL in a particular year thus ensuring at least 20% profitability in that particular year.
4	Note no. 28 of 'Schedule 15 (II)' of the accounts regarding Sky Bus Project where the management has stated that the corporation is in the process of inviting 'Expression of Interest' and has opined that there is no adverse change in technology, economic or legal environment or decrease in the rate of return on investment as anticipated initially and therefore there is no impairment as on the balance sheet date. It may be noted that Project is yet to receive the safety certification, which is necessary to introduce Skybus in the market.	The sky bus technology is not covered by the Railways Act or Tramways Act The Corporation has decided to go in for Expression of Interest expected to be invited by end of September'10 for commercial exploitation and will select technology partner for the same. As such there is no statutory requirement to get the safety certification from any authority.



5	<p>Note no. 32 of 'Schedule 15 (II)' for change in accounting policies being made by the Corporation. The impact of such change on current year's financial figure is as under;</p> <p>1) The corporation has decided to amortise expenditure incurred on ACD installed upon a period of 10 years or 6000 ACD's whichever is earlier, as against previous policy of amortising over a period of 5 years or 6000 ACD's whichever is earlier.</p> <p>Impact - Unamortised balance of Rs.917.34 lakhs have been deferred to be amortised for another 5 years.</p> <p>2) The corporation has decided to provide for bonus liability for employees covered under bonus act as against accounting for bonus as and when it was declared by the Board. Impact - Current year expenditure has increased by Rs.10 lacs</p>	<p>As per The Companies Act, 1956, there is a requirement any change in the significant accounting policies followed by the company, the same should be brought out by way of disclosure in the Notes to Accounts and the financial implication on account of such change.</p> <p>1) During the year the Corporation has changed its accounting policy on amortization of expenditure incurred on Research &amp; Development expenses on ACD from 6000 ACDs or 5 years to 10 years whichever is earlier which is within the purview of the Accounting Standard and there is no violation in this regard. More over the expenses are incurred on account of ACDs developed for Indian Railways and need not to be absorbed by KRCL in its profit &amp; loss Account</p> <p>KRCL is expecting orders for installation of ACD in Southern / South Central / South Western Railway and expects to amortize the amount in a few years time.</p> <p>2) The corporation has made a provision of Rs.10 lakh for meeting it's liability of making the payment.</p>
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## BALANCE SHEET AS AT 31 ST MARCH 2010

(Amount in ₹)

Particulars	Sch. No.	As at 31st March 2010	As at 31st March 2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>	1		
(a) Equity Share Capital		8,064,562,000	8,064,562,000
(b) Preference Share Capital		37,713,400,000	34,739,600,000
		45,777,962,000	42,804,162,000
<b>Loan Funds</b>	2		
(a) Secured Loans		21,185,000,000	23,685,000,000
(b) Unsecured Loans		-	-
		21,185,000,000	23,685,000,000
<b>TOTAL</b>		<b>66,962,962,000</b>	<b>66,489,162,000</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets (Tangible &amp; Intangible)</b>			
Gross Block	3	38,761,101,085	37,924,372,742
Less : Depreciation/amortisation		8,617,524,951	7,849,070,182
Net Block		30,143,576,134	30,075,302,560
Add : Capital works in progress	4	587,386,502	917,046,786
		30,730,962,636	30,992,349,346
<b>Current Assets, Loans and Advances</b>	5	9,782,884,562	8,111,948,776
<b>Less: Current Liabilities and Provisions</b>	6	6,860,164,432	6,040,672,442
		2,922,720,130	2,071,276,334
<b>Profit and Loss Account</b>		<b>33,309,279,234</b>	<b>33,425,536,320</b>
<b>TOTAL</b>		<b>66,962,962,000</b>	<b>66,489,162,000</b>
<b>Significant Accounting Policies and Notes Forming Part of Accounts</b>	15		

Schedules referred to above and notes attached thereto form an integral part of the Balance Sheet

For and on behalf of the Board.

As per our report of even date appended hereto

For Jain & Jain  
Chartered Accountants

Sd/-  
(SHAHZAD SHAH)  
DIRECTOR (FINANCE)

Sd/-  
(BHANU P. TAYAL)  
MANAGING DIRECTOR

Sd/-  
NIRANJAN JAIN  
PARTNER  
M.No. 101360  
Firm Reg. No. 103869 W

Sd/-  
(B SATYANARAYANA)  
COMPANY SECRETARY

Place: Mumbai  
Date: 9<sup>TH</sup> August 2010



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010

(Amount in ₹)

Particulars	Sch. No.	For the Year Ended 31st March 2010	For the Year Ended 31st March 2009
<b>INCOME</b>			
Traffic Earnings	7	5,882,763,575	5,756,711,707
Project Revenue	8	1,449,762,409	1,846,571,826
Other Income	9	330,159,884	262,533,805
		<b>7,662,685,868</b>	<b>7,865,817,338</b>
<b>EXPENDITURE</b>			
Payment to & Provision for Employees	10	1,437,924,970	1,786,069,746
Hire charges for Rolling Stock & Motive Power		534,345,494	478,273,790
Fuel		1,243,891,218	1,376,984,075
Repairs and Maintenance			
a) Permanent Way		290,655,469	286,053,442
b) Station and Other Buildings		48,169,086	55,546,446
c) Plant & Equipment		101,626,628	153,995,818
d) Bridges & Tunnels		22,987,187	26,882,678
e) Rolling Stock		37,908,357	36,707,987
		<b>501,346,727</b>	<b>559,186,371</b>
Loss / (Profit) on Sale/Scrap of Assets		74,541	3,534,160
Misc. & Other Operating Expenditure	11	120,805,835	84,207,109
Project Cost	12	1,354,940,059	1,707,377,276
		<b>5,193,328,844</b>	<b>5,995,632,527</b>
<b>OPERATING PROFIT/SURPLUS</b>		<b>2,469,357,024</b>	<b>1,870,184,811</b>
<b>LESS :</b>			
Depreciation	3	767,575,820	756,739,735
Finance Charges	13	1,655,134,718	1,884,236,769
Lease Rentals		13,042,712	13,042,712
		<b>2,435,753,250</b>	<b>2,654,019,216</b>
Profit/(Loss) Before Tax		33,603,774	(783,834,405)
Less : Provision for Fringe Benefit Tax		-	(4,212,110)
Less : Provision for Wealth Tax		114,294	-
Net Profit/(Loss) for the Year		33,489,480	(788,046,515)
Add : Prior period adjustments	14	82,767,606	(12,929,616)
Add : Loss brought forward		(33,425,536,320)	(32,624,560,189)
Total loss transferred to Balance Sheet		<b>(33,309,279,234)</b>	<b>(33,425,536,320)</b>
Significant Accounting Policies and Notes Forming Part of Accounts	15		

Basic / Diluted Earnings per share.

4.15

-98.08

Schedules referred to above and notes attached thereto form an integral part of the Profit & Loss Account.

For and on behalf of the Board

As per our report of even date appended hereto

**For Jain & Jain**  
**Chartered Accountants**

Sd/-  
**NIRANJAN JAIN**  
PARTNER  
M.No. 101360  
Firm Reg. No. 103869 W

Sd/-  
**(SHAHZAD SHAH)**  
DIRECTOR (FINANCE)

Sd/-  
**(BHANU P. TAYAL)**  
MANAGING DIRECTOR

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

Place: Mumbai

Date: 9<sup>TH</sup> August 2010



## SCHEDULE 1 - SHARE CAPITAL

(Amount in ₹)

Sr. No.	Particulars	As at 31st March 2010		As at 31st March 2009	
1	<b>AUTHORISED</b>				
	8,064,661 Equity Shares of ₹ 1000/- each	<b>8,064,661,000</b>		8,064,661,000	
	40,795,100 Non Cumulative Redeemable Preference Shares of 1000/- each	<b>40,795,100,000</b>	<b>48,859,761,000</b>	40,795,100,000	48,859,761,000
2	<b>ISSUED, SUBSCRIBED AND PAID UP</b>				
	8,064,661 Equity Shares of 1000/- each fully paid up (Previous year 8,064,661 shares)	<b>8,064,661,000</b>		8,064,661,000	
	Less: Calls in Arrears	<b>99,000</b>	<b>8,064,562,000</b>	<b>99,000</b>	8,064,562,000
@	32,224,600 Non Cumulative Redeemable 20Yrs Preference Shares of 1000/- each (Previous year 32,224,600)	<b>32,224,600,000</b>		32,224,600,000	
@	5,488,800 Non Cumulative Redeemable 15 Yrs Preference shares of 1000/- each (Previous year 2,515,000)	<b>5,488,800,000</b>	<b>37,713,400,000</b>	<b>2,515,000,000</b>	34,739,600,000
	<b>TOTAL</b>		<b>45,777,962,000</b>		42,804,162,000

@ The dividend payable will be non-cumulative and at the rate which Ministry of Railways pays to the Govt. of India





## SCHEDULE 2 - SECURED LOANS

(Amount in ₹)

Sr. No.	Particulars	As at 31st March 2010	As at 31st March 2009
	<b>PRIVATE PLACEMENT OF BONDS # \$</b>		
1	6.65% 3100 taxable bonds of ₹1 lakh each 10 A -I series redeemable on 01.05.2013 Govt Guarantee issued by MOR.	<b>310,000,000</b>	310,000,000
2	7.25% 7500 taxable bonds of ₹ 1 lakh each 10 E-II series redeemable on 08.11.2009 Govt Guarantee issued by MOR.	-	750,000,000
3	6.65% 2000 taxable bonds of ₹ 1 lakh each 10 E-III series redeemable on 01.05.2013 Govt Guarantee issued by MOR.	<b>200,000,000</b>	200,000,000
4	6.65% 800 taxable bonds of ₹ 1 lakh each 10 E-IV series redeemable on 01.05.2013 Govt Guarantee issued by MOR.	<b>80,000,000</b>	80,000,000
5	5.75% 500 taxable bonds of ₹ 1 lakh each 11 A I series redeemable on 01.08.2015 LOC issued by MOR. ( Put & call option available on 01/08/2010)	<b>50,000,000</b>	50,000,000
6	6% 1900 taxable bonds of ₹ 1 lakh each 11 A II series redeemable on 01.08.2015 LOC issued by MOR. ( Put & call option available on 01/08/2010)	<b>190,000,000</b>	190,000,000
7	6.40% 4750 taxable bonds of ₹ 1 lakh each 11 A IV series redeemable on 01.08.2015 LOC issued by MOR.	<b>475,000,000</b>	475,000,000
8	6.20% 2000 taxable bonds of ₹ 10 lakh each 11 B series redeemable on 19.11.2015 LOC issued by MOR.	<b>2,000,000,000</b>	2,000,000,000
9	5.55% 50 taxable bonds of ₹ 10 lakh each 11 C -1 series redeemable on 02.02.2016 LOC issued by MOR. ( Put & call option available on 02/02/2011)	<b>50,000,000</b>	50,000,000
10	5.80% 700 taxable bonds of ₹ 10 lakh each 11C II series redeemable on 02.02.2016 LOC issued by MOR. ( Put & call option available on 02/02/2011)	<b>700,000,000</b>	700,000,000
11	6.00% 400 taxable bonds of ₹ 10 lakh each 11C III series redeemable on 02.02.2016 LOC issued by MOR. ( Put & call option available on 02/02/2014)	<b>400,000,000</b>	400,000,000
12	6.25% 500 taxable bonds of ₹ 10 lakh each 11 D series redeemable on 17.02.2014 LOC issued by MOR. ( Put & call option available on 17/02/2011)	<b>500,000,000</b>	500,000,000
13	6.24% 2915 taxable bonds of ₹ 10 lakh each 11 E series redeemable on 01.03.2014 LOC issued by MOR.	<b>2,915,000,000</b>	2,915,000,000
14	6.14% 500 taxable bonds of ₹ 10 lakh each 11 F series redeemable on 02.04.2014 LOC issued by MOR.	<b>500,000,000</b>	500,000,000
15	7.00% 2000 taxable bonds of ₹ 10 lakh each 12 A I series redeemable on 02.08.2014 LOC issued by MOR.	<b>2,000,000,000</b>	2,000,000,000
16	7.57% 3000 taxable bonds of ₹ 10 lakh each 12 A II series redeemable on 19.08.2014 LOC issued by MOR.	<b>3,000,000,000</b>	3,000,000,000
17	6.94% 880 taxable bonds of ₹ 10 lakh each 12 A III series redeemable on 15.09.2014 LOC issued by MOR.	<b>880,000,000</b>	880,000,000
18	7.30% 850 taxable bonds of ₹ 10 lakh each 12 B series redeemable on 01.01.2010 LOC issued by MOR.	-	850,000,000
19	6.95 % 500 taxable bonds of ₹ 10 lakh each 12 C series redeemable on 01.01.2010 LOC issued by MOR.	-	500,000,000



**SCHEDULE 2 - Continued.....**

(Amount in ₹.)

Sr. No.	Particulars	As at 31st March 2010	As at 31st March 2009
20	6.90% 150 taxable bonds of ₹ 10 lakh each 13 A series redeemable on 30.03.2010 LOC issued by MOR.	-	150,000,000
21	6.90% 100 taxable bonds of ₹ 10 lakh each 13 B series redeemable on 30.03.2012 LOC issued by MOR. ( Put & call option available on 30/03/2011)	100,000,000	100,000,000
22	7.09% 250 taxable bonds of ₹ 10 lakh each 13 C series redeemable on 31.03.2010 LOC issued by MOR.	-	250,000,000
23	7.09% 97 taxable bonds of ₹ 10 lakh each 13 D series redeemable on 20.04.2010 LOC issued by MOR.	97,000,000	97,000,000
24	7.60% 500 taxable bonds of ₹ 10 lakh each 13 F series redeemable on 01.06.2010 LOC issued by MOR.	500,000,000	500,000,000
25	7.60% 1250 taxable bonds of ₹ 10 lakh each 13 G series redeemable on 06.05.2010 LOC issued by MOR.	1,250,000,000	1,250,000,000
26	7.10% 658 taxable bonds of ₹ 10 lakh each 13 H series redeemable on 01.09.2010 LOC issued by MOR.	658,000,000	658,000,000
27	8.50% 480 taxable bonds of ₹ 10 lakh each 14 A series redeemable on 01.09.2011 LOC issued by MOR.	480,000,000	480,000,000
28	8.90% 3100 taxable bonds of ₹ 10 lakh each 14 B series redeemable on 01.09.2016 LOC issued by MOR.	3,100,000,000	3,100,000,000
29	9.30% 733 taxable bonds of ₹ 10 lakh each 15 A series redeemable on 19.10.2012 LOC issued by MOR.	733,000,000	733,000,000
30	9.30% 17 taxable bonds of ₹ 10 lakh each 15 B series redeemable on 19.10.2017 LOC issued by MOR. ( Put & call option available on 19/10/2012)	17,000,000	17,000,000
<b>TOTAL</b>		<b>21,185,000,000</b>	<b>23,685,000,000</b>

# 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.

\$ 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.

SCHEDULE 3 - FIXED ASSETS (TANGIBLE AND INTANGIBLE)										(Amount in ₹)	
SR. No	Description	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
		BALANCE ASAT 01.04.09	ADDITION 2009-10	DELETION/ADJUSTMENTS 2009-10	BALANCE ASAT 31.03.10	UPTO 31-03-2009	FOR THE YEAR	DEDUCTION/ADJUSTMENTS	UPTO 31-03-2010	AS AT 31.03.2010	AS AT 31.03.2009
1	2	3	4	5	6	7	8	9	10	11	12
<b>A</b>	<b>TANGIBLE ASSETS</b>										
1	LAND										
	i ) LEASE HOLD LAND	49,405,231	-	-	49,405,231	12,128,663	825,067	-	12,953,730	36,451,501	37,276,568
	ii ) FREE HOLD LAND	1,213,975,715	2,669,314	(12,535,000)	1,204,110,029	-	-	-	-	1,204,110,029	1,213,975,715
	iii) EARTH WORK	9,221,454,872	157,559,760	-	9,379,014,632	-	-	-	-	9,379,014,632	9,221,454,872
2	BRIDGES & TUNNELS	15,968,785,171	129,644,114	12,933,937	16,111,363,222	2,839,082,572	262,279,585	172,484	3,101,534,641	13,009,828,581	13,129,702,599
3	P. WAY TRACK \$	6,125,513,635	24,711,149	9,892,565	6,160,117,349	3,119,738,173	288,767,556	973,157	3,409,478,886	2,750,638,463	3,005,775,462
4	PLANT & EQUIPMENTS	2,293,832,386	438,872,102	1,639,214	2,734,343,702	1,152,304,950	116,327,818	32,424	1,268,665,192	1,465,678,510	1,141,527,436
5	BUILDINGS	1,925,050,865	16,141,245	2,007,139	1,943,199,249	338,522,161	31,531,768	61,171	370,115,100	1,573,084,149	1,586,528,704
6	LOCOS & OTHER ROLLING STOCK	204,278,737	44,134,272	-	248,413,009	52,277,986	5,934,486	-	58,212,472	190,200,537	152,000,751
7	FURNITURE & FIXTURES	9,772,861	511,028	-	10,283,889	5,255,623	758,785	-	6,014,408	4,269,481	4,517,238
8	OFFICE EQPTS & PERIPHERALS	213,959,004	2,646,895	(65,640)	216,540,259	181,701,572	4,873,619	(98,056)	186,477,135	30,063,124	32,257,432
9	VEHICLES	26,562,526	3,007,831	2,937,767	32,508,124	15,348,680	2,360,040	370,011	18,078,731	14,429,393	11,213,846
10	SKY BUS METRO #	523,059,049	-	-	523,059,049	80,460,956	52,305,905	-	132,766,861	390,292,188	442,598,093
	<b>TOTAL</b>	<b>37,775,650,052</b>	<b>819,897,710</b>	<b>16,809,982</b>	<b>38,612,357,744</b>	<b>7,796,821,336</b>	<b>765,964,631</b>	<b>1,511,191</b>	<b>8,564,297,157</b>	<b>30,048,060,588</b>	<b>29,978,828,716</b>
<b>B</b>	<b>INTANGIBLE ASSETS</b>										
1	PATENT - ANTI COLLISION DEVICE	4,268,725	-	-	4,268,725	1,835,077	426,873	-	2,261,950	2,006,775	2,433,648
2	PATENT - SKY BUS METRO	5,500,092	20,650	-	5,520,742	3,194,262	552,075	-	3,746,337	1,774,405	2,305,830
3	ACD - KNOWHOW *	138,953,873	-	-	138,953,873	47,219,507	-	-	47,219,507	91,734,366	91,734,366
	<b>TOTAL</b>	<b>148,722,690</b>	<b>20,650</b>	<b>-</b>	<b>148,743,340</b>	<b>52,248,846</b>	<b>978,948</b>	<b>-</b>	<b>53,227,794</b>	<b>95,515,546</b>	<b>96,473,844</b>
<b>C</b>	<b>GRAND TOTAL</b>	<b>37,924,372,742</b>	<b>819,918,360</b>	<b>16,809,982</b>	<b>38,761,101,085</b>	<b>7,849,070,182</b>	<b>766,943,579</b>	<b>1,511,191</b>	<b>8,617,524,951</b>	<b>30,143,576,134</b>	<b>30,075,302,560</b>
	Previous Year	37,317,914,886	587,561,956	18,895,900	37,924,372,742	7,102,292,383	751,616,771	(4,838,972)	7,849,070,182	30,075,302,560	



**SCHEDULE 4 - CAPITAL WORKS IN PROGRESS**

(Amount in ₹)

Sr. No.	Particulars	As at 31st March 2010	As at 31st March 2009
	<b>CAPITAL WORKS IN PROGRESS</b>		
1	Structural Engg Works	<b>375,340,730</b>	363,748,179
2	ACD KR Route	-	411,095,975
3	Other Capital Works	<b>212,045,772</b>	142,202,632
	<b>TOTAL</b>	<b>587,386,502</b>	917,046,786



**SCHEDULE 5 - CURRENT ASSETS, LOANS & ADVANCES**

(Amount in ₹.)

Sr. No.	Particulars	As at 31st March 2010	As at 31st March 2009
<b>A</b>	<b>CURRENT ASSETS</b>		
i.	Interest Accrued	134,026,661	84,475,306
ii.	Stores & Spares (Schedule - 5A)	140,396,294	160,450,021
iii.	Apportioned Traffic Earnings receivable		
a)	More than 6 months	-	-
b)	Less than 6 months	1,949,141,972	1,507,846,133
iv.	Sundry Receivables (Unsecured, considered good)		
a)	More than 6 months	511,730,789	818,386,911
b)	Less than 6 months	475,687,168	346,379,715
v.	Receivables - Project		
a)	More than 6 months	207,060,304	354,176,649
b)	Less than 6 months	8,946,595	200,503,428
vi.	Cash in Hand	11,397,189	6,848,971
vii.	Balance with		
a)	Scheduled Banks		
-	Current Account	1,459,047,714	841,920,642
-	Term Deposit	3,445,724,523	2,295,545,789
b)	Others		
-	Deposits with LIC	-	263,977,910
	[Maximum Balance held during the year is ₹ 32891 lacs (previous year ₹ 23596 lacs)]		
	Total (A)	8,343,159,209	6,880,511,475
<b>B</b>	<b>LOANS &amp; ADVANCES</b>		
	[Unsecured, considered good unless otherwise stated]		
i.	Advances recoverable in cash or in kind or for value to be received	17,001,326	51,475,310
ii.	Recoverable from contractors / others		
-	considered good	57,053,433	64,522,839
-	considered doubtful	44,507,197	39,113,374
	Less: Prov for Doubtful debts	101,560,630	103,636,213
		44,507,197	39,113,374
iii.	Advances to employees	3,798,566	2,628,561
iv.	Deposits with others	48,107,740	36,960,769
v.	Deposits with Govt. authorities / Judiciary	181,597,656	144,901,626
vi.	Prepaid Taxes (TDS)	68,623,768	15,762,044
vii.	Advances and deposits for Capital Works Contractors & Suppliers		
-	considered good	7,710,094	5,711,712
-	considered doubtful	9,815,000	9,815,000
	Less: Prov for Doubtful debts	17,525,094	15,526,712
		9,815,000	9,815,000
viii.	Project Division-Advances	1,055,832,770	909,474,440
	Total (B)	1,439,725,353	1,231,437,301
	<b>Grand Total [A + B]</b>	<b>9,782,884,562</b>	<b>8,111,948,776</b>



## SCHEDULE 5A - STORES AND SPARES

(Amount in ₹)

Sr. No.	Particulars	As at 31st March 2010	As at 31st March 2009
1	Rails	57,928,125	70,433,305
2	Sleepers	35,652,681	35,788,844
3	Steel	666,436	666,436
4	Diesel	30,396,979	37,194,540
5	Others	15,752,073	16,366,896
	<b>TOTAL</b>	<b>140,396,294</b>	<b>160,450,021</b>

## SCHEDULE - 6 CURRENT LIABILITIES AND PROVISIONS

(Amount in ₹)

Sr. No.	Particulars	As at 31st March 2010	As at 31st March 2009
<b>A</b>	<b>CURRENT LIABILITIES</b>		
<b>1</b>	<b>Sundry Creditors &amp; Other Liabilities</b>		
	i. Contractors	262,993,161	282,310,431
	ii. Expenses	28,130,604	21,839,620
	iii. Deposits from Contractors & Others	420,538,935	514,787,345
	iv. Deposits for Projects	2,225,049,287	897,880,564
	v. Project Payables	620,669,716	474,148,942
	vi. Payable to Railways		
	a) Train operating expenses	1,619,698,100	1,780,832,308
	b) Apportioned share of earnings	-	3,616,038
	vii. Other Liabilities	146,858,587	301,784,422
<b>2</b>	Interest accrued but not due on Bonds	686,011,460	730,286,850
<b>B</b>	<b>PROVISIONS</b>		
	i. Provisions for employees	149,867,296	350,482,697
	ii. Gratuity Payable	172,697,267	126,326,587
	iii. Pension Payable	263,627,357	408,792,417
	iv. Contributory Pension Payable	-	1,869,314
	v. Leave Salary Payable	264,022,662	144,429,758
	vi. Fringe Benefit Tax	-	1,285,148
	<b>TOTAL</b>	<b>6,860,164,432</b>	<b>6,040,672,442</b>



## SCHEDULE 7 - TRAFFIC EARNINGS

(Amount in ₹)

Sr. No.	Particulars	For the year ended 31st March 2010	For the year ended 31 st March 2009
1	Passenger	2,762,084,915	2,569,935,432
2	Other Coaching	68,551,594	63,725,453
3	Goods	3,021,279,849	3,092,427,183
4	Sundry	30,847,217	30,623,639
	<b>TOTAL</b>	<b>5,882,763,575</b>	<b>5,756,711,707</b>

## SCHEDULE 8 - PROJECT REVENUE

(Amount in ₹)

Sr. No.	Particulars	For the year ended 31st March 2010	For the year ended 31 st March 2009
<b>A</b>	<b><u>Contracts of Project Division</u></b>		
1	USBRL Project	1,021,692,958	1,269,792,959
2	Jharkhand ROBs	87,770,716	185,039,988
<b>B</b>	<b><u>Open Line Deposit Works</u></b>		
1	ACD on N F Railway Route	13,662,727	185,874,722
2	Telemedicine Project	-	11,272,597
3	Tata Metalics	-	148,486
4	RCC Box Culvert/ FOB I	-	315,307
5	RCC Box Culvert/ FOB II	7,469,582	5,976,944
6	UPCL Project	296,287,708	170,635,157
7	Survey-Dighi Port Mangaon	-	2,999,497
8	Survey-Adani Entrprises-Ankola	-	555,555
9	Freight Miser Project (N.Rly)	17,392,251	12,607,750
10	Survey-Marmagoa Port Trust	521,874	325,349
11	Survey-Kudremukh Iron Ore Co.Ltd.	915,762	1,027,515
12	Survey Integrated Steel Plant	1,095,410	-
13	Survey-Rail Connectivity-Kolhapur	2,953,421	-
	<b>TOTAL</b>	<b>1,449,762,409</b>	<b>1,846,571,826</b>





## SCHEDULE 9 - OTHER INCOME

(Amount in ₹)

Sr. No.	Particulars	For the year ended 31st March 2010	For the year ended 31 st March 2009
1	Interest on Deposits [[Current year TDS ₹ 15,437/-] (Previous Year TDS ₹ 15351/-)]	286,270,254	198,117,282
2	Other Earnings	43,889,630	48,142,474
3	Unclaimed Deposits (Over 3 Yrs)	-	16,274,049
	<b>TOTAL</b>	<b>330,159,884</b>	<b>262,533,805</b>

## SCHEDULE 10 - PAYMENT TO AND PROVISION FOR EMPLOYEES

(Amount in ₹)

Sr. No.	Particulars	For the year ended 31st March 2010	For the year ended 31 st March 2009
1	Salary, Wages and Allowances etc.	1,146,347,816	1,229,300,747
2	Cash Awards	972,290	4,025,641
3	Contribution to Provident and other funds	51,362,869	357,142,424
4	Foreign Service Contribution	19,196,297	11,131,987
5	Staff Welfare Expenses	70,242,420	53,218,901
6	Gratuity	146,526,139	124,803,275
7	Training Expenses	3,277,139	6,446,771
	<b>TOTAL</b>	<b>1,437,924,970</b>	<b>1,786,069,746</b>



## SCHEDULE 11 - MISCELLANEOUS & OTHER OPERATING EXPENSES

(Amount in ₹)

Sr. No.	Particulars	For the year ended 31st March 2010	For the year ended 31 st March 2009
1	Electricity and Water Charges	53,437,873	56,987,768
2	Telephone and Communications	9,972,052	11,046,979
3	Vehicle Expenses	7,404,304	8,492,175
4	Rent for Residential buildings	995,255	2,614,100
5	Rent for Office buildings	3,210,669	2,929,261
6	Other Sundry Expenses		
	a) Other Sundry Expenses	33,078,155	18,590,486
	b) Sundry debit/credit balances written off	(66,110,567)	(60,119,279)
7	Provision for Doubtful debts	5,393,823	-
8	Legal Expenses	4,960,806	2,360,940
9	Advertisement & Publicity	1,677,234	3,988,471
10	Travelling expenses	61,105,011	35,407,940
11	Commission	429,665	368,843
12	Insurance	823,642	1,424,795
13	Interest on Arbitration Awards	4,427,913	114,630
	<b>TOTAL</b>	<b>120,805,835</b>	<b>84,207,109</b>



## SCHEDULE 12 - PROJECT COST

(Amount in ₹)

Sr. No.	Particulars	For the year ended 31st March 2010	For the year ended 31 st March 2009
<b>A</b>	<b><u>Contracts of Project Division</u></b>		
1	<b>USBRL PROJECT</b>		
	Payment to contractors	760,233,538	1,009,036,682
	Establishment charges	123,795,791	121,345,257
	Other than Establishment charges	58,578,768	39,543,663
		<b>942,608,097</b>	<b>1,169,925,602</b>
2	<b>JHARKHAND ROB</b>		
	Payment to contractors	75,421,572	155,039,168
	Establishment charges	1,986,391	5,157,067
	Other than Establishment charges	3,689,012	9,577,411
		<b>81,096,975</b>	<b>169,773,646</b>
<b>B</b>	<b><u>Open Line Deposit Works</u></b>		
1	<b>ACD-N F RLY</b>		
	Payment to contractors	13,662,727	158,616,147
	Establishment charges	-	7,837,335
	Other than Establishment charges	-	2,147,548
		<b>13,662,727</b>	<b>168,601,030</b>
2	<b>TELEMEDICINE</b>		
	Payment to contractors	-	7,649,149
	Establishment charges	-	2,438,836
	Other than Establishment charges	-	-
		<b>-</b>	<b>10,087,985</b>
4	<b>RCC Box Culvert /FOB I</b>		
	Payment to contractors	-	217,168
	Establishment charges	-	42,936
	Other than Establishment charges	-	42,936
		<b>-</b>	<b>303,040</b>
5	<b>RCC Box Culvert /FOB II</b>		
	Payment to contractors	5,745,600	4,104,000
	Establishment charges	754,242	819,413
	Other than Establishment charges	754,242	819,413
		<b>7,254,084</b>	<b>5,742,826</b>
6	<b>UPCL Project</b>		
	Payment to contractors	228,176,417	131,243,139
	Establishment charges	29,798,690	17,234,008
	Other than Establishment charges	29,798,690	17,234,007
		<b>287,773,797</b>	<b>165,711,154</b>
7	<b>TATAMETALICS</b>		
	Payment to contractors	-	148,486
	Establishment charges	-	-
	Other than Establishment charges	-	-
		<b>-</b>	<b>148,486</b>



**SCHEDULE 12 - PROJECT COST (Contd.)**

(Amount in ₹)

Sr. No.	Particulars	For the year ended 31st March 2010	For the year ended 31 st March 2009
8	<b>Survey Dighi Port-Mangaon</b>		
	Payment to contractors	-	2,649,283
	Establishment charges	-	10,065
	Other than Establishment charges	-	10,066
		-	2,669,414
9	<b>Survey-Adani Enterprises-Ankola</b>		
	Payment to contractors	-	386,625
	Establishment charges	-	60,456
	Other than Establishment charges	-	60,456
		-	507,537
10	<b>Freight Miser Project-N.Rly</b>		
	Payment to contractors	15,665,179	10,920,250
	Establishment charges	863,536	843,750
	Other than Establishment charges	863,536	843,750
		17,392,251	12,607,750
11	<b>Survey-Marmagaoa Port Trust</b>		
	Payment to contractors	216,056	134,899
	Establishment charges	139,405	86,815
	Other than Establishment charges	139,405	86,816
		494,866	308,530
12	<b>Survey-Kudremukh Iron Ore Co Ltd</b>		
	Payment to contractors	490,762	125,415
	Establishment charges	193,000	432,431
	Other than Establishment charges	192,000	432,431
		875,762	990,277
13	<b>Survey-Integrated Steel Plant</b>		
	Payment to contractors	485,739	-
	Establishment charges	274,477	-
	Other than Establishment charges	274,477	-
		1,034,693	-
14	<b>Survey Kolhapur-Vaibhavawadi</b>		
	Payment to contractors	1,652,911	-
	Establishment charges	546,948	-
	Other than Establishment charges	546,948	-
		2,746,807	-
	<b>TOTAL</b>	<b>1,354,940,059</b>	<b>1,707,377,277</b>



### SCHEDULE 13 - FINANCE CHARGES

(Amount in ₹)

Sr. No.	Particulars	For the year ended 31st March 2010	For the year ended 31 st March 2009
1	Interest on Bonds	1,634,936,986	1,863,619,737
2	Interest on Loans	-	129,592
3	Management Fees on Bonds Issued	6,797,732	7,087,440
4	Guarantee Fees - Ministry of Railways	13,400,000	13,400,000
	<b>TOTAL</b>	<b>1,655,134,718</b>	<b>1,884,236,769</b>

### SCHEDULE 14 - PRIOR PERIOD ADJUSTMENTS

(Amount in ₹)

Sr. No.	Particulars	For the year ended 31st March 2010	For the year ended 31 st March 2009
1	Salary/Consultancy charges	193,208	-
2	Loss on Sale of Assets	-	88,357
3	Other Earnings	(2,536,004)	-
4	Miscellaneous Expenses	33,231,645	(40,000)
5	Repairs & Maintenance	8,057,511	12,881,259
6	Pension	(139,391,352)	-
7	Train Operating Expenses	17,677,386	-
	<b>TOTAL</b>	<b>(82,767,606)</b>	<b>12,929,616</b>



## SCHEDULE 15: SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

### **I. SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Basis of Preparation of Financial Statements**

- i. The accompanying financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standard) Rules 2006 and the relevant provisions of the Companies Act, 1956 along with the rules of allocation, classification/recognition of revenues and expenditure adopted by Railways as are relevant and applicable.
- ii. The Corporation submitted capital restructuring proposal to BRPSE (Board for Reconstruction of Public Sector Enterprises) for converting unsecured loans of Ministry of Railways (MoR) into 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.
- iv. 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.

#### **B. Fixed Assets and Depreciation**

- i. 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.
- 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 decided that small items of Plant, Equipments, etc. valuing upto 1 lakh each procured for 'Open Line Working including administrative offices' shall be charged to Revenue Account on materiality basis. However, plant and equipment procured for implementation of individual project is charged to the project account irrespective of the cost as per the terms of contract.
- 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 year is



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 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 such assets are mentioned below:

Loco/Other Rolling Stock/Cranes	2.50%
---------------------------------	-------

- vi. The cost of furniture and fixtures lying at offices, stations and rest houses procured and used during construction period have been added to the respective building cost at the time of initial capitalization. Furniture & Fixtures acquired subsequently after commissioning of entire line, have been shown separately under the head "Furniture & Fixtures".
- vii. Temporary structure / fixtures which does not have long life is charged 100% depreciation in the year of addition.
- viii. Lease hold land is amortized over the period of lease.
- ix. 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.
- x. Interest on arbitration awards payable after 26.01.98 (the date of commissioning of the entire line) is charged to the Profit & Loss A/c in accordance with AS-10 issued by ICAI.

#### **C. Inventories**

- i. The inventories are valued at cost or net realizable value whichever is lower. Stores for repairs and maintenance are charged off to revenue in the year of purchase.
- ii. 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.

#### **D. Foreign Exchange Transactions**

- i. The transactions denominated in foreign currencies are recorded at the foreign exchange rate prevailing at the time of transaction.
- ii. Assets and Liabilities related to foreign currency transactions remaining unsettled at the end of the year are converted in rupees at the rate prevailing at the end of the year.
- iii. Any income or expense on account of foreign exchange difference either on settlement or on translation is recognized in the 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 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.

#### **E. 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 Profit and Loss account.

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 Profit & Loss Account.

**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 Profit and Loss Account accordingly.

**F. Leased Assets**

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

**G. 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 :

- i. 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. Coaching and Goods earnings are accounted on Accrual basis in accordance with AS-9 issued by ICAI.
- iii. Sale of scrap, salvage or waste materials is deemed to be completed at the time of realization and is accounted for accordingly.
- iv. Commission received on encashment of warrants issued by Defence / Police is recognized on accrual basis.

**H. 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.

**I. Liabilities**

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

**J. Intangible Assets and Amortization:**

- i) Intangible assets are recognized in accordance with criteria specified in AS-26 issued by the ICAI.

- 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.
  - e) Anti Collision Device(ACD) Development expenditure incurred on current version (ACD implementation on Indian Railways considered as part of Corporate Safety Plan of Indian Railways) – Over a period of Ten years or 6000 ACDs whichever is earlier.

#### **K. Financial Derivatives**

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

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.

#### **L. 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.

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.

Contingent Assets are neither recognized, nor disclosed.

#### **M. 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.

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.

- iii) Liability for Wealth Tax and Fringe Benefit Tax recognized in accordance with the provisions of Income Tax Act, 1961.



## N. 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.

## O. 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.

## II. NOTES TO THE ACCOUNTS

- 1 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 7<sup>th</sup> 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.

- 2 The salient features of Capital Restructuring proposal as approved by 'Cabinet Committee on Economic Affairs' and given effect to, are as follows:
  - a. The Loans provided by the Ministry of Railways along with accrued interest thereon as at 31<sup>st</sup> March, 2008 amounting to 322246 Lakhs have been converted into Non-Cumulative Preferential Shares redeemable at the end of 20 years.
  - b. The Ministry of Railways will provide financial assistance amounting to 85705 Lakhs 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 25150 Lakhs during 2008-09 and 29738 Lakhs during 2009-10 towards the same.
  - c. The dividend payable will be non-cumulative and at the rate which Ministry of Railways pays to Government of India.
- 3 (i) Revenues from passenger services received by the Corporation during the year are recognized as per AS-9.
- (ii) Revenue for transportation services rendered by the Railways is collected by the Station from which the traffic originates. 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 traveled on each Zonal Railway. 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.

- (iii) 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.
- (iv) In accordance with AS-9 issued by ICAI, the Corporation has not provided for interest on calls in arrears on the basis of principle of Prudence i.e. wherever there is uncertainty attached to the future events, profits are not anticipated but recognized only when realized.
- 4 (i) The assets under different heads have been capitalized based on figures appearing in the Books of Accounts. In cases where works have not been completed and some portion 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 26.1.1998. Accordingly, Interest & other Finance charges prior to 26.1.1998 were capitalized.

Depreciation on such assets has been charged from the date of opening of entire line, i.e. 26.1.1998.

- (ii) The Corporation continued to charge 7.2% towards 'Direction & General (D & G) Charges' on all capital works in accordance with the Railway Board guidelines.
- (iii) Works where there is no physical progress during the previous years and kept under Capital works-in-progress will be capitalized after due verification in the subsequent years. There is no material impact on non capitalization of such assets due to low rate of depreciation.
- (iv) In accordance with AS-26 issued by ICAI, the Corporation had capitalized the Research & Development expenditure on ACD as Intangible Assets.
- (v) The corporation had procured software licence in 2004 for the manufacture of 5000 ACDs at 56.65 lacs and 1133 is being charged per ACD. The balance amount of 28 lacs will be charged for the manufacture of ACD in the following 4 years.



- (vi) The Corporation is having the regular programme 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.
- 5 (i) 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.
- (ii) An aggregate amount of 140 Lakhs (Previous Year 120.37 Lakhs), 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 SLAOs are yet to be received.
- 6 (i) Construction materials issued during the year from stores have been charged to the 'Works'.
- (ii) 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.
- 7 (i) 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 year. .

- 8 (i) The finance charges include an income of 261 Lakhs (Previous Year expenditure of 1140 Lakhs) on account of income from interest rate swap transaction.
- (ii) Debenture Redemption Reserve has not been created as it is not mandatory for infrastructure company.
- 9 The Corporation made a provision of 48.50 lakhs on account of disputed Sales Tax liability for the year 1995-96 where Sales Tax Tribunal partly allowed the appeal and directed the Assessing Officer to quantify the relief. The consequential effect on the interest relief if any will be accounted as and when received. Assessment proceedings under Maharashtra Sales Tax from the F. Y. 1995-96 to F. Y. 2008-09 and Karnataka Sales Tax from F. Y. 2006-07 to F. Y. 2008-09 are not yet completed. Liability, if any, in this regard will be accounted for as and when assessment orders are received.

Payable others includes estimated liability on account of Service Tax and Wealth Tax of 3.86 Lakhs and 1.14 Lakh respectively.

- 10 Loans and Advances due from Directors are Nil (Previous Year Nil) Maximum balance outstanding on any day during the year was Nil (Previous Year Nil).
- 11 The amount receivable from Indian Railways on account of Fuel and Rolling Stock hire charges are 7454 Lakhs (Previous Year 9839 Lakhs) and 2281 Lakhs (Previous Year 1771 Lakhs) respectively.
- 12 Fixed assets exclude Track measuring 185.275 Kms (of book value 13, 166 Lakhs) which had been sold and subsequently leased back to Corporation in earlier years with the approval of President of India.



- 13 The Corporation has to receive an amount of 383 Lakhs from Punwire Communication Ltd. Chandigarh pursuant to their cheques being dishonored. 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 383 Lakhs against the same.
- 14 (a) There are no dues to suppliers outstanding as at the year-end under the Small Scale and Ancillary Undertaking Act, 1993.
- (b) In the absence of any information from suppliers regarding the status under Micro, Small and Medium Enterprises Development Act, 2006, amounts due to such enterprises have not been disclosed separately under Sundry Creditors.
- 15 The Corporation has an unabsorbed carry forward business loss and depreciation of 307577 Lakhs as computed under Income Tax Act, 1961 and the current year profit of 1163 Lakhs (including prior period adjustments) as per the profit and loss account. 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.
- 16 (a) In accordance with the accounting policy B (iv), the Corporation has charged off certain Fixed assets individually costing less than 1 lakh to the Profit and Loss account. As a result, plants and equipments aggregating 44.38 Lakhs (Previous Year 75.88 Lakhs) have been charged to Profit & Loss Account during the year.
- (b) In accordance with the Accounting Policy B (x), interest on arbitration awards payable after 26/01/1998 is being charged to Profit and Loss A/c w.e.f. FY 2005-06 onwards.
- 17 Sanctioned cost towards implementation of ACD Project on North Frontier Railway does not provide for management fees as Ministry of Railways has not yet approved the inclusion of the same in the estimate.
- 18 The accounting treatment of Construction Contracts executed by the Corporation are exhibited in accordance with AS-7 Revised issued by ICAI.
- 19 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 The geo-tech safety works executed as a planned work are treated as Capital expenditure and shown accordingly w.e.f. 2005-06.
- 21 The Corporation has taken Permanent Way Track on non-cancelable operating lease from Ministry of Railways for an amount of 1863 Lakhs. Formal lease agreement for the same is yet to be signed. The future minimum lease payments in respect of the said lease, as at 31<sup>st</sup> March, 2010 are as follows:-

Minimum Lease payments:

	( In Lakhs)
I. Payable not later than one year	130
II. Payable later than one year and not later than five years	521
III. Payable later than five years	@ 7% p.a.





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

	( in Lakhs)
a) Contract revenue recognized for the year ended March 31, 2010	14133
b) Aggregate amount of contract costs incurred for the year ended March 31, 2010.	13188
c) Recognized profits (less losses) for the year ended March 31, 2010	945
d) Amount of advances outstanding for contracts in progress as at March 31, 2010	10375
e) Retention amounts due from customers for contracts in progress as at March 31, 2010	Nil
f) Aggregate amount of costs incurred up to the reporting date:	
USBRL Project	84552
Jharkhand ROBs	15226
Openline Projects	4665
g) Aggregate amount of recognized profits [less recognized losses] up to the reporting date:	
USBRL Project	7615
Jharkhand ROBs	1375
Openline Projects	139
h) Aggregate Amount of advances received:-	
USBRL Project	112700
Jharkhand ROBs	14951
Openline Projects	4444
i) Amount of retentions: -	
USBRL Project	Nil
Jharkhand ROBs	Nil
Openline Projects	Nil

Note : Disclosure had been made in respect of progress in project from 01.04.2005.

- 23 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.

- 24 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 economic performance of the Fixed Assets of the Corporation is not worse than expected and therefore there is no impairment as on the date of the Balance Sheet.





The Management is in the process of inviting 'Expression of Interest' for implementation of Sky Bus Project. The Management is of the opinion that there is no adverse change in the technology, economic or legal environment or decrease in the rate of return on investment as anticipated initially and therefore there is no impairment as on the balance sheet date.

- 25 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 ending 31.03.2010

(₹. in Lakhs)

Primary Segments ->	Traffic		Projects		Consolidated Total	
Particulars	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
<b>REVENUE</b>						
External Revenue	59267	58211	14498	18466	73765	76677
Inter Segment Revenue	0	0	0	0	0	0
Total Revenue	59267	58211	14498	18466	73765	76677
<b>RESULT</b>						
Segment result	20883	15329	948	1392	21831	16720
Unallocated Expenses	0	0	0	0	0	0
Operating Profit	0	0	0	0	0	0
Income from Investment	2862	1981	0	0	2862	1981
Finance charges	16551	18842	0	0	16551	18842
Lease Rentals	130	130	0	0	130	130
Depreciation/Amortisation	7675	7567	1	1	7676	7568
Income Taxes(Wealth Tax/FBT)	1	42	0	0	1	42
Profit from ordinary activities	0	0	0	0	0	0
Extraordinary items	0	0	0	0	0	0
Net Profit	-612	-9272	947	1391	335	-7882
<b>OTHER INFORMATION</b>						
Segment Assets	377333	377428	27805	13615	405138	391043
Unallocated Corporate Assets	0	0	0	0	0	0
Total Assets	377333	377428	27805	13615	405138	391043
Segment Liabilities	253000	280931	26952	16325	280452	297257
Unallocated Corporate Liabilities	0	0	0	0	0	0
Total Liabilities	253500	280931	26952	16325	280452	297257
Depreciation/Amortisation	7675	7567	1	0	7676	7567



- 26 In terms of the Contract Agreement between the Corporation and Northern Railway for execution of Udhampur Srinagar Baramulla Rail Line 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.
- 27 (i) The Contract agreement between the Corporation and Northern Railway for the execution of Udhampur Srinagar Baramulla Rail Line Project expired on 15.08.07 and further extended the validity of contract upto 31.12.2015.
- (ii) Claims under arbitration against the Corporation as certified by the management is 87071 Lakhs (Previous Year 75915 Lakhs) 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.
- 28 **Sky Bus Metro:**
- (i) Technical Advisory Committee was constituted during F. Y. 2006-07 to advise steps to be taken for certification of the Sky Bus Technology. A tentative estimate of 8000 Lakhs for conducting further research and trials was proposed by the Committee. Railway Ministry accordingly sanctioned 2500 Lakhs for the said purpose during F. Y. 2006-07. It has been decided that a global 'Expression of interest' be invited from interested parties to take up the certification of Sky Bus Metro by making suitable investments in the technology.
- (ii) The amount of 2500 Lakhs received for further development of Sky Bus Project could not be fully utilized and interest earned on the same has been grouped under "Other Income".
- (iii) In accordance with the definition / explanation given in relevant Accounting Standards as issued by Institute of Chartered Accountants of India, the remaining useful life of the test track of Sky Bus Metro has been assessed as 10 years at the beginning of 1.4.2008. Accordingly, the unamortized depreciable amount of 'Sky Bus Metro' as at 1.4.2008 is to be charged over the period of 10 years uniformly.
- 29 The Konkan Railway Corporation Limited enjoys working capital facility from its bankers, which has not been utilized at any point during the year.
- 30 Term Deposits with Banks/Financial Institutions includes an amount of 1650 Lakhs against margin money for Letter of Credit.

31 **Contingent liabilities/Capital Commitments:**

Claims/Disputed liabilities not acknowledged as debt:

- (i) Estimated amount of contracts remaining to be executed on capital account and not provided for, as certified by management were 2286 Lakhs (net of advances) (Previous Year 1851 Lakhs)
- (ii) An amount of 1580 Lakhs relating to Letter of Credit on account of capital contracts yet to be discharged.
- (iii) Contract and other claims against the Corporation not acknowledged as debt, as certified by the management, is 3908 Lakhs (Previous Year 4106 Lakhs)



- (iv) Besides, the corporation has challenged in Court, arbitration awards to the tune of 1335 Lakhs (Previous Year 1335 Lakhs).
- (v) The Corporation has disputed the levy of 673 Lakhs (Previous Year 673 Lakhs) as non-agricultural tax by the State Government of Maharashtra-
- (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 4655 Lakhs in 702 cases (Previous Year 947 cases) (approx.). Corporation has deposited 1729 Lakhs (Previous Year 1374 Lakhs) with the Court.

(vii) **Financial and Derivative instruments:**

The Corporation has entered in Interest Rate Swaps (being a derivative instrument) on nominal amount of 20000 Lakhs (Previous year 30000 Lakhs) outstanding as on 31.03.2010. The contingent liability on account of interest on these transactions is Nil. (Previous year NIL Lakhs approximately).

**32 Impact of change of policy:-**

With financial Implications:

a. Intangible assets and amortization

The Corporation was having in the Accounting Policy that development expenditure incurred on ACD [Anti Collision Device] installed in the Indian Railways over a period of five years or 6000 ACDs whichever is earlier till the financial year ended 31/03/2009. During the current financial year the same was changed to be absorbed over a period of ten years or 6000 ACDs whichever is earlier.

Due to this, the unamortized balance of 917.34 Lakhs was deferred to be absorbed in the next five years.

The Corporation was accounting bonus as and when it was declared by the Board. During the year the Corporation made provision for Bonus for those employees covered by the Bonus Act. However, the exgratia would continue to be accounted as and when it is paid. The change in the accounting policy has increased the expenditure for the year by 10 lakhs.

- 33 The amount transferred to the Investor Education and Protection Fund during the year is 38.72 Lakhs and up to the financial year 2009-10 is 147 Lakhs.

**34 Earnings per Share (EPS) is calculated as under :**

	Current year	Previous year
A) Numerator Net Profit/Loss for the current year as ( in Units) disclosed in Profit & Loss Account	33489480	(788046515)
	No. of shares	No. of shares
B) Denominator Weighted average no. of Equity shares of 1000 each	8064661	8034644
Earnings Per Share ( )	4.15	-98.08



35 (i) **Disclosure requirements under Accounting Standard-15 (Revised) on Employee Benefits:**

**Gratuity :** Represents benefits to employee on the basis of number of years of service rendered. The employee is entitled to receive the same on retirement or resignation. The Corporation has formed a trust for gratuity, which is funded by the Corporation.

**Leave Encashment :** Represents un-availed leave to the credit of the employee and carried forward in accordance with leave rules of the Corporation.

**Pension :** Represents benefits to employees joined prior to 1.1.2004 on the basis of rules framed in the Employees Superannuation Scheme. Those who have joined after 1.1.2004 are governed by the Contributory Pension Scheme introduced by Government of India.

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

( in Lakhs)

Particulars	Funded Pension	Funded Gratuity	Unfunded Leave Salary
<b>Change in the present value of the defined benefit obligation</b>			
Opening defined benefit obligation at 1.04.09	9363	4435	1146
Current Service Cost	1842	432	248
Interest Cost	649	(191)	85
Actuarial losses (gains)	(3046)	262	1176
Past Service Cost (Non Vested Benefit)	—	—	—
Past Service Cost (Vested Benefit)	—	—	—
Benefits paid	(186)	(39)	(15)
Closing defined benefit obligation at 31.03.2010	8622	4899	2640
<b>Change in Plan Assets</b>			
Opening fair value of plan assets at 1.04.09	5275	2044	—
Expected Return on Plan assets	515	191	—
Contributions by employer	487	976	—
Benefit Paid	(186)	(39)	—
Actuarial Gains (Losses)	(86)	—	—
Closing fair value of plan assets at 31.03.2010	6005	3172	—
<b>Reconciliation of present value of the obligation and fair value of the plan assets</b>			
Present Value of Funded obligation at 31.03.2010	8622	4899	—
Fair Value of Plan assets at 31.03.2010	6005	3172	—
Deficit/(Surplus)	2617	1727	—
Experience adjustment on plan assets	—	—	—
Experience adjustment on plan liabilities	—	—	—



Unrecognised Past Service Cost	—	—	—
Net Liability/(Asset )	—	—	—
<b>Amount Recognised in the Balance Sheet</b>			
Liabilities	2617	1727	2640
Assets	—	—	—
Net Liability / (Asset) recognised in Balance Sheet as at 31.03.2010	—	—	—
<b>Net Cost recognised in the profit and loss account</b>			
Current Service Cost	1841	432	248
Interest Cost	6491	—	85
Expected return on plan assets	515	(191)	—
Net actuarial losses (Gain) recognized during the year	(2959)	1198	1176
Past Service Cost (Non Vested Benefit ) Recognised	—	—	—
Past Service Cost (Vested Benefit ) Recognised	—	—	—
Total costs of defined benefit plans included in current year P&L under Sch "Payments to and provisions for employees' and under 'Prior Period Adjustments'	(984)	1439	1509
<b>Reconciliation of expected return and actual return on Plan Assets</b>			
Expected Return on Plan Assets	515	191	—
Acturial Gain/ (loss) on Plan Assets	(86)	—	—
Actual Return on Plan Assets	429	191	—
<b>Reconciliation of opening and closing net liability recognized in Balance Sheet</b>			
Opening Net Liability as at 1.04.2009	4088	1263	1146
Expenses as recognized in profit and loss account	(984)	1439	1510
Employers Contribution	(487)	(976)	(15)
Net liability/(Asset) recognized in Balance Sheet as at 31.03.2010	2617	1727	2640
Expected Contribution in the next Financial Year (2010-11)	—	—	—



All the actuarial gains and losses have been fully recognized in the statement of profit and loss. The expected return on plan assets over the accounting period is based on an assumed rate of return. The assumed rate of return is 8% per annum.

Principal actuarial assumptions: -

Particulars	Pension	Gratuity *	Leave Salary
Discount Rate as at 1.4.2009	7%	—	7.5%
Expected Rate of return on Plan Asset as at 1.4.2009	9.5%	—	—
Withdrawal rate as at 01.04.2009	1%	—	0.8%
Salary Escalation as at 1.4.2009	6%	—	6%
Discount Rate as at 31.03.2010	8%	—	8%
Expected Rate of return on Plan Asset as at 31.03.2010	8%	—	—
Withdrawal rate as at 31.03.2010	1%	—	0.8%
Salary Escalation as at 31.03.2010	6%	—	6%

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

**(ii) ACCOUNTING STANDARDS – 18 (Related Party Disclosures)**

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

- Shri B P Tayal, Managing Director** (Period 01/04/09 to 31/03/10)  
Salary & Allowances: 16,21,716/- Perks: Nil
- Shri Shahzad Shah, Director(Finance)** (Period 01/04/09 to 31/03/10)  
Salary & Allowances: 14,80,160/-; Perquisites: Nil
- Shri Anurag Mishra, Ex-Managing Director** (Period 01/04/09 to 31/08/09)  
Salary & Allowances: 17,16,547/- Perks: Nil

**(iii) Disclosure requirements under Accounting Standard - 29 – Provisions payable**

( In Lakhs)

Particulars	As on 1/4/09	Additions	Utilization	As on 31/3/10
Provision for Employees	3504.83	11770.65	13786.81	1488.67
Gratuity Payable	1263.27	1503.60	1039.90	1726.97
FBT Payable	12.85	—	12.85	—
Wealth Tax	—	1.15	—	1.15
Leave Salary	1444.30	2138.42	942.49	2640.23
Pension payable	4087.92	900.00	2371.45	2616.47
Contributory Pension payable	18.69	434.73	433.62	19.80



36 **Additional information pursuant to the provisions of Part II of Sch.VI of the Companies Act, 1956**

( in Lakhs )

	Current year	Previous year
(a) Directors Remuneration is as under:		
Salary and Allowances	58.25	28.44
PF/Pension Contribution	3.97	3.90
	62.22	32.34
(b) Auditors Remuneration is as under:		
For Audit Fees	3.00	3.00
For Tax Audit	0.75	0.75
For Limited Review	2.00	2.00
	5.75	5.75
(c) Earnings in Foreign Exchange:	NIL	NIL
(d) Foreign Currency expenditure:		
I. Traveling	NIL	3.50
II. Component and spare parts	NIL	Nil
III. Capital Goods	NIL	228.37
IV. Trials for traction power	136.96	109.20

37 Previous year's figures have been regrouped/ reclassified wherever necessary to make them comparable with those of current year.

**For and on behalf of the Board**

Sd/-  
**(SHAHZAD SHAH)**  
**DIRECTOR (FINANCE)**

Sd/-  
**(BHANU P TAYAL)**  
**MANAGING DIRECTOR**

Place: Mumbai  
 Date: 9<sup>th</sup> August, 2010

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





**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010**

( in Lakhs)

		<b>PARTICULARS</b>	<b>2009-10</b>	<b>2008-09</b>
<b>A</b>		<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	<b>1</b>	Net profit before tax and Extra-ordinary items	<b>336</b>	-7838
		Adjustments for:		
	<b>2</b>	Depreciation	<b>7685</b>	7577
	<b>3</b>	Interest & Other Income	<b>-2863</b>	-1981
	<b>4</b>	Interest Expenses	<b>16551</b>	18842
	<b>5</b>	Prior Period Adjustments	<b>828</b>	-129
	<b>6</b>	Operating Profit before Working Capital changes	<b>22537</b>	<b>16471</b>
	<b>7</b>	Taxes Paid: FBT	<b>0</b>	-42
	<b>8</b>	Operating Profit (after tax) before working capital changes	<b>22537</b>	<b>16429</b>
	<b>9</b>	Increase/Decrease in Sundry Debtors	<b>-1336</b>	4873
	<b>10</b>	Increase/Decrease in Inventories	<b>201</b>	-548
	<b>11</b>	Increase/Decrease in Sundry Creditors	<b>8638</b>	9262
	<b>12</b>	Cash Flow After Extra-Ordinary items	<b>0</b>	0
		NET CASH FLOW FROM OPERATING ACTIVITIES (A)	<b>30040</b>	<b>30016</b>
<b>B</b>		<b>CASH FLOW FROM INVESTMENT ACTIVITES</b>	<b>0</b>	0
	<b>1</b>	Purchase of fixed Assets	<b>-5072</b>	-6572
	<b>2</b>	Interest received	<b>2367</b>	1597
		NET CASH USED IN INVESTMENT ACTIVITIES (B)	<b>-2705</b>	<b>-4975</b>
<b>C</b>		<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	<b>1</b>	Proceeds towards calls in arrears (Equity Share Capital)	<b>0</b>	300
	<b>2</b>	Proceeds from issuance of Preference Share Capital	<b>29738</b>	347396
	<b>3</b>	Proceeds from Long Term Borrowings	<b>0</b>	0
	<b>4</b>	Repayment of Long Term Borrowings	<b>-25000</b>	-331246
	<b>5</b>	Interest Paid	<b>-16994</b>	-18951
	<b>6</b>	Adjustment of Lease	<b>0</b>	0
		NET CASH USED IN FINANCING ACTIVITIES (C)	<b>-12256</b>	<b>-2501</b>
<b>D</b>		Net increase in Cash & Cash equivalents (A+B+C)	<b>15079</b>	22540
<b>E</b>		Cash & Cash equivalents at begining of period	<b>34083</b>	11543
<b>F</b>		<b>CASH &amp; CASH EQUIVALENTS AT END OF THE PERIOD (D+E)</b>	<b>49162</b>	34083



**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 Assets includes movement of Capital Works-in-Progress during the year.
3. Item No.C(2) and C(4) in the table stated above for the previous year, includes an amount of 322246 Lakhs representing the loan of MOR and accrued interest thereon (read along with Note No.2 of Schedule 16 of the Balance Sheet) which have been converted into Non-cumulative Preference Shares and does not involve actual inflow/outflow of cash/cash equivalent.
4. 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 appended hereto

**For and on behalf of the Board**

**For JAIN & JAIN  
CHARTERED ACCOUNTANTS**

**Sd/-  
(NIRANJAN JAIN)  
PARTNER  
M.No.101360  
Firm Regn. No.103869 W**

**Sd/-  
(SHAHZAD SHAH)  
DIRECTOR (FINANCE)**

**Sd/-  
(BHANU P TAYAL)  
MANAGING DIRECTOR**

**Place: Mumbai  
Date: 9<sup>th</sup> August, 2010**

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



Balance Sheet Abstract and a Company's General Business Profile as per Schedule VI Part IV of the Companies Act, 1956:		
<b>I.</b>	<b>Registration Details:</b>	
	Registration No.:	40891
	State Code No.:	55
	Balance Sheet Date	31/03/2010
<b>II.</b>	<b>Capital raised during the year</b>	( In Lakhs)
	Public Issue	NIL
	Rights Issue	NIL
	Bonus Issue	NIL
	Private placement (Firm allotment to the promoters and their associates)	NIL
	Share capital received during the year (Preference shares)	29738
<b>III.</b>	<b>Position of Mobilization and Deployment</b>	( in Lakhs)
	Total Liabilities	669630
	Total Assets	669630
	SOURCES OF FUNDS	
	Paid-up Capital	457780
	Reserves & Surplus	Nil
	Secured Loan	211850
	Unsecured Loan	NIL
	APPLICATION OF FUNDS	
	Net Fixed assets including WIP	307310
	Net Current Assets	29227
	Accumulated Losses	333093
<b>IV.</b>	<b>Performance of Company</b>	
	Turnover	76627
	Total Expenditure	51933
	Profit/(Loss) before Tax	336
	Profit/(Loss) after Tax	335
	Earnings per Share ( in units)	4.15
	Dividend Rate %	Nil
<b>V</b>	<b>Generic Name of Principal Product of Company</b>	
	(As per monetary terms)	
	Item code No.700 as per Industrial Classification of Joint Stock Companies	
	Product Description	Railway Transportation



## STATISTICAL SUMMARY OF TRAIN OPERATIONS

Particulars	Unit	Year 2009-10	Year 2008-09
<b><u>GENERAL INFORMATION</u></b>			
Guage		Broad Guage	Broad Guage
Route Length	KMs	<b>739 Kms</b>	739 Kms
Number of Stations	Nos	<b>53</b>	53
<b><u>PERSONNEL</u></b>			
Number of Employees	Nos	<b>4353</b>	4308
Wage Bill ( )	Crore	<b>143.79</b>	178.61
<b><u>OPERATING STATISTICS</u></b>			
NTKMs (in millions) (on actual distance)	MLN NTKM	<b>3419.72</b>	3080.50
NTKMs/Engine hrs	NTKM	<b>22156.00</b>	21350.00
<b><u>Vehicle and Wagon Kms (excl. depts and brake vans)</u></b>			
Wagon Kms	MKMs	<b>86.50</b>	85.90
Vehicle Kms	MKMs	<b>182.44</b>	168.85
NTKMs/Wagon day	NTKM	<b>6638.00</b>	4546.80
Wagon Kms per wagon day in use	KMs	<b>427.00</b>	319.00
Average Diesel KM per Day	KMs	<b>683.00</b>	685.00
Wagon turn round	Days	<b>2.14</b>	1.15
Daily Average Wagon interchange	Wagons	<b>821.00</b>	850.00
Average Speed of Goods train	KMPH	<b>30.00</b>	30.00
Average outage per Day on Freight	Outage	<b>18.00</b>	16.63
Turn round of RO-RO trains	Days	<b>1.90</b>	1.53
<b><u>PASSENGER TRAFFIC</u></b>			
No. of passengers carried	MLN	<b>37.76</b>	36.01
Passenger Kms (in millions)	MKM	<b>8255.00</b>	7941.00
Passenger earnings ( in crores)	Crore	<b>276.21</b>	256.99
Average lead	KMs	<b>218.60</b>	220.50



## STATISTICAL SUMMARY OF TRAIN OPERATIONS

Particulars	Unit	Year 2009-10	Year 2008-09
<b><u>FREIGHT TRAFFIC</u></b>			
<b>Tonnes originating (in millions)</b>			
Revenue earning traffic	MT	1.568	1.123
Non revenue earning traffic	MT	—	—
Total Traffic	MT	1.568	1.123
<b>Net Tonne Kms (in millions)</b>			
Revenue earning traffic	NTKM	5129.58	4620.75
Non revenue earning traffic	NTKM	—	—
Total Traffic	NTKM	5129.58	4620.75
Earnings from freight carried ( excl. demmorage and wharfage charges)	Crore	300.12	308.54
Average lead-Revenue traffic	KMs	693.00	645.00
<b><u>REVENUE AND EXPENDITURE (RS.IN CRORE)</u></b>			
Total Income (Excl. Project)	Crore	621.29	601.92
Total Expenditure (Excl. Project)	Crore	383.84	428.83

Note :

1. Operating statistics and General Information are based on actual distances whereas, statistics on passenger and freight traffic are based on chargeable distance.
2. The tonnes originating freight traffic excludes booking from HPCL siding Thokur towards S.Rly.