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COMPOSITION OF BOARD OF DIRECTORS

CHAIRMAN

Sri Rajashekara B. Patil

Chairman, KRIDL, Bangalore
(w.e.f. 04-11-2016 to till date)

MANAGING DIRECTORS

Dr. R. Raju, I.F.S.

Managing Director, KRIDL,
(w.e.f. 29-08-2016 to till date)
(In place of Sri H.P. Prakash, I.F.S.,)

DIRECTORS

Smt. Nagambika Devi, I.A.S.,

Principal Secretary to Govt,
RD&PR Department,
M.S.Building, Bangalore.
(w.e.f. 04-08-2016 to till date)

Sri M. Lakshminarayana, I.A.S.

Principal Secretary to Govt.,
Public Works Department, Vikasa Soudha, Bangalore.
(w.e.f. 02-12-2016 to till date)

Sri H.P. Prakash, I.F.S.,

Commissioner
Karnataka Rural Water Supply & Sanitation Department
(w.e.f. 02-12-2016 to till date)

Dr. Bhoovanahalli Nagaraj, M.Sc., (Seri) P.G.D.S.

Director (Suvarna Grama Vojane) and
Ex-officio Deputy Secretary to Government,
RD&PR Department, M.S.Building, Bangalore.
(w.e.f. 17-07-2014 to till date)

Sri Rajanna

Girijapura, Motaganahalli Post,
Solur Hobli, Ramangara Taluk/ District

Sri Gopi

Bengaluru, Bengaluru Urban District

Sri K.S.Dharmendra (Raju)

No.1214, 3rd Cross, Gange Road,
C&D Block, Kuvempunagara, Mysuru.
Varuna Constituency, Mysuru Taluk/ District.

Smt. Renuka Chidambaram, I.A.S.

Principal Secretary to Government,
Department of Public Enterprises, M.S. Building, Bangalore.
(w.e.f. 02-12-2016 to till date)

Smt. M.V. Savithri, IAS

Commissioner
Social Welfare Department, M.S. Building, Bangalore
(w.e.f. 16-03-2015 to till date)

Sri Guruprasad, K.E.S.,

Chief Engineer,
Panchayat Raj Engineering Department, Seshadripuram, Bangalore.
(w.e.f. 26-05-2015 to till date)

Sri Purushotham Singh. B.H., K.T.S.

Special Officer and Ex-officio, Deputy Secretary to Government
Finance Department, PWD (Finance Cell)
Vidhana Soudha, Bangalore.
(w.e.f. 02-12-2016 to till date)

Sri L.V. Govind

Locharuvapalli,
Srinivasapur Taluk, Kolar District.

Sri B. Bhujangashetty

Ex-Zilla Panchayat President,
"PRAGNA" Gudebettu, Varamballi Village,
Post: Brahmavara, Udupi Taluk/ District.

Sri T.Ramesh

No.24/54, T.Channaiah Badavane,
2nd Main Road, Nagavara, Bengaluru-560 045.
Bengaluru Urban District.

Sri Sadhik Budan Sab Naragund

Kalaspura, Nandishwara Nagar,
Gadag, Gadag District.

Karnataka Rural Infrastructure Development Ltd.,

(A Government of Karnataka Undertaking)
(Formerly Karnataka Land Army Corporation Limited)

No.KRIDL/ADM/43rd AGM/2017-18

Date: 28th December, 2017

NOTICE TO MEMBERS

NOTICE OF THE FOURTY THIRD ANNUAL GENERAL MEETING

Notice is, hereby given that the 43rd Annual General Meeting of the Members of the Company will be held on Friday the 29th day of December, 2017 at 5.00 pm at the Registered Office of the Company at the Board Room, of Karnataka Rural Infrastructure Development Limited, 4th Floor, Grameenabhivruddhi Bhavan, Ananda Rao Circle, Bengaluru - 560 009 at short notice to transact the following business:-

ORDINARY BUSINESS:-

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2017 and the Reports of the Auditors and Directors together with the comments received from the Comptroller and Auditor General of India under Section-143(6)(b) of the Companies Act, 2013.
2. To declare dividend on Equity Shares.
3. To authorize the Board of Directors to fix the remuneration to the Statutory Auditors M/s Rajagopal & Badri Narayanan, Chartered Accountants, Bengaluru who have been appointed as Statutory Auditors of the Company for the financial year 2017-18, by the Comptroller and Auditor General of India, New Delhi.

Place : Bengaluru

Date : 28-12-2017

By the order of Board

Sd/-

(CS Shashidhara. G.S)

Company Secretary in Practice

NOTE:

01. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a Member of the Company.
02. The Company being a Government Company, the Comptroller and Auditor General of India, New Delhi has appointed M/s. Rajagopal & Badri Narayanan, Chartered Accountants, Bengaluru as Statutory Auditors of the Company for the financial year 2017-18 pursuant to the provisions of sub-section (5) of Section 139 of the Companies Act, 2013, vide letter dated 17-08-2017.

To,

- Sri Rajashekar B. Patil, Chairman, KRIDL
- Dr. N. Nagambika Devi, IAS., Principal Secretary to Government, Rural Development & Panchayat Department, M.S.Buildings, Bangalore.
- Smt Renuka Chidambaram, IAS, Principal Secretary to Govt., Department of Public Enterprises, M.S.Buildings, Bangalore.
- Sri M. Lakshminarayana, I.A.S., Principal Secretary to Government, Public Works Department, Vikasa Soudha, Bangalore.
- Sri H.P.Prakash, I.F.S., Commissioner, Rural Water Supply and Sanitation Department, Cauvery Bhavan, Bangalore-09.
- Dr. R. Raju, IFS, Managing Director, KRIDL, Grameenabhivruddhi Bhavana, Ananda Rao Circle, Bangalore-09.
- Sri Vikash Kumar Vikash, IFS, Commissioner, Social Welfare Dept., M.S.Building, Bangalore-1.
- Sri B.Guruprasad, K.E.S., Chief Engineer, Panchayat Raj Engineering Department, "Grameenabhivruddhi Bhavana" Ananda Rao Circle, Bangalore-09.
- Dr. Bhoovanahalli Nagaraj, M.Sc., (Seri) P.G.D.S., Director, Suvarna Grama Yojane and Ex-officio Deputy Secretary to Government, RD&PR Department, M.S.Building, Bangalore.
- Sri Purushotham Singh. B.H. (KTS), Special Officer, ZP Finance Department, Vidhana Soudha, Bangalore.
- Sri Rajanna, Director, KRIDL, No.86/1-2-3, 10th Cross, 1st Main, Govindaraja Nagara, Bengaluru-560 040.
- Sri L.V.Govind, B.Sc., LLB, Director, KRIDL, Locharuvapalli, Srinivasapura Tq., Kolar Dist.
- Sri Gopi, Director, KRIDL, No.11, 1st Main Road, 2nd Stage, KHB Colony LIG, Basaveshwar Nagar, Bengaluru-79
- Sri B.Bhujangashetty, Director, KRIDL, Ex-Zilla Panchayat President, "PRAJNA", Gudebettu, Varamballi Village, Post: Brahmavara, Udupi Taluk/ District
- Sri K.S.Dharmendra (Raju), Director, KRIDL, No.1214, 3rd Cross, Gange Road, C&D Block, Kuvempunagar, Mysuru.
- Sri T.Ramesh, Director, KRIDL, No.24/54, T.Channaiah Badavane, 2nd Main Road, Nagavara, Bengaluru-560 045.
- Sri Sadhik Budan Sab Naragund, Director, KRIDL, Kalasapur Road, Nandishwara Nagar, Gadag, Gadag District.

Karnataka Rural Infrastructure Development Ltd.,

(Formerly Karnataka Land Army Corporation Limited)

DIRECTORS REPORT TO THE MEMBERS

The Board of Directors of M/s. Karnataka Rural Infrastructure Development Limited has great pleasure in presenting their 43rd Annual Report along with the Audited Financial Statements for the financial year ended 31st March, 2017.

01. FINANCIAL PERFORMANCE - STATE OF AFFAIRS OF THE COMPANY

The Salient features of the Annual Accounts in respect of performance of the Company for the financial year 2016-17 in comparison to the corresponding previous year are as follows:-

(Rs. in lakhs)

Particulars	2016-17	2015-16
Value of Work done	2,24,008.06	1,89,262.12
Other Income	14,133.94	11,714.71
Total Turnover	2,38,142.00	2,00,976.83
Direct work Expenditure	2,10,048.52	1,75,260.46
Other Expenses	8,965.32	8,389.48
Gross Profit before depreciation and Taxes	19,128.16	17,326.89
Depreciation	213.71	178.40
Profit before taxes	18,914.45	17,148.49
Current year taxes & Deferred Tax Adjustments	6,517.79	6,160.79
Net Profit after taxation	12,396.66	10,987.70
Dividend and Tax on dividend	730.22	601.79
Previous year's balance in Profit & Loss Account	31,039.67	22,653.76
Assets written off	Nil	Nil
Balance carried to Balance sheet	42,706.11	32,039.67

The performance of the Company in 6 Zones is as below :

(Rs. in lakhs)

Name of the Zone	2016-17	2015-16
1. Bangalore Zone	17,423.28	12,858.92
2. Mysore Zone	24,885.05	18,824.88
3. Kalburgi Zone	24,387.86	23,852.84
4. Central Zone	31,531.33	27,462.25

(Rs. in lakhs)

Name of the Zone	2016-17	2015-16
5. BBMP Zone	91,344.10	79,001.86
6. Belgavi Zone	32,302.43	26,229.50
Total	2,21,874.05	1,88,230.25
Add: Income from Final Bills	2,775.07	1,361.93
Less: Net Forceable Loss	641.06	330.06
TOTAL	2,24,008.06	1,89,262.12

02 REVENUES & PROFITS

The Profit earned by the Company from the progress achieved for the financial year 2016-17 is Rs. 189.14 crores when compared to Rs. 171.48 crores in the corresponding previous year. The percentage of profit before tax to the Total turnover is 8.44%.

The Reserves and surplus of the Company as on 31.03.2017 is Rs. 539.15 crores and the Net worth is Rs.551.40 crores. The earnings per share for the year is Rs. 10120.

03 REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS

IMPORTANT SCHEMES UNDERTAKEN BY THE COMPANY

The Company has executed works mainly under the following schemes entrusted by the Government departments and other local bodies during the year.

a) Suvarna Grama Yojane : The Government has been entrusting works to the Company under this scheme from phase I itself. At present phase V is going on. Total number of villages works entrusted under the scheme are 1556 at an estimated cost of Rs. 661.51 Crore. Funds released is Rs. 652.76 Crore and total expenditure made is Rs. 635.50 Crore. So far 1275 villages works are completed and balance 281 villages works are under progress. In almost all the villages Roads and Drains are completed and construction of Anganawadi buildings and Samudaya Bhavana are in progress.

b) Social Welfare Department Works : Social welfare department is entrusting the construction of Hostels, Repairs and Renovations and additional buildings at various places in the State. Government is also entrusting construction of Ambedkar and Babu Jagajeevanram Bhavans. The Department has entrusted 1819 number of works at an estimate cost of Rs. 395.89 Crore and has released Rs. 302.57 Crore. The Company has incurred an expenditure of Rs. 220.43 Crore so far. The Company has made expenditure of Rs. 58.58 Crore during the year as against

Rs. 52.03 Crore incurred in the previous year. The Company has completed 748 works and handed over the same to the Entrusting Agency and the balance 633 works are in different stage of completion. Balance 438 works are yet to be started.

c) Veterinary Department : The Veterinary Department is entrusting works to KRIDL under RIDF 16 to 22 & ESVHD Schemes. The Department has entrusted 426 works at an estimated cost of Rs. 101.85 Crores and has released Rs. 75.67 Crores. The company has made an expenditure of Rs.68.00 Crores during the year. The company has started 358 works and 170 works are completed.

d) RDPR Department Scheme : The RDPR Department has entrusted 30 District Panchayath Resource Centers and Regional Training Centers at Dharwad & Kalburgi and State Panchayath Resource Centre at Jakkur (MGIRED), Bangalore. The total estimated cost of these 33 works are estimated at Rs.103.37Crores. The Government has released Rs.60.33 Crores so far and the company incurred & expenditure of Rs.41.33 Crores out of 31 works 27 works are started and 14 works are completed.

The RDPR department has entrusted construction of Halli Santhe in 50 places at an estimated cost of Rs.16.80 Crore and Government has released Rs.16.80 Crore. All works are started and works are in different stages.

Karnataka Rural Water Supply and Sewerage Board has entrusted construction of 52 group Toilets and Bath Rooms under SCP/TSP Scheme in the Reserve Assembly constituency of the State at an estimated cost of Rs.15.60 Crore and also the funds is released to the Company. The works are started and are in progress.

e) Water Purification Plants : The Government has entrusted in 4 phases the construction of 5849 Water Purification Plants throughout the State at an estimated cost of Rs.46998.59 lakhs where Drinking water is contaminated with fluoride, Sulphur, Arsanic & Iron which affected the health of the rural people. KRIDL., has so far completed 4297 units and water is being supplied to the people. The company has incurred an expenditure of Rs.31943.66 lakh and the same is funded from the Profit of the company on the assurance that the Commissioner Rural Water Supply Department will reimburse the same. RWS Department has sofar released funds of Rs. 39166.35 lakh. Balance amount of Rs. 7832.24 lakh towards phase III and additional of phase III. KRIDL., was invested to constructing Water Purification Plants in anticipation of release of balance funds from RWS&S to RD&PR Department without taking any profit as a part of its obligation to serve the society. The Scheme wise details are as under:

(Rs. in lakh)

Sl. No	Phase	Unit No.	Estimated Cost	Funds Released	Balance Funds to be Released	Financial Progress	Completed Units
1	Phase-I	1073	7755.50	7755.50	0.00	7740.00	1068
2	Phase-II	1454	7100.08	7100.08	0.00	7000.98	1429
3	Phase-III	1730	12753.35	6685.51	6067.84	11230.00	1671
4	Phase-IV						
a)	S.C.P/T.S.P	1129	11854.50	11854.50	0.00	4407.08	86
b)	Neethi Ayoga	287	2463.26	2463.26	0.00	710.00	07
c)	Additional	176	1764.40	0.00	1764.40	855.60	36
d)	SC/ST Hostels	2205	3307.50	3307.50	0.00	0.00	0
	Total	8054	46998.59	39166.35	7832.24	31943.66	4297

f) Education Department : The Collegiate Education Department has entrusted the construction of Hostels, New Buildings, Additional Class Rooms, Laboratory, Library, Auditorium, Ladies Rest Rooms & Toilets etc., 379 works at an estimated cost of Rs.236.26 Crores so far. The Department has released Rs.146.77 Crores and the Company has incurred an expenditure of Rs.120.63 Crores. The company has started 246 works and 87 works are completed during the year.

The Technical Education Department has entrusted the constructions of Hostels, College Buildings, Additional Class Rooms, Repairs of Buildings 106 works at an estimated cost of Rs. 159.65 Crore so far. The Department has released Rs. 130.52 Crore and company has made an expenditure of Rs. 123.05 Crore. 98 works were started and 52 works completed during the year.

Department of Pre-University Education has entrusted 351 number of works at an estimated cost of Rs.233.64 Crore under RIDF-19, 20 & 21 Scheme. Funds released upto the end of the year Rs.209.84 Crore and expenditure incurred Rs.186.22 Crore.

g) Karnataka State Breweries Corporation Ltd. : KSBCL has entrusted construction of Godowns, Office buildings, Roads totalling 38 numbers at an estimated cost of Rs.172.52 Crores during the year. The Corporation has released Rs.25.00 crores and the expenditure incurred is Rs.5.82 Crore. We have completed 10 works and the balance are under different stage of completion.

h) BBMP Works : Bruhat Bangalore Mahanagara Palike has entrusted various works such as widening and asphaltting of Roads, construction of Drainages, construction of low cost houses, Samudaya Bhavanas, Toilets, Bus Terminals, Garbage processing centers, RO Units etc. During the year BBMP has entrusted 1642 works to the extent of Rs. 1064.50 Crores. Company has completed 1550 works at the extent of Rs.913.44 Crores during the year.

i) Other works : The Company is also getting works from Tourism, Fisheries, Forest, Horticulture and Agriculture Departments, Basava Vasathi Scheme, Thanda Development works, Rajiv Gandhi district resource centres, BMRCL works and other Government agencies and local bodies. MLA'S and MP'S are also entrusting works from their development funds. Company has achieved a progress of Rs. 923.32 Crore during the year under the above schemes.

FUTURE OUTLOOK

Your Directors are confident that your Company with new face and all the motivation amongst the employees, will be in a position to meet the challenges of the future through well-defined objectives and strategies to improve the overall performance and profitability in the coming years. The Government has been laying immense thrust on the infrastructure developments in the rural and semi urban areas. KRIDL, being lead institution in the development of infrastructure in rural areas, will have major role to play. The Government of Karnataka has also given exemption under section 4(g) of KTPP Act 1999 up to Rs.2.00 Crore which will enable the company to get more works without going for tenders. The exemption under Transparency Act will be expiring on 31.3.2018. All efforts will be made to get further exemption under the Act up to Rs.5.00 Crores for a further period of five years. The Government is investing lot of funds to create infrastructure facility in rural areas and thus Company may not face much problem in getting sufficient work in the near future.

04 DIVIDEND:

It gives immense pleasure to state that your Company has reached to a position of strength to declare a dividend to its Equity Share holders for the sixth consecutive year to the Government of Karnataka. For the Financial Year the Directors recommend the Dividend at the rate of 20% on the face value of Rs.1000/- on the paid up equity share capital of the Company (Rs.12,25,00,000/-) amounting to Rs.2.45 Crores. The Company also paid Rs.3.55 Crores as interim dividend during the year as instructed by Finance Department to give approval for payment to ex-gratia for the Financial Year 2013-14. Your Directors are confident that Company would sustain its ability to declare dividend to the Shareholders regularly year after year.



05 TRANSFER TO RESERVES:

Your Directors propose to Transfer Rs.10.00 Crore to reserves of the Company during the year under report.

06 PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

There were no particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013.

07 MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year 2016-17 and to the date of this report.

08 EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return in form MGT-9 is appended as ANNEXURE - I to this report.

09 NUMBER OF MEETINGS OF BOARD

The Board of Directors duly met Six times on 11.05.2016, 08.08.2016, 02.12.2016, 12.12.2016, 19.12.2016 and 22.02.2017 during the financial year 2016-17. The intervening gap between any two meetings was within the period prescribed under the provisions of section 173 of the Companies Act, 2013. The number of Board Meetings attended by each of the Directors of the Company held during the financial year 2016-17 as required under clause - 9 of SS -1 - Secretarial Standard on Meetings of the Board of Directors issued under section 118(10) of the Companies Act, 2013 is given as Annexure to this report.

10 EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARKS OR DISCLAIMER MADE:

a) BY THE AUDITOR IN HIS REPORT:

Sl. No.	Qualification/Reservation/Adverse Remark/Disclaimer by Auditor	Explanations or Comments by the Board																								
i	<p>The following amounts disclosed under the heads mentioned do not have party wise details to whom the amount is due to/from. In view of this, we recommend that the controls in the area of monitoring the advances need to be strengthened.</p> <table border="1"> <thead> <tr> <th>Heads</th> <th>Description</th> <th>Amounts</th> </tr> </thead> <tbody> <tr> <td>Loans and Advances</td> <td>1655 EMD (Paid) Details to Be Traced</td> <td>Rs.2,58,57,847 Dr</td> </tr> <tr> <td>Other Deposits</td> <td>1725 Other deposits (Details to be traced)</td> <td>Rs.1,03,335.15 Dr</td> </tr> <tr> <td>Current Liabilities</td> <td>0325 Sundry Creditors (Details to Be Traced)</td> <td>Rs.59,95,459.52 Cr</td> </tr> <tr> <td>Current Liabilities</td> <td>0185 SD Employees (Details to Be Traced)</td> <td>Rs.20,65,553.65 Cr</td> </tr> <tr> <td>Current Liabilities</td> <td>0200 EMD (Collected) details to Traced</td> <td>Rs.74,400 Cr</td> </tr> <tr> <td>Loans and Advances</td> <td>1800 Advance (Details to Be Traced)</td> <td>Rs. 38,59,183.65 Cr</td> </tr> <tr> <td>Loans and Advances</td> <td>1800 Advance (Details to Be Traced)</td> <td>Rs.1,39,52,801 Dr</td> </tr> </tbody> </table>	Heads	Description	Amounts	Loans and Advances	1655 EMD (Paid) Details to Be Traced	Rs.2,58,57,847 Dr	Other Deposits	1725 Other deposits (Details to be traced)	Rs.1,03,335.15 Dr	Current Liabilities	0325 Sundry Creditors (Details to Be Traced)	Rs.59,95,459.52 Cr	Current Liabilities	0185 SD Employees (Details to Be Traced)	Rs.20,65,553.65 Cr	Current Liabilities	0200 EMD (Collected) details to Traced	Rs.74,400 Cr	Loans and Advances	1800 Advance (Details to Be Traced)	Rs. 38,59,183.65 Cr	Loans and Advances	1800 Advance (Details to Be Traced)	Rs.1,39,52,801 Dr	<p>Audit Officers will be deputed to all the Zones for identification of the party wise breakup for all the loans, advances and deposits mentioned in this para. Further, after verification of the details collected from the Projects, necessary entries will be passed in the ensuing years and the advances, deposits and loan balances will be removed from the schedules.</p> <p>These untraceable amounts were pertains to very long period and after the implementation of Tally Accounting System from the financial year 2010-11 these types of mistakes are eliminated.</p> <p>Further, also the monitoring of the advances, deposits etc., will be strengthened in the coming years.</p>
Heads	Description	Amounts																								
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ii	<p>WIP and Advances Received from Entrusting Agencies</p> <p>The Work In Progress is reflected at Rs. 5,56,012.49 Lakhs in the Inventories in Asset side of the Balance Sheet. The Advance Received from Entrusting Agencies is reflected at Rs. 6,74,810.30 Lakhs in the Other Loans & Advances in Liabilities side of the Balance Sheet.</p>	<p>Rs.1009.07 Crores final bills were adjusted in the Financial Year 2016-17. Pending Final bill amounting to Rs.1500.00 Crores were to be adjusted as on 31/03/2017. Balance WIP pertains to ongoing works. A Separate final bill cell is</p>																								

Sl. No.	Qualification/Reservation/Adverse Remark/Disclaimer by Auditor	Explanations or Comments by the Board
	<p>Both the Work in progress and Advance Received are subject to recognition of final bill for the works physically completed.</p> <p>In view of this, in our opinion the Work In progress and Advance Received from Entrusting Agencies reflects higher amounts than what actually is and the exact over statement is not quantifiable for want of details.</p>	<p>opened at Head qtrs. With 3 Engineers headed by a Executive Engineer to visit all the sub divisions where final bills are pending to get the final bills including the bills pending in the previous year 2015-16, the company is expected to adjust final bills at least to the extent of Rs.2000.00 crore during the F.Y.2017-18.</p>
iii	<p>Long standing WIP:</p> <p>The Company has many works which are pending closures due to want of documentary details and hence recognition of revenue has been postponed. In absence of details we are unable to quantify the same.</p>	<p>The long pending works which are pending for closures are mainly Tendered works whose accepted final bills from Tendered Agency are to be obtained for making adjustments in books of Accounts. Drive will be conducted during 2017-18 and efforts will be made to adjust majority Tendered works final bills.</p>
iv	<p>Pending Cases in Various Courts:</p> <p>There are about 79 cases filed which are pending in various Courts. The Company has not estimated the probable amount of liability which could arise on the cases pending. Hence we are of the opinion that as per the requirement of Accounting Standard 29 - "Provisions, Contingent Liabilities and Contingent Assets" the company has non-complied with the disclosure norms. In absence of details we are unable to quantify the amount of contingent liabilities.</p>	<p>Most of the cases are pertaining to cases filed by the employees against the company in service matters. Unless the cases are decided in the respective courts the liability to the company cannot be ascertained. Considering the volume of business of the company, the probable liability on this account is not material in nature. However, in the coming year the probable</p>

Sl. No.	Qualification/Reservation/Adverse Remark/Disclaimer by Auditor	Explanations or Comments by the Board
		liability in these cases will be arrived and shown as contingent liability to comply AS-29.
v	<p>Reconciliation of VAT Payable:</p> <p>We draw attention to Note Number 25, wherein the company has disclosed that the VAT payable on the work in progress is subject to reconciliation with VAT annual returns. Since the company has not ascertained the liability we are unable to ascertain the impact on profit and loss account and balance sheet.</p>	<p>VAT authority has given time limit up to 30/12/2017 for filing VAT Annual return in form-240. By the time accounts are finalized some of the projects have not filed form-240. VAT payable is subject to reconciliation with the Annual return filed with VAT authorities. Hence, difference if any is not ascertainable, and the difference if any is noticed while reconciliation, the same will be accounted accordingly in the next year.</p>
vi	<p>Jabalpur Project:</p> <p>As referred to in the Note Number 31 regarding Jabalpur Project an amount of Rs.201.29 lakhs paid towards EMD has been forfeited and an advance of Rs.511.51 lakhs paid to associate contractors, have not been recognized as loss in the books of the company and hence this has resulted in overstatement of EMD and Advances and understatement of expenses to the extent of Rs.712.80 lakhs.</p>	<p>The matter of forfeiture of EMD performance Security Deposit with Entrusting Agency, Additional Security Deposit with Entrusting Agency of Rs.201.21 lakhs and the claim of Rs.5.24 crores as Income from execution of works is under Arbitration before the Hon'ble Madhya Pradesh Arbitration Tribunal Bhopal (case No.23/2012) Hearing of Arbitration is under progress. After receipt of final Arbitration award, the</p>

Sl. No.	Qualification/Reservation/ Adverse Remark/Disclaimer by Auditor	Explanations or Comments by the Board
		<p>necessary entries will be made for recognizing the Income from works and adjustment of Advance would be made in the books of Accounts.</p>
vii	<p>Recovery of Outstanding Dues:</p> <p>The system of monitoring for the timely recovery of outstanding dues and obtaining confirmation of balances is weak. This financial year there has been a bad debts write off of Rs.86.08 lakhs (Last financial year Rs.483.33 lakhs)</p>	<p>While adjusting the final bills against advances received from Entrusting Agency and WIP, the excess expenditure over and above fund received / estimate is considered as amount receivable. However, we have been controlling the excess expenditure by avoiding the adjustment of final bills which shows abnormal receivable. All these receivables are from various Government Department & they are not giving confirmations. The company is writing off bad debts which are more than 3 years old and are time barred as per the advice of the CAG.</p>
viii	<p>Stale Cheques:</p> <p>It is noticed that Cheques issued which have become stale have not been reversed in the books totalling to Rs.18.97 lakhs As a result of which the expenditures have been overstated.</p>	<p>These Stale cheques have been reversed during the financial year 2017-18. Action will be taken to reverse cheques which become stale immediately after 3 months.</p>

Sl. No.	Qualification/Reservation/ Adverse Remark/Disclaimer by Auditor	Explanations or Comments by the Board
ix	<p>Cash Payments:</p> <p>Cash Payments are made towards wages and purchase of materials we are unable to verify the compliance under the Income Tax Act provisions against these cash payments. We are unable to quantify the total amount made in cash exceeding the said ceiling limit of Rs.20000 for want of details.</p>	<p>Normally cash payments are made to Labourers towards wages and procurement of local construction materials such as Sand,Jelly,Bricks etc. These payments are within the Ceiling limit of Rs.20000. Where ever Ceiling limit is exceeded in rare cases, TDS are made and deposited to Income Tax department. Major payments are made through Cheques only.</p>
x	<p>Corporate Social Responsibility:</p> <p>The Company has released an amount of Rs.3.11 Crores towards CSR during the year. However, for an amount totaling to Rs.1.74 Crores the company is yet to provide us the utilisation certification.</p>	<p>Out of 39 cases for which Rs.3.11 Crore CSR funds was released as shown in Annexure III, we have received Utilisation Certificate from 17 cases and for balance 22 cases UC is yet to be received. The 4th CSR Committee held on 23.10.2017 took a decision to issue final notice to all CSR beneficiaries of 2016-17 who have failed to give documents for expenditure incurred within 15 days and take legal action for recovery of the unspent amount. Accordingly final reminders were sent and action will be taken as per the recommendations of the CSR Committee.</p>

Sl. No.	Qualification/Reservation/ Adverse Remark/Disclaimer by Auditor	Explanations or Comments by the Board												
xi	<p>Raichur Case:</p> <p>As referred to in the Note Number 1 Point number 32 regarding Raichur Case it is noticed that the elected representatives of Raichur have complained that works entrusted at Raichur division have not been completed from many years. On further enquiry it is found that an amount of Rs.56.59 Crores has been misappropriated by the officers of the company. This amount of Rs.56.59 Crores has not been written off in books as Loss due to misappropriation and as a result of which profit is overstated by Rs.56.59 Crores.</p>													
	<p style="text-align: center;">Compliance By the Board</p> <p>A committee was constituted during September-2016 to inquire in to the irregularities committed by the Raichur division officers. The irregularities reported by the Committee are as noted below:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 70%;">1. Excess expenditure incurred by the officers</td> <td style="text-align: right;">-Rs. 28.11 crore</td> </tr> <tr> <td>2. False claim</td> <td style="text-align: right;">-Rs. 05.25 crore</td> </tr> <tr> <td>3. Outstanding advances</td> <td style="text-align: right;">-Rs. 19.09 crore</td> </tr> <tr> <td>4. Shortage of Materials at Site</td> <td style="text-align: right;">-Rs. 02.57 crore</td> </tr> <tr> <td>5. Excess Expenditure over estimate</td> <td style="text-align: right;"><u>-Rs. 01.57 crore</u></td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">-Rs.56.59 crore</td> </tr> </table> <p>The Government of Karnataka has constituted a Judicial Commission to enquire in to the irregularities with retired High Court Judge as the Inquiry Officer. The Inquiry is going on.</p> <p>The Company has also released Rs.10.00 Crore to the Division to take up Lingered works. Further also a detailed reconciliation work was under taken and arrived that Rs.44.50 Crore is available for the works of Raichur Division. Further also the new Executive Engineer of the Division made the list and amount the Entrusting Agency have to release to the Company which is worked out to Rs.62.00 Crore. With this the Company is confident to complete all the Lingered works of Raichur Division. After the Inquiry completed action will be taken on the delinquent officers as per the recommendations of the Commission.</p>		1. Excess expenditure incurred by the officers	-Rs. 28.11 crore	2. False claim	-Rs. 05.25 crore	3. Outstanding advances	-Rs. 19.09 crore	4. Shortage of Materials at Site	-Rs. 02.57 crore	5. Excess Expenditure over estimate	<u>-Rs. 01.57 crore</u>	Total	-Rs.56.59 crore
1. Excess expenditure incurred by the officers	-Rs. 28.11 crore													
2. False claim	-Rs. 05.25 crore													
3. Outstanding advances	-Rs. 19.09 crore													
4. Shortage of Materials at Site	-Rs. 02.57 crore													
5. Excess Expenditure over estimate	<u>-Rs. 01.57 crore</u>													
Total	-Rs.56.59 crore													

Sl. No.	Qualification/Reservation/ Adverse Remark/Disclaimer by Auditor	Explanations or Comments by the Board
xii	<p>Fraud of Fixed Deposits:</p> <p>In the month of October, 2017 it has come to light that fixed deposit receipt of Rs.55 Crores issued by Indian Overseas Bank, Kulai Branch, Mangalore are found to be fake. Criminal case is filed against the branch manager and regional chief manager. It has been suspected that three officers of the company could have been involved in Facilitating the bank and hence they have been kept under suspension by the Government.</p>	
	<p>Compliance By the Board</p> <p>The Company has made Fixed deposit of Rs.55.00 Crore at Indian Overseas Bank, Kulai branch Mangalore during August 2017. However, during October 2017 it has come to the knowledge of the Company that Bank Manager has issued Fake Certificate and by opening Fake Current Account in the name of KRIDL he and other like minded people have misappropriated the funds. The Company has taken the following steps to recover the amount.</p> <ul style="list-style-type: none"> • A Criminal case against the Kulai branch Manager and Regional Chief Manager was lodged with Surathkal Police Station on 30.10.2017. • A Legal Notice was issued to IOB on 20.11.2017 for recovery of Fixed Deposit amount along with Accrued interest. • Government of Karnataka has suspended three officers of KRIDL on the suspicion that they have facilitated for this Fraud. 	

b) THE COMPANY SECRETARY IN PRACTICE IN HIS SECRETARIAL AUDIT REPORT:

The Secretarial Audit Report by a Company Secretary in Practice pursuant to the provisions of the Section 204 of the Companies Act, 2013 is not applicable to the Company.

11 PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186;

There were no loans, guarantees or investments made by the Company pursuant to the provisions of Section 186 of the Companies Act, 2013 during the year under report.

12 CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A. Conservation of Energy:

a	Steps taken or impact on energy Conservation	The Company being Civil Engineering does not consume much energy. In view of this additional investments and proposal for undertaking conservation measures are not contemplated.
b	the steps taken by the company for utilizing alternate sources of energy	Nil
c	the capital investment on energy conservation equipment	Nil

B. Technology Absorption:

a	The efforts made towards technology absorption	There is no technology involved which requires disclosure in the Board's Report.
b	The benefits derived like product improvement, cost reduction, product development or import substitution	Nil
c	In case of imported technology imported during the last three years reckoned from the beginning of the financial year) (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Nil
d	The expenditure incurred on Research and Development	Nil

C. Foreign Exchange earnings and outgo:

a	Foreign Exchange earned in terms of actual inflows during the year under report	Nil
b	Foreign Exchange outgo in terms of actual outflows during the year under report	Nil

13 DIRECTORS' RESPONSIBILITY STATEMENT

Following is the Directors' Responsibility Statement pursuant to the provisions of sub-section (5) of section 134 of the Companies Act, 2013, referred to in clause (c) of sub-section (3) of the said section, in respect of the financial statements of the Company:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The Directors had selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the profit and loss of the Company for that period;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis.
- e) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

14 DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OF THE COMPANIES ACT, 2013 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

There are no frauds reported by Auditors under Sub-section (12) of Section 143 of the Companies Act, 2013.



15 DETAILS OF PENALTIES/PUNISHMENT/ COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE DIRECTORS' REPORT

There are no penalties / punishments / commitments affecting the financial position of the Company between the end of the financial year and the date of Director's report.

16 A STATEMENT INDICATING DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY FOR THE COMPANY INCLUDING IDENTIFICATION THEREIN OF ELEMENTS OF RISK, IF ANY, WHICH IN THE OPINION OF THE BOARD MAY THREATEN THE EXISTENCE OF THE COMPANY

The Company is yet to implement the risk management policy for the Company.

17 THE DETAILS ABOUT THE POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON CORPORATE SOCIAL RESPONSIBILITY INITIATIVES TAKEN DURING THE YEAR UNDER REPORT

Your Board of Directors report that the provisions of Section 135 of the Companies Act, 2013 governing the implementation of CSR Activities by the Company during the financial year 2014-15 were applicable to the Company. The Company has spent Rs.100.00lakhs during 2014-15 against available amount of Rs.142.91 Lakhs. Your Board of Directors report that the Company has identified the CSR activities during the financial year 2015-16 and released to Rs.240.00 Lakhs to 16 NGO's to carryout CSR activities. During 2016-17 the Company has released Rs.311.00 Lakhs to 39 NGO's under the Scheme. The details about the CSR policy and other particulars referred to in Section 135(4) of the Companies Act, 2013, in the prescribed format is appended as **ANNEXURE - II** to this report.

18 THE DETAILS OF DIRECTORS / KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR

The following Changes in the composition of the Board of Directors have taken place as per the directions of the Government of Karnataka:

- Sri.Rajashekara B.Patil, Hon'ble MLA, Humnabad Constituency, Bidar District has been nominated as Director on the Board with effect from 4.11.2016 in place of Sri, Shrishaila M. Dalwai transferred.
- Dr. R.Raju IFS has been appointed as Managing Director on the Board with effect from 29.8.2016 in place of Sri.H.P.Prakash IFS transferred.
- Sri. Purushotham Singh B.R.(KTS) Special Officer, ZP and Ex-officio , Deputy Secretary to Government, Finance Department has been nominated as Director on the Board with effect from 2.12.2016 in place of Sri.K.Nanda Kumar transferred.

Except this there are no changes in the Directors of the Company during the year under report.

- As on the date of the report Sri Rajashekar B.Patil is the Chairman and Dr.R.Raju, IFS, is the Managing Director and following are the Directors on the Board

01	Dr.N.Nagambikadevi I.A.S., Principal Secretary to Government, Rural Development & Panchayat Raj Department, M.S.Buildings, Bangalore.	Director
02	Sri M.Lakshminarayana, I.A.S., Addl. Chief Secretary to Govt., Public Works,Ports & Inland Water Transport Department Vikasa Soudha, Bangalore.	Director
03	Sri.H.P.Prakash, I..FS., Commissioner Karnataka Rural Water Supply and Sanitation Department, 2nd Floor, Cauvery Bhavan, Bangalore.	Director
04	Sri B.Guruprasad, K.E.S., Chief Engineer, Panchayat Raj Engineering Department, "Grameenabhivruddhi Bhavana" Ananda Rao Circle, Bangalore-09.	Director
05	Dr. Bhoovanahalli Nagaraj, M.Sc., (Seri) P.G.D.S., Director, (Suvarna Grama Yojane and Western Ghat Development Scheme) and Ex-officio Deputy Secretary to Government, RD&PR Department, M.S.Building, Bangalore.	Director

06	Sri Purushotham Singh B.H. (K.T.S) Special Officer & Ex-Officio, Deputy Secretary to Govt., Finance Department, Vidhana Soudha, Bangalore.	Director
07	Sri Rajanna, S/o Gangappa, Girijapura, Motaganahalli Post, Solur Hobli, Ramangara Taluk/ District	Director
08	Sri L.V.Govind, S/o Sri L.Venkatarayappa Locharuvapalli, Srinivasapur Taluk, Kolar District.	Director
09	Sri Gopi, Bengaluru, Bengaluru Urban District	Director
10	Sri B.Bhujangashetty, Ex-Zilla Panchayat President, "PRAGNA" Gudebettu, Varamballi Village, Post: Brahmavara, Udupi Taluk/ District.	Director
11	Sri K.S.Dharmendra, (Raju) No.1214, 3rd Cross, Gange Road, C&D Block, Kuvempunagara, Mysuru. Varuna Constituency, Mysuru Taluk/ District.	Director
12	Sri T.Ramesh, S/o Sri V.Thimmaiah, No.24/54, T.Channaiah Badavane, 2nd Main Road, Nagavara, Bengaluru-560 045. Bengaluru Urban District.	Director
13	Sri.Sadhiq Budan Sab Naragund, Kalasapura Road, Nandishwera Nagara Gadag, Gadag District	Director

As on the date of the report, the following are the outgoing Directors:

- | | | |
|-----------------------------------|---|----------|
| • Sri. Shri.Shrishaila M. Dalawai | : | Director |
| • Smt. Renuka Chidambaram, IAS | : | Director |
| • Smt.M.V.Savithri, IAS | : | Director |
| • Sri.K.Nandakumar | : | Director |

The Board wishes to place on record the valuable services rendered by the above Director during their tenure as Director of the Company.

Your Board of Directors further report that the provisions of sub-section (4) of section 149 the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 with respect of appointment of minimum two Independent Directors are applicable to the Company. However, no Independent Director has been appointed on the Board of the Company.

Your Board of Directors also report that the provisions of section 203 the Companies Act, 2013 read with Rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 with respect of appointment of a Whole-time Company Secretary are applicable to the Company. However, the Company has not appointed a Whole-time Company Secretary during the year under report.

19 COMMITTEES OF THE BOARD

The following committees have been constituted by the Board during the year under report:

The CSR Committee met on 05.08.2016 to approve the applications/ letters received seeking the CSR funds for carrying out the CSR activities of the Company and the Members of the Committee are as under:

- | | |
|---|------------|
| Dr.R.Raju, IFS,
Managing Director, KRIDL. | - Chairman |
| Sri. G.Guruprasad, KES,
Director, KRIDL. | - Member |
| Dr. Bhoovanahalli Nagaraj
Director, KRIDL. | - Member |



Sri. Purushotham Singh .B. H.
 Director, KRIDL.

- Member

Sri. H.M. Mukundappa
 CFO 2, KRIDL.

- Member Secretary

Audit Committee: Since the company is registered as Private Limited, constitution of the Audit Committee is not application to the Company.

20 THE NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

Your Board of Directors report that during the year under report no bodies corporate have become or ceased to be Subsidiary, Joint venture or Associate Company of the Company.

21 THE DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There are no significant material orders passed by the courts/regulators or tribunals impacting the going concern status and Company's operations in future.

22 SUMMARY OF COMPLAINTS RECEIVED AND DISPOSED OFF DURING EACH CALENDAR YEAR AS REQUIRED UNDER THE PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 AND DISCLOSURE THAT THE COMPANY HAS IN PLACE AN ANTI SEXUAL HARASSMENT POLICY IN THE LINE WITH THE REQUIREMENTS OF THE ACT AND THAN AN INTERNAL COMPLAINTS COMMITTEE HAS BEEN SET UP FOR REDRESSAL OF COMPLAINTS AND THAT ALL EMPLOYEES (PERMANENT, CONTRACTUAL, TEMPORARY, TRAINEES) ARE COVERED UNDER THE POLICY

In order to prevent sexual harassment of women at work place a new act The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 09.12.2013. Under the said Act every Company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee. The Committee is already in place and there are no complaints received.



23 DETAILS OF THE ESTABLISHMENT OF VIGIL MECHANISM TO FACILITATE DIRECTORS AND EMPLOYEES TO REPORT GENUINE CONCERNS TO THE COMPANY PURSUANT TO SUB-SECTION (10) OF SECTION 177 OF THE COMPANIES ACT, 2013

The establishment of Vigil Mechanism to facilitate Directors and employees to report genuine concerns to the Company pursuant to the provisions of Sub-section (10) of Section 177 of the Companies Act, 2013 is not applicable to the Company.

24 THE DETAILS RELATING TO DEPOSITS, COVERED UNDER CHAPTER V OF THE ACT

The Company has not accepted any deposits under Chapter V of the Companies Act, 2013, therefore disclosure under this clause does not arise.

25 DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The company has adequate internal financial controls with reference to the financial statements, safeguarding of assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

26 DISCLOSURE ON FORMAL ANNUAL EVALUATION BY THE BOARD OF ITS OWN PERFORMANCE AND ITS COMMITTEES AND INDIVIDUAL DIRECTORS

The Company is yet to evolve a Formal evaluation methodology on the Board's performance, Committees and individual Directors. The same will be implemented during the current financial year.

27 DETAILS OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS ISSUED BY THE COMPANY DURING THE YEAR UNDER REPORT

Your Board of Directors report that during the year under report, the Company has not issued equity shares with a differential rights pursuant to the provisions of Section 43 of the Companies Act, 2013 read with Sub-rule (4) of Rule 4 of the Companies (Share Capital and Debentures) Rules, 2014.

28 DETAILS OF SWEAT EQUITY SHARES ISSUED BY THE COMPANY, DURING THE YEAR UNDER REPORT

Your Board of Directors report that during the year under report, the Company has not issued sweat equity shares pursuant to the provisions of Section 54 of the Companies Act, 2013 read with Sub-rule (13) of Rule 8 of the Companies (Share Capital and Debentures) Rules, 2014.

29 DETAILS OF ESOP SCHEME

Your Board of Directors report that during the year under report, the Company has not offered equity shares under ESOP scheme to the employees of the Company pursuant to the provisions of Section 62(1)(b) of the Companies Act, 2013 read with Sub-rule (9) Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014.

30 DETAILS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 READ WITH THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2016

There were no employees whose details are to be disclosed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with the Companies (Appointment and Remuneration of Managerial Personnel) amendment rules, 2016 during the year under report.

31 STAFF-MANAGEMENT RELATIONSHIP

The staff-management relationship during the year under review has been quite cordial and harmonious. As on 31.03.2017 the Company is having a man-power of 844 employees. The breakup of Executives and Non-executives are as follows:

Sl.No.	Particulars	Current Year	Previous Year
1.	Executives	142	146
2.	Non-Executives	702	742

32 STATUTORY AUDITORS

M/s. Mallya & Mallya, Chartered Accountants, Bengaluru, were appointed to audit the accounts for the financial year 2016-17 by the Comptroller and Auditor General of India in accordance with the provisions of Sub-section (5) of the Section 139 of the Companies Act, 2013. It is further brought to the notice of the Members that M/s. Rajgopal & Badrinarayanan, Chartered Accountants, Bengaluru have been appointed as Statutory Auditors of the Company for the financial year 2017-18 pursuant to the provisions of sub-section (5) of Section 139 of the Companies Act, 2013, vide letter dated 17.08.2017.

33 ACKNOWLEDGEMENT

Your Directors would like to express their gratitude and appreciation for the valuable co-operation, guidance and support given by the Government of India, Government of Karnataka, Government Departments, Hon'ble Members of Legislature, the Legislature Committee, the RDPR Department, the Finance Department, District Administration, the Zilla Panchyaths and local bodies without which your Company could not have performed well during the year and look forward the same continued whole hearted support in the years to come. Your Directors wish to place on record their sincere appreciation to the Customers, Bankers, Consultants, Statutory Auditors, Internal Auditors and the Comptroller and Auditor General of India and Employees for their relentless efforts and valuable support extended during the year under report and look forward to receive similar support in future. The Directors also thank the Shareholder namely the Government of Karnataka for the continued confidence reposed in the Company.

For and on behalf of the Board,

Place : Bengaluru

Date : 26.12.2017

Sd/-
(Dr. R. Raju, IFS)
Managing Director

Sd/-
(Rajashekar B. Patil)
Chairman

ANNEXURE - I
FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on the Financial Year ended on 31.03.2017

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

01	CIN	U75112KA1974SGC002613
02	Registration Date	08.08.1974
03	Name of the Company	KARNATAKA RURAL INFRASTRUCTURE DEVELOPMENT LIMITED
04	Category/Sub-category of the Company	LIMITED COMPANY LIMITED BY SHARES
05	Address of the Registered office & contact details	4th & 5th Floor, Grameenabhiruddi Bhavan, Anand Rao Circle, Bangalore. Email ID: mdkridl@gmail.com Phone number: 080 - 22879900
06	Whether listed company	No
07	Name, Address & contact details of Registrar & Transfer Agent, if any.	NOT APPLICABLE

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of Main Products / Services	NIC Code of the Product / Service	% to Total Turnover of the Company
1	Infrastructure Development Works to Government of Karnataka & other various Government Department	8413	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable section
—	—	—	—	—	—

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

D) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year			% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	
A. Promoters								
(1) Indian								
a) Individual/HUF	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-
c) State Govt(s)	-	1,22,500	1,22,500	100%	-	1,22,500	1,22,500	100%
d) Bodies Corporates	-	-	-	-	-	-	-	-
e) Bank/FI	-	-	-	-	-	-	-	-
f) Any other.....	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	-	122500	1,22,500	100%	-	1,22,500	1,22,500	100%
(2) Foreign								
a) NRIs - Individuals	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	-	-	-	-	-	-	-	-
Total Shareholding of Promoter								
(A) = (A)(1)+(A)(2)	-	1,22,500	1,22,500	100%	-	1,22,500	1,22,500	100%

C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	1,22,500	1,22,500	100%	-	1,22,500	1,22,500	100%	-

ii) Shareholding of Promoter :

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of Shares of the company	% of Shares Pledged / encumbered to total shares	
01.	In the name of Governor of Karnataka	1,22,495	99.99%	--	1,22,495	99.99%	--	-
02.	Managing Director, KRIDL	03	0.002%	--	03	0.002%	--	-
03.	Principal Secretary to Government, RD & PR Department	01	0.00%	--	01	0.00%	--	-
04.	Commissioner, Social Welfare Department	01	0.00%	--	01	0.00%	--	-

iii) Change in Promoters' Shareholding : NIL

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	In the name of Governor of Karnataka				
	At the beginning of the year	1,22,495	99.99%	1,22,495	99.99%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year	1,22,495	99.99%	1,22,495	99.99%

a. Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs): Nil

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	NOT APPLICABLE			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year (or on the date of separation, if separated during the year)				

iv) Shareholding of Directors and Key Managerial Personnel :

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
01	Managing Director & Directors, KRIDL				
	At the beginning of the year	03	0.002%	03	0.002%

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	--	--	--	-
	At the end of the year	03	0.0002%	03	0.0002%
02	Mr. Subhash Chandra, IAS				
	At the beginning of the year	01	0.0001%	01	0.0001%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	--	--	--	-
	At the end of the year	01	0.0001%	01	0.0001%
03	Ms. M V Savithri				
	At the beginning of the year	01	0.0001%	01	0.0001%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	--	--	--	-
	At the end of the year	01	0.0001%	01	0.0001%

V. INDEBTEDNESS:

(Indebtedness of the Company including interest outstanding/accrued but not due for payment)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year		--	--	--
i) Principal Amount	--	--	-	-
ii) Interest due but not paid		--	--	--

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
iii) Interest accrued but not due	--	--	-	-
Total (i+ii+iii)	--	--	--	-
Change in Indebtedness during the financial year	--	--	--	-
* Addition	--	--	--	-
* Reduction	--	--	--	-
Net Change	--	--	--	-
Indebtedness at the end of the financial year		--	--	---
i) Principal Amount	--	--	--	-
ii) Interest due but not paid		--	--	---
iii) Interest accrued but not due	--	--	--	-
Total (i+ii+iii)	--	--	--	--

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
01		Dr. R. Raju, IFS Managing Director	
	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs. 23,41,604/-	Rs.23,41,604/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Rs. 36,000/-	Rs. 36,000/-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
02	Stock Option	-	-
03	Sweat Equity	-	-
04	Commission - as % of profit - others, specify...	-	-
05	Others, please specify	-	-
	Total (A)	Rs.23,77,604	Rs. 22,49,073
	Ceiling as per the Act		

B. Remuneration to other directors:

Sl No	Name of Directors	Particulars of Remuneration				Total Amount
		Independent directors	Fee for attending board meetings	Commission	Others, please specify	
1	Shrishaila MDalwai	-	1,000	-	-	1,000
2	Sri.Subhashchandra	-	1,000	-	-	1,000
3	Smt. M.V.Savithri		2,000			2,000
4	Sri.B.Guruprasad		4,000			4,000
5	Sri.Bhoovanahalli Nagaraj	-	3,000	-	-	3,000
6	Dr.N.Nagambikadevi		4,000			4,000
7	Sri.K.Nandakumar		2,000			2,000
8	Sri.Rajanna		6,000			6,000
9	Sri.N.V.Govinda		6,000			6,000
10	Sri.Gopi		5,000			5,000
11	Sri.Bhujanga Shetty		6,000			6,000
12	Sri.Dharmendra		5,000			5,000
13	Sri.T.Ramesh		6,000			6,000
14	Sri.H.P.Prakash		2,000			2,000
15	Sri.B.Purushotham Singh		2,000			2,000
16	Sri.M.Lakshminarayan		1,000			1,000
17	Smt.Renukachidambaram		2,000			2,000
	Total		58,000			58,000

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD: Nil

SI No	Particulars of Remuneration	Key Managerial Personnel			
		2 CE's	CS	CFO	Total
01	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	25,38,037	3,44,250	11,31,381	40,13,668
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--	--
02	Stock Option	--	--	--	-
03	Sweat Equity	--	--	--	-
04	Commission	--	--	--	-
	- as % of profit	--	--	--	-
	others, specify...	--	--	--	-
05	Others, please specify	--	--	--	-
	Total	25,38,037	3,44,250	11,31,381	40,13,668

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

ANNEXURE II

FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

1. A BRIEF OUTLINE OF THE COMPANY'S CSR POLICY, INCLUDING OVERVIEW OF PROJECTS OR PROGRAMS PROPOSED TO BE UNDERTAKEN AND A REFERENCE TO THE WEB-LINK TO THE CSR POLICY AND PROJECTS OR PROGRAMS

- a) The Company should have a policy of its own which is more relevant to the activities carried on by the Company.
- b) The beneficiaries under this scheme should be spread all over the State as the Company activities have also been spread throughout the State.
- c) To generate through its CSR initiatives, community goodwill for KRIDL and help reinforce a positive and socially responsible image of KRIDL as a Government of Karnataka undertaking
- d) Undertaking/ Agreement should be entered between KRIDL and the beneficiary organization for proper utilization of the funds given under CSR scheme.
- e) Utilization certificates should be obtained from the beneficiaries duly certified by a Chartered Accountant.
- f) Eradication of hunger should be added to CSR Policy and it should be updated as and when there is a change in schedule VII of the Company Act 2013.

2. THE COMPOSITION OF THE CSR COMMITTEE

The CSR Committee is constituted during the year 2016-17 and is as follows:

- | | | |
|---|---|----------|
| 1. Dr. R. Raju, IFS,
Managing Director | : | Chairman |
| 2. Sri. Guruprasad, KES
Chief Engineer, PRED | : | Member |

3. Dr. Bhoovanahalli Nagaraj : Member
 Director, SGY & WGD and
 Ex-Officio, DY.Secy. to Government
 RD & PR Department
4. Sri.Purushothama Singh. B.H. : Member
 Director, Special Officer & Ex-Officio,
 DS to Government, Finance Department,
 PWD (Finance cell)
5. Sri.H.M. Mukundappa, : Member Secretary
 Chief Finance Officer 2, KRIDL

3. AVERAGE NET PROFIT OF THE COMPANY FOR LAST THREE FINANCIAL YEARS

YEAR	NET PROFIT (Rs.in Lakhs)	AVERAGE FOR 3 YEARS (Rs.in Lakhs)	Available amount for CSR Project @ 2% (Rs.in Lakhs)
2013-14	10,300.31		
2014-15	16,847.71		
2015-16	17,145.11		
TOTAL	44,293.12	14,764.37	295.29

4. PRESCRIBED CSR EXPENDITURE (TWO PERCENT OF THE AMOUNT AS IN ITEM (3) ABOVE):

As per the prescribed CSR Expenditure, that is 2% of the amount as in item (3) above i.e. 2% of Rs. 14,764.37 lakhs amounts to Rs. 295.29 lakhs.

5. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR

Opening Balance carried from 2014-15	Rs.35.50 lakhs
Add: for the year 2016-17	Rs.295.29 lakhs
Total amount to be spent	Rs.330.79 lakhs
Amount Spent during 2015-16	Rs.311.00 lakhs
Balance C/F to next year	Rs. 19.79 lakhs



IN CASE THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT OF THE LAST THREE FINANCIAL YEARS OR ANY PART THEREOF, THE COMPANY SHALL PROVIDE THE REASONS FOR NOT SPENDING THE AMOUNT IN ITS BOARD REPORT PURSUANT TO THE PROVISIONS OF SECTION 135(5) OF THE COMPANIES ACT, 2013

The Company has spent two percent of the average net profits of the last three financial years in compliance of the provisions of section 135 of the Companies Act, 2013 during the year under report.

A RESPONSIBILITY STATEMENT OF THE CSR COMMITTEE THAT THE IMPLEMENTATION AND MONITORING OF CSR POLICY, IS IN COMPLIANCE WITH CSR OBJECTIVES AND POLICY OF THE COMPANY

We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and policy of the Company.

(c) Manner in which the amount spent during the financial year detailed below:

Sl No	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local Area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub Heads: (1) Direct Expenditure on projects or programs (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Drinking water & RO Plants & maintenance	Health care	Gadag District Karnataka State	30,00,000/-	30,00,000/-	30,00,000/-	Through Agency: The Rural Medical Service Society Hulkoti, Gadag District
2	Education to Poor Students	Educa-tion	Gadag District Karnataka State	29,00,000/-	29,00,000/-	29,00,000/-	Hulikote Co-Operative Education Society, Gadag
3	Eradication of Poverty	Eradica-tion of Poverty	Gadag District Karnataka State	10,00,000/-	10,00,000/-	10,00,000/-	Matru Punar Milan Seva Samithi (R) , Mallasamudra, Gadag
4	Food & Medicine	Eradica-tion of Hungry & Health care	Bangalore District Karnataka State	5,00,000/-	5,00,000/-	5,00,000/-	Through Agency: New Ark Mission of India, Doddagubbi Village, Bangalore-77
5	School Bus	Educa-tion	Betageri, Gadag District Karnataka State	10,00,000/-	10,00,000/-	10,00,000/-	Through Agency: Manju Education Society, Betageri, Gadag District, Karnataka
6	Medical Equipments	Health	Hubli Karnataka State	25,00,000/-	25,00,000/-	25,00,000/-	Hubli Co-Operative Hospital Society, Hubli

7	Medical Equipments	Health care	Gadag District Karnataka State	10,00,000/-	10,00,000/-	10,00,000/-	10,00,000/-	CSI Basel Mission Hospital, Gadag
8	Constn of College Building	Educa-tion	Putturu Dhakshina Kannada Karnataka State	10,00,000/-	10,00,000/-	10,00,000/-	10,00,000/-	Government P U Collge, Savanur, Puttur
9	Medical Equipments	Health	Bangalore Karnataka State	5,00,000/-	5,00,000/-	5,00,000/-	5,00,000/-	Vikala Chethana and Senior Citizens, Bangalore
10	Constn of Copound wall	Educa-tion	Athani, Belgaum Dist., Karnataka State	5,00,000/-	5,00,000/-	5,00,000/-	5,00,000/-	Vimochana Sanga, Athani, Belgaum District.
11	Providing Education to Rural Students and Hostel Facilites	Educa-tion	Hulikoti, Gadag, Karnataka State	20,00,000/-	20,00,000/-	20,00,000/-	20,00,000/-	Swamy Vivekananda Science P.U.College, Hulikoti, Gadag
12	Providing Education to Poor Students of the Rural Area	Educa-tion	Hulikoti, Gadag, Karnataka State	20,00,000/-	20,00,000/-	20,00,000/-	20,00,000/-	R.A.G.A. High School, Hulikoti, Gadag Tq.,
13	Over all Developments of the Village	Develop-ment Activity	Gadag. Karnataka State	5,00,000/-	5,00,000/-	5,00,000/-	5,00,000/-	Grama Swarajya, Gadag.

14	Various Developments of the Village	Development Activity	Gadag District Karnataka State	5,00,000/-	5,00,000/-	5,00,000/-	5,00,000/-	Sathsanga, Gadag.
15	Overall Developments of the Village	Development Activity	Gadag District Karnataka State	10,00,000/-	10,00,000/-	10,00,000/-	10,00,000/-	Vivekapatha, Gadag
16	Providing Free Meals to in Patients	Hungry Eradication	Betageri-Gadag Karnataka State	10,00,000/-	10,00,000/-	10,00,000/-	10,00,000/-	Sri.Ramakrishna Seva Prathistana, Betageri-Gadag.
17	Constn of Hostel building	Education	Jamakhandi, Karnataka State	5,00,000/-	5,00,000/-	5,00,000/-	5,00,000/-	Minority development sanga Jamakhandi
18	Samskruthika bhavana	Cultural Activity	Thodalabagi, Karnataka State	5,00,000/-	5,00,000/-	5,00,000/-	5,00,000/-	J.K Graminabhivrudhi vidya vardaka sanga Thodalabagi
19	Constn of Samudaya bhavan	Cultural Activity	Hunasikatti, Karnataka State	5,00,000/-	5,00,000/-	5,00,000/-	5,00,000/-	Sri. Beereshwara temple Samiti Hunasikatti
20	Muktidhama Kshemabhivruddi bhavana	Social Activity	Jamakhandi, Karnataka State	5,00,000/-	5,00,000/-	5,00,000/-	5,00,000/-	Muktidhama Ashrama Khmemabhivrudhi sanga Jamakhandi
21	Constn of Samudaya bhavan	Cultural Activity	Mudhura Khandi, Karnataka State	4,00,000/-	4,00,000/-	4,00,000/-	4,00,000/-	Sri. Renukadevi Temple Trust Comitty Mudhura Khandi

22	Constn of Samudaya bhavan	Cultural Activity	Hunnura, Karnataka State	5,00,000/-	5,00,000/-	5,00,000/-	5,00,000/-	Sri. Beera Siddeshwara Temple Mangala Kaaryala trust Commmity Hunnura.
23	Constn of Samudaya bhavan	Cultural Activity	Hire padasalagi, Karnataka State	3,00,000/-	3,00,000/-	3,00,000/-	3,00,000/-	Sri. 1008 Paashwanatha digambara jaina minority Abhivrudhi sanga Hirepadasalagi.
24	Constn of Samudaya bhavan	Cultural Activity	Madhura khandi, Karnataka State	5,00,000/-	5,00,000/-	5,00,000/-	5,00,000/-	Sri. Beera Siddeshwara Temple Trust committee Madhura khandi
25	Constn of Samudaya bhavan	Cultural Activity	Jamakhandi, Karnataka State	5,00,000/-	5,00,000/-	5,00,000/-	5,00,000/-	Sunnatal jamatha arasha, maszid Jamakhandi
26	Constn of Samudaya bhavan	Cultural Activity	Jamakhandi, Karnataka State	5,00,000/-	5,00,000/-	5,00,000/-	5,00,000/-	Veema vikasa Veedhike, Jamakhandi
27	Constn of Samudaya bhavan	Cultural Activity	Hirepadasalagi, Karnataka State	5,00,000/-	5,00,000/-	5,00,000/-	5,00,000/-	Mangasuli mallayya temple trust committee Hirepadasalagi.
28	Constn of Samudaya bhavan	Cultural Activity	Konnura, Karnataka State	3,00,000/-	3,00,000/-	3,00,000/-	3,00,000/-	Sri. Mallikarjuna trust commity Konnura.
29	Constn of Samudaya bhavan	Cultural Activity	Chikkapadasala gi Karnataka State	3,00,000/-	3,00,000/-	3,00,000/-	3,00,000/-	Sri Lakshmi temple Abhivrudhi sanga chikkapadasalagi

30	Constn of Samudaya bhavan	Cultural Activity	Hunnura, Karnataka State	5,00,000/-	5,00,000/-	5,00,000/-	5,00,000/-	Sri. Durgadevi temple Chalavaadi samaja jeernoddara Seva samiti Hunnura
31	Constn of Samudaya bhavan	Cultural Activity	Sanala, Karnataka State	3,00,000/-	3,00,000/-	3,00,000/-	3,00,000/-	Sri. 1008 Adhinatha digambara jaina minority Kshembavivrudhi sanga sanala
32	Constn of Samudaya bhavan	Cultural Activity	Konnura, Karnataka State	3,00,000/-	3,00,000/-	3,00,000/-	3,00,000/-	Sri Maharshi vaalmiki yuvaka sanga konnura.
33	Constn of Samudaya bhavan	Cultural Activity	Konnura, Karnataka State	3,00,000/-	3,00,000/-	3,00,000/-	3,00,000/-	Sri. Ambhigara Chowdayya yuvaka Sanga konnura.
34	Medical Equipments	Health	Bangalore Karnataka State	5,00,000/-	5,00,000/-	5,00,000/-	5,00,000/-	Srinidhi Global Medicare Foundation, Bangalore
35	Basic Amenities	Educa- tion	Srinivasapura Tq, Kolar District.	5,00,000/-	5,00,000/-	5,00,000/-	5,00,000/-	Minerva Vidya Mandir, Lakshmipura Cross, Srinivasapura Tq, Kolar District.
36	Constn of School Buidling	Educa- tion	Kalyananagar, Bangalore. Karnataka State	5,00,000/-	5,00,000/-	5,00,000/-	5,00,000/-	Geleyara Kalyana Balaga, H.R.B.R, Layout, Kalyananagar, Bangalore
37	Repairs to Hostel Building	Educa- tion	Nanjangudu Karnataka State	5,00,000/-	5,00,000/-	5,00,000/-	5,00,000/-	Sri.Shankarananda Sarvajanika Vidyarathi Nilaya Sangha ® , Ooty Road, Nanjangudu

38	Constn of Toilet to Chairkadi Sharada High School and Road Development Work Haradi	Educ-ation	Haradi Karnataka State	5,00,000/-	5,00,000/-	5,00,000/-	Sharada High School at Chairkadi Road & Development works to ST Colony Haradi
39	Constn of Class Room	Educ-ation	Rajanapalya, Magadi Taluk Karnataka State	5,00,000/-	5,00,000/-	5,00,000/-	Government Higher Primary School at Rajanapalya (Girijapura) in Magadi Taluk
			TOTAL	3,11,00,000	3,11,00,000	3,11,00,000	

For and on behalf of the Board,

Sd/-
(Dr. R. Raju, IFS)
 Managing Director

Sd/-
(Rajashekar B.Patil)
 Chairman

Place : Bengaluru
 Date : 26.12.2017

**COMMENTS OF THE COMPTROLLER AND
AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES
ACT, 2013, ON THE FINANCIAL STATEMENTS OF
KARNATAKA RURAL INFRASTRUCTURE DEVELOPMENT LIMITED,
BANGALORE FOR THE YEAR ENDED 31 MARCH 2017**

The preparation of Consolidated financial statements of **Karnataka Rural Infrastructure Development Limited, Bangalore**, for the year ended **31 March 2017** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Companies Act, 2013 are responsible for expressing opinion on these financial statements under section 143 of the Act, based on the independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **18.12.2017**.

I on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 143(6)(a) of the act of the financial statements of "**Karnataka Rural Infrastructure Development Limited, Bangalore**," for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records. 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 Auditor's Report.

For and on behalf of the
Comptroller & Auditor General of India
Sd/-
(E.P. Nivedita)
Accountant General
(General & Social Sector Audit)
Karnataka, Bengaluru

Place : Bengaluru
Date : 29 December 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF M/S KARNATAKA RURAL INFRASTRUCTURE DEVELOPMENT LIMITED
(CIN: U75112KA1974SGC002613)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of M/s Karnataka Rural Infrastructure Development Limited (CIN: U75112KA1974SGC002613) (the Company), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

BASIS FOR QUALIFIED OPINION:

1. Partywise break of accounts outstanding not available.

The following amounts disclosed under the heads mentioned do not have list of parties details to whom the amount is due to/from. In view of this, we recommend that the controls in the area of monitoring the advances need to be strengthened.

Heads	Description	Amounts
Long Term Loans and Advances	1655 EMD (Paid) Details to Be Traced	2,58,57,847.00 Dr
Other Deposits	1725 Other Deposits-Details to Be Traced	1,03,335.15 Dr
Current Liabilities	0325 Sundry Creditors Details to Be Traced	59,95,459.52 Cr
Current Liabilities	0185 SD Employees (Details to Be Traced)	20,65,553.65 Cr
Current Liabilities	0200 EMD (Collected) Details to be traced	74,400.00 Cr
Loans and Advances	1800 Advance (Detailed to Be Traced)	38,59,183.65 Cr
Loans and Advances	1800 Advance (Detailed to Be Traced)	139,52,801.00 Dr

2. WIP and Advances Received from Entrusting Agencies

The Work In Progress is reflected at Rs.5,56,012.49 Lakhs in the Inventories in Asset side of the Balance Sheet. The Advance Received from Entrusting Agencies is reflected at Rs.6,47,810.30 Lakhs in the Other Loans & Advances in Liabilities side of the Balance Sheet.

Both the Work in progress and Advance Received are subject to recognition of final bill for the works physically completed.

In view of this, in our opinion the Work In progress and Advance Received from Entrusting Agencies reflects higher amounts than what actually is and the exact over statement is not quantifiable for want of details.

3. Longstanding WIP

The Company has many works which are pending closures due to want of documentary details and hence recognition of revenue has been postponed. In absence of details we are unable to quantify the same.

4. Pending Cases in Various Courts :

There are about 79 cases filed which are pending in various Courts. The Company has not estimated the probable amount of liability which could arise on the cases pending. Hence we are of the opinion that as per the requirement of Accounting Standard 29 – “Provisions, Contingent Liabilities and Contingent Assets” the company has non-complied with the disclosure norms. In absence of details we are unable to quantify the amount of contingent liabilities.

5. Reconciliation of VAT Payable:

We draw attention to Note Number 25, wherein the company has disclosed that the VAT payable on the work in progress is subject to reconciliation with VAT annual returns. Since the company has not ascertained the liability we are unable to ascertain the impact on profit and loss account and balance sheet.

6. Jabalpur Project:

As referred to in the Note Number 31 regarding Jabalpur project an amount of Rs.201.29 Lakhs paid towards EMD has been forfeited and an advance of Rs.511.51 Lakhs paid to associate contractors who are not traceable, have not been recognized as loss in the books of the company and hence this has resulted in overstatement of EMD and Advances and understatement of expenses to the extent of Rs.712.80 Lakhs.

7. Recovery of Outstanding Dues:

The system of monitoring for the timely recovery of outstanding dues and obtaining confirmation of balances is weak. This financial year there has been a bad debts write off of Rs. 86.08 Lakhs (Last financial year Rs. 483.33 Lakhs).

8. Stale Cheques:

It is noticed that Cheques issued which have become stale have not been reversed in the books totalling to Rs.18.97 Lakhs As a result of which the expenditures have been overstated.

9. Cash Payments:

Cash payments is made towards wages and purchases of materials. We are unable to verify the compliance under the Income Tax Act provisions against these cash payments. We are unable to quantify the total amount made in cash exceeding the said ceiling limit of Rs.20000/- for want of details.

10. Corporate Social Responsibility:

The company has released an amount of Rs.3.11 Crores towards CSR during the year. However, for an amount totalling to Rs.1.74 Crores the company is yet to provide us the certified utilisation certification.

11. Raichur Case

As referred to in the Note Number 32 regarding Raichur Case it is noticed that the elected representatives of Raichur have complained that works entrusted at Raichur division have not been completed from many years. On further enquiry it is found that an amount of Rs.56.59Crores has been misappropriated by the officers of the company. This amount of Rs.56.59Crores has not been written off in books as Loss due to misappropriation and as a result of which profit is overstated by Rs.56.59Crores.

12. Fraud of Fixed Deposits:

In the month of October, 2017 it has come to light that fixed deposit receipts of Rs.55 /-Crores issued by Indian Overseas Bank, Kulai branch, Mangalore are found to be fake. Criminal case is filed against the branch manager and regional chief manager. It has been suspected that three officers of the company could have been involved in facilitating the bank and hence they have been suspended.

QUALIFIED OPINION:

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017 and its profit/loss and its cash flows for the year ended on that date.

Emphasis of Matter:

I. *Confirmations:* We draw attention to state that Long Term Borrowings, Other Long Term Liabilities, Trade Payables, Other Current Liabilities, Long Term Loans & Advances, Trade Receivables are subject to confirmation of balances.

The unconfirmed balances outstanding for the period ending 31/03/2017 are as follows :

- a) Sundry Debtors -1506.59 Lakhs
- b) Sundry Creditors -11649.61 Lakhs

II. *Inventory Shortage :* We draw attention to Note Number 33 of Notes to Accounts, wherein the company has recovered an amount of Rs.144.99 lakhs as on 31/03/2017 from employees towards inventory shortages.

III. *Policy on Fraud:* We are unable to comment on whether the fraud policy of the company is consistent with the regulatory requirements as well as business requirements based on the volume of business since no written fraud policy document has been shown to us during the period of audit.

IV. Whistle Blower Policy: We draw attention that the company does not have a whistle blower policy which was essential considering the nature and volume of business of the company.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 (the Order) issued by the Central Government of India in terms of sub section (11) of Section 143 of the Companies Act 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that except for the effects of the matter described in the Basis for Qualified Opinion paragraph:
 - a. We have sought and, except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2013;
 - e. Based on the notification No., GSR 463(E) dated 05/06/2015 issued by the Ministry of Corporate Affairs, Government of India, the requirement under subsection (2) of section 164 of the Act regarding disqualification of directors, does not apply to the Company being a Government Company.
 - f. With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure - B'.
 - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



- (a) the company has not disclosed the impact, if any, of pending litigations on its financial position in its financial statement;
- (b) the company has made provision, as required under any law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;
- (c) There has been no delay in transferring amounts of dividend to shareholders and hence company is not required to transfer any amount to the Investor Education and Protection Fund by the company.

As required by section 143(5) of the act, we give in the Annexure a report on the directions and sub-directions issued by the Comptroller and Auditor General.

For MALLYA & MALLYA
Chartered Accountants
Firm Regn No: 001955S

Sd/-
(C S Prashanth)
Partner
M.No: 218355

Place: Bengaluru
Date : 18-12-2017



ANNEXURE-A TO AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2017, we report that:

- i) In respect of its fixed assets :
 - a) The Company has maintained proper records showing full particulars including quantitative details and location of the fixed assets.
 - b) *The fixed assets have been physically verified by the management. In our opinion the frequency of verification is reasonable. However Physical verification statements have not been reconciled with the fixed asset register and difference if any remained unadjusted.*
 - c) The title deeds of all the immovable properties of the company shown under the fixed assets schedule are held in the name of company.

- ii) In respect of its Inventory :

As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable.

- iii) The company has not granted loans, secured or unsecured, to the companies, firms, LLP's, or other parties covered in the register maintained u/s 189 of the act.

- iv) The company has not given any loans / guarantees in as per provisions of section 185. During the year, the Company has not made any investment in an associate company to which the provisions of section 186 of the Companies Act, 2013 apply.

- v) The company has not accepted deposits to which the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed thereunder and the directions issued by the RBI are applicable. Hence paragraph 3(v) of CARO is not applicable to the company.

- vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the activities undertaken by the Company. Thus paragraph 3 (vi) of CARO is not applicable to the company.

- vii) According to the information and explanation given to us and according to the books and records as produced and examined by us, in respect of statutory dues and other dues:

- a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Excise Duty, Custom Duty, Service Tax, Cess and other statutory dues with the appropriate authorities during the period wherever applicable, barring few cases of delays in payment of Provident fund and TDS under Income Tax.
- b) No disputed amounts in respect of statutory dues, including Provident Fund, Investor Education and Protection Fund, Income Tax Wealth Tax, Custom Duty, Cess and other statutory dues as at 31st March 2017 except Excise Duty Rs 1.86 Lakhs, Demand from Commercial tax department Rs.360.59 Lakh, Assessment for the Assessment Year 2013-14 has been completed with a demand of Rs.11.12 crores and for the Assessment Year 2012-13 refundable amount of Rs.8.24Cr has been decreased to Rs. 1.80Cr. The Company has gone for appeal against the orders.
- viii) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to its bank
- ix) According to the information and explanations given to us the term loan availed by the company from HUDCO borrowed as a Nodal Agency for GOK for implementation of Swacha Gram Yojana is cleared and there is no amount outstanding in the books.
- x) Based upon the audit procedures performed and information and explanation given by the management, we report that no fraud by the company and no fraud on the company by its officers/ employees has been noticed or reported except in 5 projects where there was shortage of material at site with an amount Rs.172.52 Lakhs.
- xi) Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii) The company is not a Nidhi Company and therefore clause 3(xii) of the Order is not applicable to the company.
- xiii) The company has not entered into any related party transactions as envisaged in sections 177 and 188 of Companies Act, 2013.
- xiv) The company has not made any preferential allotment / private placement of shares during the year and therefore clause 3(xiv) of the order is not applicable to the company.



- xv) The Company has not entered into any non-cash transactions with directors/ persons with him and therefore clause 3(xv) of the Order is not applicable to the Company.
- xvi) In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India act 1934.

For MALLYA & MALLYA
Chartered Accountants
Firm Regn No: 001955S

Sd/-
(C S Prashanth)
Partner
M.No: 218355

Place: Bengaluru
Date : 18-12-2017

'ANNEXURE B' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Karnataka Rural Infrastructure Development Limited (CIN: U75112KA1974SGC002613) (hereinafter referred to as "the Company") which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the, which is company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that,

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2017

The company did not have an appropriate internal control system in the below listed areas:

1. The internal control system needs to be strengthened in the areas relating to accounts payables, loans & advances and security deposit from employees. Refer Point 1 of Basis for Qualified Opinion paragraph.
2. The Internal control system needs to be strengthened in the area of timely updation of Work in Progress (WIP) register and recognition of final bills. Refer Point 2 & 3 Basis for Qualified Opinion of paragraph.
3. The Internal control system needs to be strengthened in the area of reconciliation of VAT liabilities on month on month basis. Refer Point 5 of Basis for Qualified Opinion paragraph.
4. The Internal control system needs to be strengthened in the area of obtaining external confirmations from debtors, creditors, loans and advances. Refer Point 1 of Emphasis of matter paragraph.

A 'material weakness' is deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on timely basis.



In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31 2017, based on the internal control over financial reporting criteria established by the company considering the essential components of the internal control stated in the guidance not on audit of internal financial controls over financial reporting issued by the institute of chartered Accountants India

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit testes applied in our audit of the March 31, 2017 financial statements of the company, and these material weaknesses does not affect our opinion on the financial statements of the company.

For MALLYA & MALLYA
Chartered Accountants
Firm Regn No: 001955S

Sd/-
(C S Prashanth)
Partner
M.No: 218355

Place: Bengaluru
Date : 18-12-2017



ಕಾರ್ಪೊರೇಟ್ ಸಾಮಾಜಿಕ ಬದ್ಧತೆ (ಸಿಎಸ್‌ಆರ್)



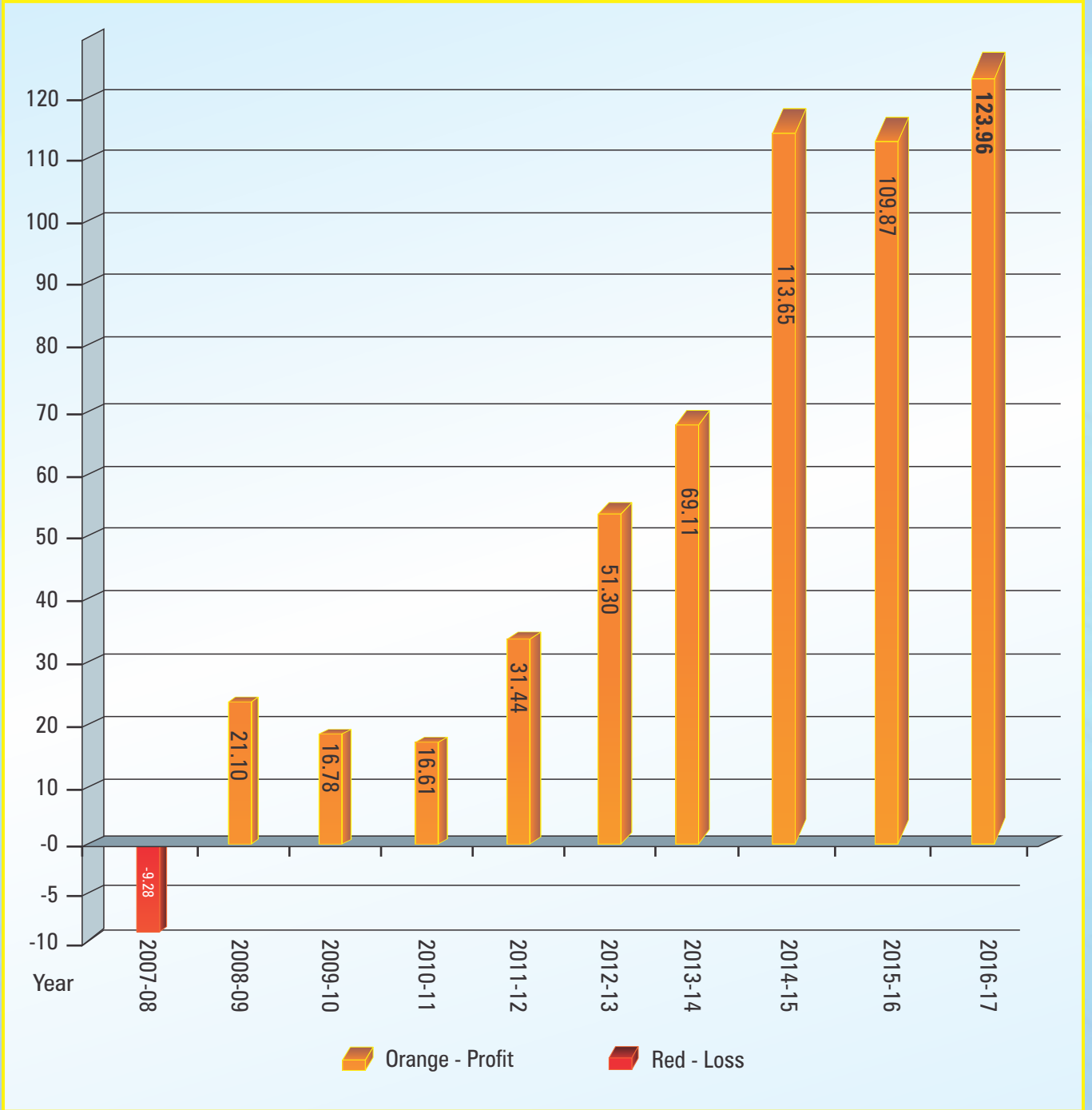
ರಾಜ್ಯದ ಮೂಲ ಸೌಕರ್ಯ ಅಭಿವೃದ್ಧಿಗೊಳಿಸುವುದರ ಜೊತೆ ಅನೇಕ ಜನಪರ ಸಮಾಜಮುಖಿ ಕಾರ್ಯಕ್ರಮಗಳಲ್ಲಿ ತೊಡಗಿಸಿಕೊಳ್ಳುವುದರಲ್ಲಿ ಕೆಆರ್‌ಐಡಿಎಲ್ ಅಗ್ರ ಸ್ಥಾನದಲ್ಲಿದೆ.

ಪ್ರಸ್ತುತ 2017-18ನೇ ಸಾಲಿನಲ್ಲಿ ನಿಗಮವು ಒಟ್ಟು ರೂ. 7.27 ಕೋಟಿಗಳನ್ನು ಸಿ.ಎಸ್.ಆರ್. ಯೋಜನೆಯಡಿ ಬರುವ ಕೆಲಸಗಳಾದ ಕುಡಿಯುವ ನೀರು ಪೂರೈಸುವುದು, ಬಡರೋಗಿಗಳಿಗೆ ವೈದ್ಯಕೀಯ ಸೌಲಭ್ಯ ನೀಡುವುದು, ಬಡ ವಿದ್ಯಾರ್ಥಿಗಳಿಗೆ ವಿದ್ಯಾಭ್ಯಾಸ ನೀಡುವುದು, ವೃದ್ಧಾಶ್ರಮ ನಡೆಸುವುದು, ಶಾಲೆಗಳ ನಿರ್ಮಾಣ, ವಿದ್ಯಾರ್ಥಿಗಳ ವಸತಿಗೃಹಗಳ ನಿರ್ಮಾಣ ಹಾಗೂ ಇತರೆ ಕೆಲಸಗಳಿಗಾಗಿ 54 ಸಂಘ-ಸಂಸ್ಥೆಗಳಿಗೆ ದೇಣಿಗೆ ನೀಡಿರುತ್ತದೆ.



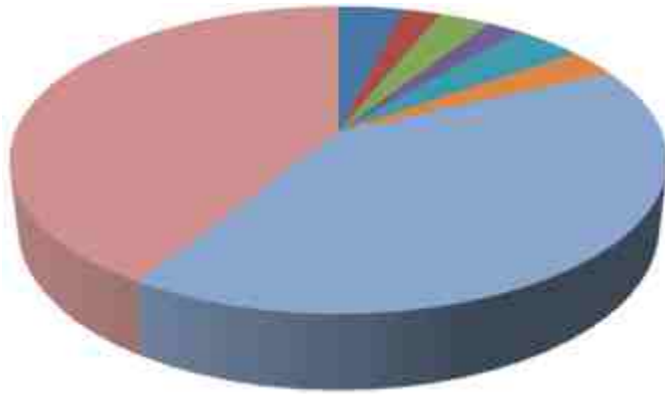
ನಿಗಮವು ಕಳೆದ 10 ವರ್ಷದಿಂದ ಇಲ್ಲಯವರೆಗೆ ಸಾಧಿಸಿದ ಲಾಭ/ನಷ್ಟ (ರೂ. ಕೋಟಿಗಳಲ್ಲಿ)

Profit / Loss of the Company in the Past 10 years
NET PROFIT/LOSS (Rs. In Crore)



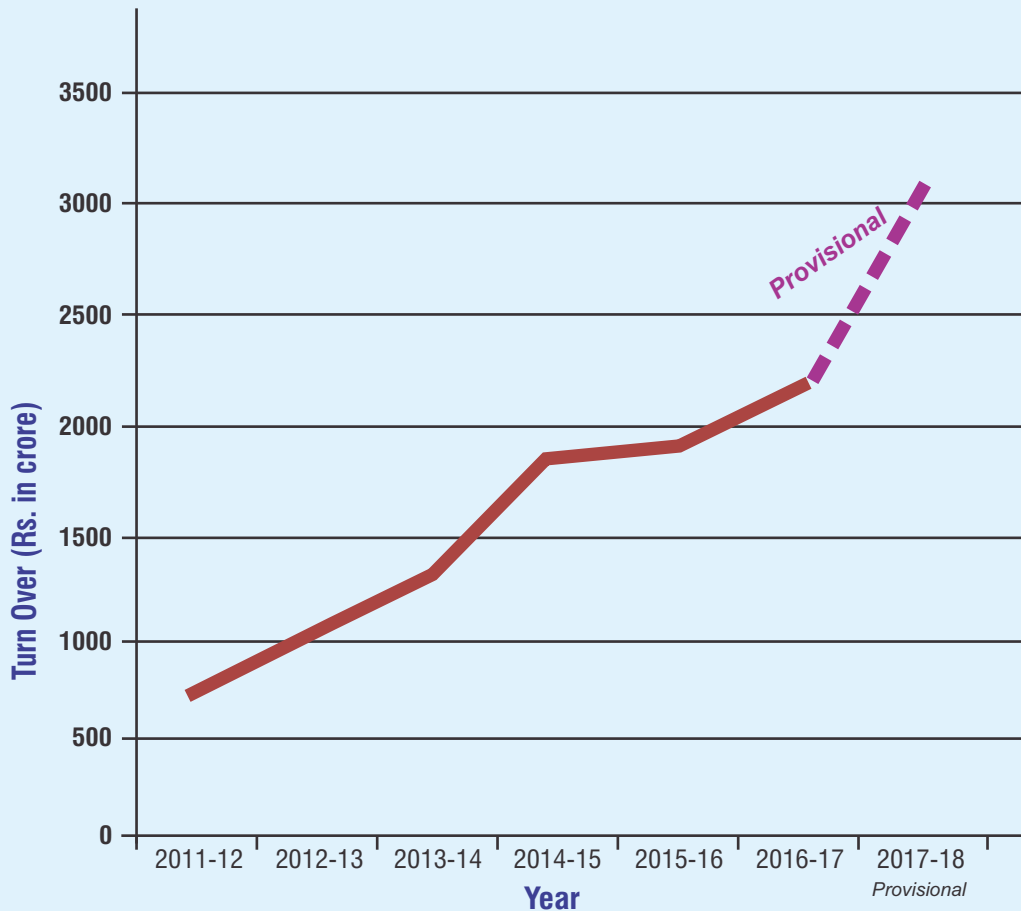
Breakup of Value of Work Done During 2016-2017

(Rs.in crore)



Suvarna Grama Yojana	77.07
Social Welfare	58.58
Veterinary	68.00
RDPR	43.42
Education	90.50
Pure Drinking Water Project	65.75
BBMP Works	913.44
Others	923.32
Total	2240.08

- Suvarna Grama Yojana
- Social Welfare
- Veterinary
- RDPR
- Education
- Pure drinking water projects
- BBMP Works
- Others



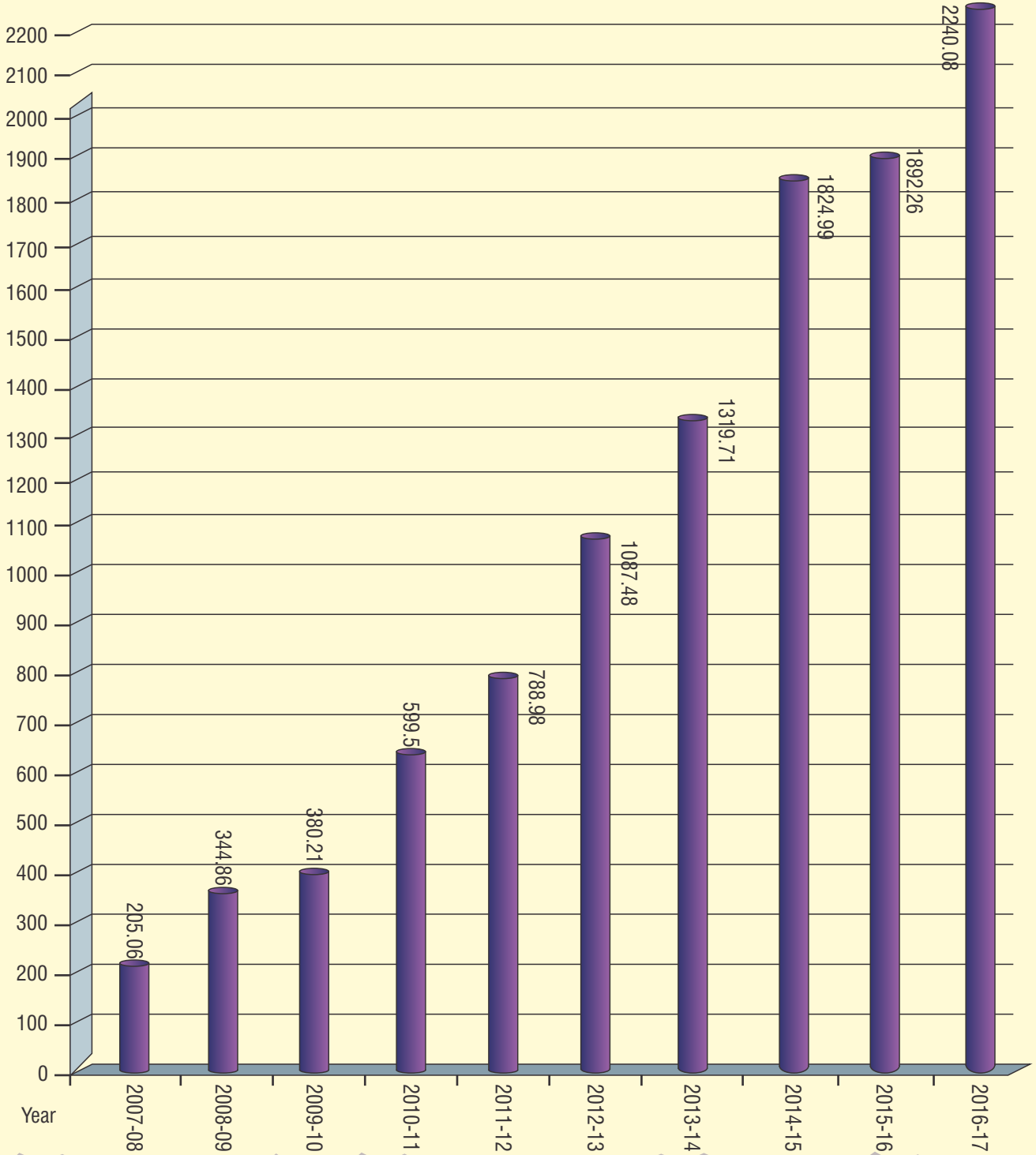
**Turn Around
of the
Company**

(Rs.in crore)

2011-12	788.98
2012-13	1087.48
2013-14	1319.71
2014-15	1824.99
2015-16	1842.95
2016-17	2240.08
2017-18	3152.00 <i>Provisional</i>

ನಿಗಮವು ಕಳೆದ 10 ವರ್ಷದಿಂದ ಇಲ್ಲಯವರೆಗೆ ನಾಡಿಸಿದ ಪ್ರಗತಿ (ರೂ. ಕೋಟಿಗಳಲ್ಲಿ)

Performance of the Company in the past 10 years Turn Over (Rs. in Crore)



Balance Sheet as at 31st March, 2017

(Amount in Lakhs)

Particulars	Note No	Figures at the end of current reporting period 31st March, 2017		Figures at the end of previous reporting period 31st March, 2016	
I. Equity & Liabilities					
1. Shareholders' Funds					
(a) Share Capital	2	1,225.00		1,225.00	
(b) Reserves & Surplus	3	53,915.14	55,140.14	42,248.70	43,473.70
2. Share Application Money Pending for Allotment		-	-	-	-
3. Non-Current Liabilities					
(a) Long Term Borrowings		-		-	
(b) Other Long Term Liabilities	4	104.75	104.75	86.80	86.80
4. Current Liabilities					
(a) Trade Payables :i) MSME		-		-	
ii) Non MSME	5	11,649.61		8,634.84	
(b) Other Current Liabilities	6	7,62,390.61		5,66,875.86	
(c) Short Term Provisions	7	4,480.26	7,78,520.48	4,740.30	5,80,251.00
TOTAL			8,33,765.37		6,23,811.50
II Assets					
1. Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	8	4,141.68		4,054.70	
(ii) Intangible Assets		2.60		0.98	
(iii) Capital Work-in-Progress		704.94		588.29	
(b) Deferred Tax Assets (Net)	9	1,614.33		1,434.93	
(c) Long Term Loans & Advances	10	22,300.53	28,764.08	17,378.06	23,456.96

(Amount in Lakhs)

Particulars	Note No	Figures at the end of current reporting period 31st March, 2017		Figures at the end of previous reporting period 31st March, 2016	
2. Current Assets					
(a) Inventories	11	5,59,303.79		4,37,747.71	
(b) Trade Receivables	12	1,506.59		1,791.96	
(c) Cash & Cash Equivalents	13	2,42,024.13		1,58,734.04	
(d) Other Current Assets	14	2,166.78		2,080.83	
			8,05,001.29		6,00,354.54
TOTAL			8,33,765.37		6,23,811.50

See accompanying notes (1 - 38) to the financial statements

To be read with our report of even date

For Mallya & Mallya

Chartered Accountants
Firm Regn. No. 001955S

Sd/-
(C.S.Prashanth)
Partner
M No. 218355

For and on behalf of the board

Sd/-
(Dr. R. Raju, IFS)
Managing Director

Sd/-
(Dr. Bhoovanahalli Nagaraj)
Director

Sd/-
(H. M. Mukundappa)
Chief Finance Officer

Place : Bengaluru

Date : 18.12.2017

Statement of Profit & Loss for the year ended 31st March, 2017

(Amount in Lakhs)

Particulars	Note No	Figures for the current reporting period ended 31st March, 2017	Figures for the previous reporting period 31st March, 2016
I. Revenue from operations	15	2,24,008.06	1,89,262.12
			11,714.71
II. Other Income	16	14,133.94	
III. Total Revenue		2,38,142.00	2,00,976.83
IV. Expenses			
(a) Cost of Materials Consumed & Other works expenses	17	2,10,048.52	1,75,260.46
(b) Employee Benefit Expenses	18	5,270.04	5,342.61
(c) Depreciation and Amortisation Expenses	8	213.71	178.40
(d) Other Expenses	19	3,695.28	3,046.87
V. Total Expenses		2,19,227.55	1,83,828.34
VI. Profit before tax		18,914.45	17,148.49
VII. Tax Expense			
(a) Current Tax		6,604.10	6,260.45
(b) Earlier Tax		92.98	-
(c) Wealth Tax Earlier Year		0.11	-
(d) Add/(Less) Deferred Tax Liabiltiy/(Asset)		(179.40)	(99.66)
VIII. Profit/ (Loss) for the period		12,396.66	10,987.70

(Amount in Lakhs)

Particulars	Note No	Figures for the current reporting period ended 31st March, 2017	Figures for the previous reporting period 31st March, 2016
IX. Earning per equity share			
Basic & Diluted (in Rs)		10,120	8,970
X . Number of shares used in computing Basic and Diluted earnings per share	2(a)	1,22,500	1,22,500

See accompanying notes (1 - 38) to the financial statements

To be read with our report of even date

For Mallya & Mallya

Chartered Accountants
Firm Regn. No. 001955S

Sd/-
(C.S.Prashanth)
Partner
M No. 218355

For and on behalf of the board

Sd/-
(Dr. R. Raju, IFS)
Managing Director

Sd/-
(Dr. Bhoovanahalli Nagaraj)
Director

Sd/-
(H. M. Mukundappa)
Chief Finance Officer

Place : Bengaluru

Date : 18.12.2017

Cash Flow Statement for the year ended 31st March 2017

(Amount in Lakhs)

Particulars	For the year ended on 31st March, 2017	For the year ended on 31st March, 2016
I CASH FLOWS FROM OPERATING ACTIVITIES :		
Net Profit/(Loss) before taxation	18,914.45	17,148.49
Adjustments for:		
Depreciation	223.35	183.48
Interest income	(11,549.47)	(11,037.25)
Dividend Income	-	-
Profit on sale of Fixed Assets	(1.40)	(3.36)
Operating Profit(Loss) before working capital changes	7,586.93	6,291.36
Decrease in Receivables	285.37	380.05
Increase in Inventories	(121,556.08)	(104,822.45)
Increase in Long Term Loans & Advances	(4,922.47)	206.42
Increase in Other Current Assets	(85.95)	(215.93)
Increase Trade Payables	3,014.77	3,958.06
Increase in Other Long Term Liabilities	17.95	(4,623.70)
Increase in Other Current Liabilities	195,514.75	120,921.95
Increase in Short Term Provisions	(260.04)	503.83
Cash generated from operating activities	79,595.23	22,599.59
Income Tax Provision	(6,517.79)	(6,160.79)
Deferred Tax Provision	(179.39)	(99.66)
Net Cash Flow from operating activities (A)	72,898.05	16,339.14
II CASH FLOWS FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(314.09)	(197.91)
Sale of Fixed Assets	3.53	4.33
Purchase of Current Investments - Quoted	-	-
Decrease / (Increase) in capital work -in-progress	(116.65)	(183.42)
Interest Income from Fixed Deposits (Net)	11,549.47	11,037.25
Dividend Received	-	-
Net Cash Flow from Investing activities (B)	11,122.27	10,660.25

Particulars	(Amount in Lakhs)	
	For the year ended on 31st March, 2017	For the year ended on 31st March, 2016
III CASH FLOWS FROM FINANCING ACTIVITIES :		
Borrowings repaid during the year	-	-
Dividend provision including dividend distribution tax	(730.22)	(601.79)
Net cash from financing activities (C)	(730.22)	(601.79)
Net Increase in Cash and Cash equivalents (D) (A+B+C)	83,290.10	26,397.61
Cash & Cash equivalents at the beginning of the year	158,734.04	132,336.43
Cash & Cash equivalents at the end of the year	242,024.13	158,734.04

See accompanying notes (1 - 38) to the financial statements

To be read with our report of even date

For Mallya & Mallya

Chartered Accountants
Firm Regn. No. 001955S

Sd/-
(C.S.Prashanth)
Partner
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For and on behalf of the board

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(Dr. R. Raju, IFS)
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Director

Sd/-
(H. M. Mukundappa)
Chief Finance Officer

Place : Bengaluru

Date : 18.12.2017

Note No 1. Significant Accounting Policies

i. Accounting Convention:

The Company maintains its accounts on accrual basis except the recoveries from company's staff in respect of material shortage etc. and reimbursement of administrative expenses from PMGSY sponsored by Government of India, which are accounted on actual recovery/ receipt basis.

ii. Use of Estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Practices requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements, and the reported amounts of revenue and expenses during the reported year. Examples of such estimate include provision for doubtful debts, income taxes, future obligation under employee retirement benefit plans, Incentives payable on sales (net of returns) etc. Actual results could differ from those estimates. Differences, if any, between the actual results and estimates are recognized in the period in which the results are known.

iii. Fixed Assets:

- a) Fixed Assets are stated at cost less depreciation and impairment loss if any.
- b) Depreciation on Fixed Assets is applied on the useful life of the Asset as per part 'C' of Schedule II of the Companies Act 2013.
- c) Expenses on Assets which do not result in enhancement of its value / benefit of an enduring nature is considered as revenue expenditure in the year in which it is incurred.

iv. Inventories:

- a) Stock of Construction materials are valued on FIFO basis at lower of cost or net realizable value.
- b) Sand, Jelly Murrum, etc., lying at work sites and are considered as materials consumed during the year.
- c) Scrap Materials are valued at estimated realizable value.
- d) Work-in-progress is arrived based on schedule of rate (SR) of PWD plus applicable KRIDL charges and VAT.

v. Revenue Recognition:

- a) In respect of works other than Clause (b) of this para, the revenue recognized is based on percentage of completion method which is assessed and certified by Executive Engineer / Assistant Executive Engineer of respective Projects / Works are valued at the Schedule of Rates of the year of PWD plus overhead/KRIDL charges ranging from 0% to 15% as per Government Directives. However, certain escalation and other claims, considered as receivable irrespective of obtaining the revised administrative approval and admission of claim by the Entrusting Agencies based on the Schedule of Rates (S.R).

The Overhead/KRIDL charges are accounted in accordance with Accounting Standard-7, based on the cost of work completed, details of KRIDL charges are as follows:

% of Work Done	% OF KRIDL Charges
0 to 25	0.00%
26 to 50	25%
51 to 75	50%
76 to 98	75%
99 to 100	97%
Final bills prepared	100%

b) Tender works:-

The savings/loss will be recognized on completion of the Tender work and on Final Bills accepted by the Tendered Authority. However the actual expenditure incurred and cost of work done are accounted as and when it is incurred. However, the billing will be done in line with the terms and conditions of the tender.

- c) Provision is made for foreseeable losses on the entire work done at the rate of 0.25% of unadjusted value of Work in Progress and at 1% of SR Works during the year.
- d) Revenue is recognized on accrual basis in respect of other income i.e., interest on FD/ FFD, Consultancy fee and other miscellaneous income.
- e) Dividend Income is recognized when the company's right to receive the payment is established.

**vi. Expenses:**

- I All costs incurred prior to securing the contracts are charged to revenue during the year in which the expenditure is incurred.
- ii. The cost attributable to contracts except depreciation are normally identified with reference to the contract and treated as direct works expenditure. However, the costs which cannot be identified to a specific contract are charged as revenue expenditure in the year in which it is incurred.

vii. Retirement Benefits:

- a) Gratuity liability under the payment of Gratuity Act is provided for at the end of each financial year on the basis of Projected Unit Credit method under LIC Group Gratuity Scheme.
- b) The Company has provided Leave Salary on the assumption that such benefits are payable to all eligible employees on last day of the current accounting year.
- c) Retirement benefits in the form of Provident Fund and superannuation/ pension schemes whether in pursuance of any law or otherwise is accounted on accrual basis and charged to Profit and Loss account of the year. There are no other obligations other than the contribution payable to the respective trusts.

viii. Accounting for taxes on income:

- a) Income Tax is accrued in the same period in which revenue and expenses arise.
- b) Deferred tax is provided on all timing differences.

ix. Cash Flow Statement :

Cash flows are reported using the indirect method whereby profit before tax is adjusted for the effects of transaction of non cash nature. The cash flow from regular revenue generating, assets, financing activities and investing activities of the company are segregated.



x. Segment Reporting:

The company's operations are predominantly confined to execution of Civil works entrusted by Govt. Agencies. However considering the minuscule operation, the board has decided that there are no reportable segments other than the 'Execution of civil works'. Hence, information under Accounting Standard 17 is not required to be reported.

xi. Related Party Disclosures :

Since KRIDL is a Government of Karnataka Undertaking, disclosure in this regard is not applicable.

As per our report attached

For Mallya & Mallya

Chartered Accountants

Firm Regn. No. 001955S

Sd/-

(C.S.Prashanth)

Partner

M No. 218355

Place : Bengaluru

Date : 18-12-2017

For and on behalf of the board

Sd/-

(Dr. R. Raju, IFS)

Managing Director

Sd/-

(Dr. Bhoovanahalli Nagaraj)

Director

Sd/-

(H. M. Mukundappa)

Chief Finance Officer

Notes forming part of Balance Sheet as at 31st March, 2017

(Amount in Lakhs)

2. SHARE CAPITAL		
Particulars	As At 31st March, 2017	As At 31st March, 2016
Authorised 150000 Equity Shares of Rs.1000/- each (PY 150000 Equity Shares of Rs.1000/- each)	1,500.00	1,500.00
Issues, Subsribed and Fully Paid-Up 122,500 Equity Shares of Rs.1,000/- each fully paid up (PY.122,500 Equity Shares of Rs.1,000/- each fully paid up) (of the above 1,296 Equity Shares of Rs. 1,000/- Each are allotted as fully) Rs.1,000/- Each Are Allotted as fully paid up pursuant to a contract without payment being received in cash	1,225.00	1,225.00
Total	1,225.00	1,225.00

2(a). The reconciliation of number of shares outstanding is set out below

Particulars	As At 31st March, 2017		As At 31st March, 2016	
	No of Shares	Amount	No of Shares	Amount
No of shares at the beginning	122,500	1225.00	122,500	1225.00
Add / (Sub): Additions / (Deletions) made during the year	-	-	-	-
No of shares at the end	122,500	1225.00	122,500	1225.00

2(b). The details of shareholding more than 5% shares is set out below

Name of the Share Holder	As At 31st March, 2017		As At 31st March, 2016	
	No of Shares	% as held	No of Shares	% as held
Honourable Governor of Karnataka	122,495	99.996%	122,495	99.996%
TOTAL	122,495	99.996%	122,495	99.996%

(Amount in Lakhs)

3. RESERVES AND SURPLUS		
Particulars	As At 31st March, 2017	As At 31st March, 2016
(a) Capital Reserve		
Opening Balance	2.28	2.28
Add: Transferred from Surplus	-	-
Closing Balance (a)	2.28	2.28
(b) Revaluation Reserve		
Opening Balance	3,206.75	3,206.75
Add: During the Year		
Less: Land - Freehold Returned back		
Add: Transferred from Surplus	-	-
Closing Balance (b)	3,206.75	3,206.75
(c) General Reserve		
Opening Balance	7,000.00	6,000.00
Add: Transferred from Surplus	1,000.00	1,000.00
Closing Balance (c)	8,000.00	7,000.00
(d) Profit & Loss A/C		
Opening Balance	32,039.67	22,653.76
Add: Net Profit Transferred from P & L A/C	12,396.66	10,987.70
Amount available for appropriations	44,436.33	33,641.46
Appropriations:		
Amount transferred to General Reserve	(1,000.00)	(1,000.00)
Interim Dividend Paid	(355.00)	(255.00)
Proposed Dividend	(245.00)	(245.00)
Dividend Distribution Tax (pre-year)	-	-
Dividend Distribution Tax	(130.22)	(101.79)
Closing Balance (d)	42,706.11	32,039.67
TOTAL (a+b+c+d)	53,915.14	42,248.70

(Amount in Lakhs)

4. OTHER LONG TERM LIABILITIES		
Particulars	As At 31st March, 2017	As At 31st March, 2016
Others	104.75	86.80
TOTAL	104.75	86.80

(Amount in Lakhs)

5. TRADE PAYABLES		
Particulars	As At 31st March, 2017	As At 31st March, 2016
i) MSME	-	-
ii) Non MSME :	-	-
Sundry creditors	10,736.49	8,349.13
Security Deposits	913.12	285.71
TOTAL	11,649.61	8,634.84
5 (a). Sundry Creditors and Security Deposit are subject to reconciliation.		
5 (b). Due to Micro & Small Scale Industries Rs. Nil (P.Y. Rs.Nil)		

(Amount in Lakhs)

6. OTHER CURRENT LIABILITIES		
Particulars	As At 31st March, 2017	As At 31st March, 2016
Other Loans and Advances		
- Advance received from Entrusting Agencies		
Balance as on 01-04-16	5,21,201.30	4,08,240.14
ADD/(LESS): Adjustment of earlier years	(1,091.24)	(2,107.02)
	5,20,110.06	4,06,133.12
ADD: Received during the year	2,60,414.09	2,02,022.84
	7,80,524.15	6,08,155.96
LESS: Adjusted for the work done	1,03,563.47	85,142.26
LESS: Adjusted for the Labour Cess / Tax	2,149.88	1,812.40
TOTAL	6,74,810.80	5,21,201.30
Statutory Liabilities		
- Vat Payable	1,981.39	380.70
- Labour Cess / Tax	-	-
	1,981.39	380.70
Other Liabilities		
	80,289.56	38,883.38
- Outstanding Liabilities for Expenses	4,330.52	5,502.33
- Others	978.18	907.99
- Interest accrued and due to HUDCO	0.16	0.16
	5,308.86	6,410.48
Total B (a+b+c)	87,579.81	45,674.56
TOTAL	7,62,390.61	5,66,875.86
6 . Amounts received from various Entrusting Agencies have been clubbed under one account and the same is subject to reconciliation and which includes Rs. 2.23 Crores payable to EA's after adjustment of Final Bills (previous year Rs.3.74 crores).		



(Amount in Lakhs)

7. SHORT TERM PROVISIONS		
Particulars	As At 31st March, 2017	As At 31st March, 2016
- Exgratia	1,577.05	1,277.34
- Terminal Leave Salary	2,608.33	2,561.83
- Wealth Tax	-	11.80
- Dividend and Dividend Tax	294.88	889.33
TOTAL	4,480.26	4,740.30
<p>7 (a). The Company has provided terminal leave benefit of Rs.2608.33 lakhs (P.Y 2561.83 lakhs) based on the actual amount due to the employees on the last day of the Financial Year however the same has not been funded.</p> <p>7 (b). The Company has provided Exgratia for all Regular employees @ One Months basic + DA, subject to approval from GOK, however since three years, including Current Financial Year, the same has not been approved by GOK.</p>		

NOTE - 08 : FIXED ASSETS AS AT 31st MARCH 2017

(Amount in Lakhs)

SL NO	PARTICULARS	Life of Assets- yrs	GROSS BLOCK			DEPRECIATION BLOCK					NET BLOCK					
			AS ON 1.04.2016	ADD FOR THE PRE. YEAR	DEL FOR YEAR	AS ON 31.03.2017	AS ON 1.04.2016	ADD FOR THE PRE. YEAR	DEL FOR YEAR	AS ON 31.03.2017	AS ON 31.03.2017	AS ON 31.03.2016				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
i	Tangible Assets															
1	LAND															
	a) Free Hold Land		3253.94					3253.94							3253.94	
	b) Lease Hold Land		153.59		136.71		9.64	280.66							280.66	153.59
2	BUILDINGS	60	247.88					247.88	117.16		6.24			123.40	124.48	130.72
3	PLANT & Equipments	15	334.22		0.49			334.71	306.84		2.96			309.80	24.91	27.38
4	FURNITURE & FIXTURES	10	175.22		17.56			192.78	124.21		14.48			138.69	54.09	51.01
5	OFFICE EQUIPMENTS	5	129.08		12.28			141.36	87.24		19.92			107.16	34.20	41.84
6	ELEFC&ELECTRONICS EQUIPMENT	10	97.75		37.58		3.88	131.45	29.63		25.58		3.38	51.83	79.62	68.12
7	MOTOR VEHICLES	8	661.43		78.20		17.23	722.40	406.72		93.59		15.59	484.72	237.68	254.71
8	COMPUTER & ACCRS	3	304.73		29.34			334.07	231.37		50.62			281.99	52.08	73.36
9	MOTOR CYCLE	8	0.38					0.38	0.35		0.01			0.36	0.02	0.03
	TOTAL		5358.22	0.00	312.16	0.00	30.75	5639.63	1303.52	0.00	213.39	0.00	18.97	1497.95	4141.68	4054.70
	PREVIOUS YEAR		5195.54	0.00	197.93	0.00	35.25	5358.22	1154.93	0.00	177.76	0.00	29.17	1303.52	4054.70	4040.61
ii	Intangible Assets															
10	Computer Softwares	6	2.01	0	1.93			3.94	1.03		0.31			1.34	2.60	0.98
	TOTAL		2.01	0.00	1.93		0.00	3.94	1.03	0.00	0.31		0.00	1.34	2.60	0.98
	PREVIOUS YEAR		2.01	0	0	0	0	2.01	0.39	0.00	0.64		0.00	1.03	0.98	1.62
ii	CAPITAL WORK IN PROGRESS															
10	CAPITAL W.I.P		588.29	0.00	116.65		0.00	704.94	0.00		0.00			0.00	704.94	588.29
	TOTAL		588.29	0.00	116.65		0.00	704.94	0.00		0.00		0.00	0.00	704.94	588.29
	PREVIOUS YEAR		404.87	0.00	183.42		0.00	588.29	0.00		0.00		0.00	0.00	588.29	404.87

NOTE : 1) Out of the allotted land of 87120 sft at Sy.No.42 at Singhasandra Village, 4865 sft acquired by NHAI not included in the land value.

2) Capital work in progress also includes Rs.6.05 lakhs pertains to construction of office building at Gulbarga to Revenue Department in exchange of Office premises already handed over to the Company.

(Amount in Lakhs)

9. DEFERRED TAX ASSET (NET)		
Particulars	As At 31st March, 2017	As At 31st March, 2016
Related to Fixed Assets	249.11	241.91
Related to Disallowance as per IT Act	1365.22	1193.02
TOTAL	1614.33	1434.93

(Amount in Lakhs)

10. LONG TERM LOANS & ADVANCES		
Particulars	As At 31st March, 2017	As At 31st March, 2016
Advances Recoverable in Cash or in Kind or For Value to be Received		
a) Advance With Govt.And Public Bodies	12,815.70	10,220.38
b) Deposits With Govt.And Public Bodies	678.48	664.72
c) Others	8,806.35	6,492.96
TOTAL	22,300.53	17,378.06

(Amount in Lakhs)

11. INVENTORIES		
Particulars	As At 31st March, 2017	As At 31st March, 2016
a) Inventories values are as certified by Management		
- Construction Materials	6,694.33	5,465.24
- Scrap Materials	0.56	0.44
(a)	6,694.89	5,465.68
b) Value of Work Pending Adjustment		
Balance as on 01-04-2016	4,35,045.84	3,31,133.99
LESS: Adjustment of Earlier Years	-	-
	4,35,045.84	3,31,133.99
ADD: During the year	2,21,874.06	1,88,230.25
LESS: Adjusted for the Work Done	6,56,919.90	5,19,364.24
	(1,00,907.41)	(84,318.40)
LESS: Loss on Works	5,56,012.49	4,35,045.84
	(3,467.69)	(2,826.62)
	5,52,544.80	4,32,219.22
ADD : Work in Progress - Deffered Allocation	64.10	62.81
(b)	5,52,608.90	4,32,282.03
TOTAL (a+b)	5,59,303.79	4,37,747.71

11 (a) Stock of construction materials are valued on FIFO basis at lower of cost or net realizable value. (b) Sand, Jelly Murrum, etc, lying at work sites are not valued and are considered as materials consumed during the year. (c) Scrap materials are valued at estimated realizable value. (d) The financial Irregularities of Rs. 48.81 crores now revised to Rs. 56.59 crore after verification of accounts as well as physical verification of works. Six sittings were made by the Commission till December 2017.

(Amount in Lakhs)

12. TRADE RECEIVABLES		
Particulars	As At 31st March, 2017	As At 31st March, 2016
a) Trade receivables outstanding for a period of less than six months from the date they are due for		
- Secured, considered good	119.02	1,411.97
- Unsecured, considered good	-	-
- Doubtful debts	-	-
- Debts due by the directors or their officers of the company	-	-
(a)	119.02	1,411.97
b) Trade receivables outstanding for a period of exceeding six months from the date they are due for		
- Secured, considered good	1,387.57	379.99
- Unsecured, considered good	-	-
- Doubtful debts	-	-
- Debts due by the directors or their officers of the company	-	-
(b)	1,387.57	379.99
TOTAL	(a+b) 1,506.59	1,791.96

(Amount in Lakhs)

13. CASH AND CASH EQUIVALENTS		
Particulars	As At 31st March, 2017	As At 31st March, 2016
Cash on Hand	0.03	0.02
Balance with Banks		
- In Current Accounts	22,749.75	19,741.77
- In S B Accounts	743.79	1,571.59
Bank Balances with other deposits		
- In Fixed Deposit Accounts	76,805.18	67,816.78
- In Fixed Deposit Accounts (Employees SD)	55.00	51.00
- In Flexible Fixed Deposit Accounts	1,35,183.04	65,475.66
- Others (Remittances in Transit)	6,487.34	4,077.22
TOTAL	2,42,024.13	1,58,734.04

(Amount in Lakhs)

14. OTHER CURRENT ASSETS		
Particulars	As At 31st March, 2017	As At 31st March, 2016
Interest accrued on FD, FFD, Investment etc.,	2,166.78	2,080.83
TOTAL	2,166.78	2,080.83

(Amount in Lakhs)

15. REVENUE FROM OPERATIONS		
Particulars	For the year ended on 31st March, 2017	For the year ended on 31st March, 2016
Value of work done during the Year	2,21,874.06	1,88,230.25
Add: Previous year Foreseeable loss on works	2,826.62	2,496.56
(Less): During the year Foreseeable loss on works	(3,467.69)	(2,826.62)
Less : Adjustment of earlier years	-	-
Add / (Less) Income from adjustment of Final bills	2,775.07	1,361.93
TOTAL	2,24,008.06	1,89,262.12

(Amount in Lakhs)

16. OTHER INCOME		
Particulars	For the year ended on 31st March, 2017	For the year ended on 31st March, 2016
Interest Income	6,541.51	5,214.03
Interest on CNFD / FFD	5,007.96	5,823.22
Profit on Sale of Assets	1.40	3.36
Other Net Operating Income (net of expenses directly attributable to such income)	1,508.77	297.89
Provision for Bad Debts W/B	-	-
Prior period Adjustment	1,074.30	376.21
TOTAL	14,133.94	11,714.71

(Amount in Lakhs)

17. Cost of Materials consumed and other Works Expenses		
Particulars	For the year ended on 31st March, 2017	For the year ended on 31st March, 2016
Materials	1,09,543.94	90,717.00
VAT	11,146.72	8,894.56
Cess on Works	68.86	69.90
Entry Tax	17.47	16.53
Wages	86,462.81	72,742.79
Freight And Carriages	420.65	400.73
Electrical Installation Charges	265.69	355.68
Other Works Expenditure	2,122.38	2,063.27
TOTAL	2,10,048.52	1,75,260.46

18. Employee Benefit Expenses		
Particulars	For the year ended on 31st March, 2017	For the year ended on 31st March, 2016
(I) Salaries, Wages & Allowances	4,610.39	4,829.63
(ii) Contribution to Provident Fund and Other Funds	598.70	492.37
(iii) Staff Welfare Expense	60.95	20.61
TOTAL	5,270.04	5,342.61

19. Other Expenses		
Particulars	For the year ended on 31st March, 2017	For the year ended on 31st March, 2016
Consumption of stores and spare parts		
Power & Fuel	162.74	165.67
Rent	122.93	100.56
Repairs to Buildings	121.56	39.98
Repairs to Machinery	5.98	4.29
Insurance	2.04	20.08
Rates and Taxes	16.71	5.61
Provision for Doubtful Advance	-	-
Bad Debts W/O	86.08	483.33
Corporate Social Responsibility	311.00	240.00
Miscellaneous Expenses	2,866.24	1,987.35
TOTAL	3,695.28	3,046.87

20. Disclosure, as required by Accounting Standard 19, "Leases", issued by the Institute of Chartered Accountants of India:

Operating Lease for assets taken on lease after 1st April, 2001.

a. Total of future minimum lease Payments.

(i) Not later than one year	Rs.27.50 lakhs.
(ii) Later than one year and not later than five years	Nil
(iii) Later than five years	Nil

b. Lease Payments recognized in the Profit and Loss account Rs.142.36 lakh.

Motor Cars and Equipments are obtained on operating lease. The lease terms range from six months to one year and are renewable at the option of the Company. The office premises and Godowns taken on lease for temporary period are not recognized.

21. During the year a sum of Rs.151.82 Lakhs (P.Y Rs. 8.42 Lakhs) has been charged to Profit & Loss Account towards difference in Gratuity liability of the fund and as ascertained by LIC using Projected Unit Credit method.

(Rs.in Lakhs)

Particulars	Gratuity Fund	
	As on 31.03.2017	As on 31.03.2016
Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Obligation at period beginning	3200.87	3082.02
Current service cost	89.35	92.52
Interest cost	256.07	246.56
Actuarial (gain)/ loss	84.98	(61.18)
Benefits Paid	(265.23)	(159.05)
Obligation at period end	3366.04	3200.87
Change in plan assets		
Plan Assets at period beginning, at fair value	3531.91	3407.12
Expected return on plan assets	264.15	283.85
Actuarial gain/ (loss)	0	0
Contribution	0	0
Benefits paid	(265.23)	(159.05)
Plan Assets at period end, at fair value	3530.83	3531.91
Reconciliation of present value of the obligation and the fair value of plan assets		
Fair value of plan assets at the end of the period	3530.83	3531.91
Present value of the defined benefit obligation at the end of the period	3366.04	3200.87
Asset/ (liability) recognized in the balance sheet	164.79	331.04

Particulars	Gratuity Fund	
	As on 31.03.2017	As on 31.03.2016
Expenses for the year (Refer Note A (i) below)		
Current service cost	89.35	92.52
Interest cost on benefit obligation	256.07	246.56
Expected return on plan assets	(264.15)	(283.85)
Net actuarial (gain)/ loss recognized in the year	84.98	(61.18)
Net cost	166.24	(5.95)

22. As per the Hon'ble Karnataka High Court orders, the daily wage employees have been enrolled to Provident Fund during January 1995. The Company contributed to Provident Fund of earlier years (1976-77 to 1993-94). As per the above order the Company has remitted a sum of Rs.45.76 lakhs during November 1997. This includes a sum of Rs.21.47 lakhs recoverable from employees towards their contribution. During the year the Corporation has recovered Rs.Nil (Previous year Rs.Nil) from the employees of the Corporation. The total recovered as on date is Rs.18.42 lakhs (Previous Year Rs.18.42 lakhs) and the balance amount to be recovered is Rs.3.05 lakhs (Previous Year Rs.3.05 lakhs).
23. For the year 2016-17, Company has provided for the following Fee payable to the Statutory Auditors.

(Rs. In lakhs)

Particulars	2016-17	2015-16
Statutory Audit	1.70	1.70
Tax Audit	0.80	0.80
Service Tax	0.45	0.38
Total	2.95	2.88

24. **Provision/write off of Bad Debt :** The Company is executing the works entrusted by the various Govt. Dept., and excess expenditure in execution of the works if any incurred over and above the funds received from the EA, the same is considered as receivable in the books of accounts during the year in which the final bill is accounted. Company makes efforts to get this excess expenditure from the EA's. However unrecovered expenses outstanding for a period more than 3 years are considered as doubtful debts and provisions are made in the books. As and when any amount is received against these provisions appropriate entries are passed.

The yearwise details of provision for doubtful debts for unrecovered expenses outstanding for a period for more than three years as doubtful debts. is Nil.

During the year the Company has written off as bad debts a sum of Rs.86.08 lakhs pertaining to the year 2013-14.

25. VAT:

VAT Payable on the work-in-progress for the year is subject to reconciliation with the Annual returns filed in Form No: 240 with the VAT authorities. Hence, difference if any is not ascertained.

26. INCOMETAX:

Assessment for the year 2011-12 has not been selected for Scrutiny.

27. Assessment of Assessment Years 2012-13 and 2013-14 has been completed with a demand of Rs.11.12 crores for the the Assessment Year 2013-14 and decreased in refundable amount of Rs. 6.45 crores for the Assessment Year 2012-13. Hence, the Company has gone on appeal against these orders. Further the Income Tax authority has recovered an amount of Rs. 11,45,20,796/- vide DD No. 14858 dated: 25.02.2016 against the demand of Rs. 11,11,85,240/- for the assessment year 2013-14 including interest.

28. INCOMETAX:

Assessment for the year 2015-16 is under Scrutiny.

29.

- a) The Company has written back certain vendor balances since 5 years amounting to Rs. 173.19 Lakhs (P.Y. Rs. 142.06 lakhs) during the year. Future claims if any shall be accounted as expenditure in the year in which such claims are paid.
- b) In respect of consultancy Income on DSERT work which was completed during 2003, the Company is entitled to Consultancy Charges @ 3% of the Contract Value. As per the terms and conditions, 2% of contract value has already been recognized as income. In view of pending settlement of Final bills, the balance 1% is yet to be recognized.
- c) During the year, the Company has recognized the deferred tax Asset of Rs. 179.35 lakhs, and net deferred tax as on 31.03.2017 is Rs. 1614.28 lakhs.

30. BCM Hostel:

Company has not recognized a claim for Rs.182.71 lakhs (Including Rs.55.54 lakhs liquidated damages levied/ deducted & Rs.127.17 lakhs which is due towards extra work done by the company) in the books of accounts in the preceding previous years, in respect of construction of BCM Hostels for the Department of Backward Classes, Government of Karnataka. Out of the above, Rs.145.03 lakhs is received during the FY 2009-10 against this claim and efforts are in progress to recover the balance amount.

31. JABALPUR – Project:

The Corporation had undertaken Madana & Kund Distributory work at Sihora, Jabalpur (MP) on 28.02.2005. A sum of Rs.201.29 lakhs paid towards EMD, performance S.D., S.D. with EA, Additional S.D. with EA, have been forfeited by the Entrusting Authority due to non-completion of work in scheduled time. The above sum has been grouped under Advance with Government and Public Bodies in Current Assets.

A sum of Rs.511.51 lakhs being advance paid upto 31.03.2008 to associate contractors for execution of work has been shown under Advances recoverable in Cash or in kind. Out of the above advance amount, the accounting bills are prepared and submitted to Headquarter by the project executives.

The matter of forfeiture of EMD performance S.D., S.D. with EA, Additional S.D. with EA of Rs.201.21 lakhs and the claim of Rs.5.24 crores as Income from execution of works is under Arbitration before the Honorable Madhya Pradesh Arbitration Tribunal Bhopal (Case No: 23/2012) Hearing of Arbitration is under progress. Pending the receipt of final Arbitration Award, necessary entries for recognizing the Income from works and adjustment of Advance would be made in the books of Accounts.

32. RAICHUR CASE:

Some of the representatives of Raichur district have complained to Hon'ble RDPR Minister stating that many works entrusted to KRIDL by various departments have half done and many works are lingering from many years. Based on these complaints, Hon'ble RDPR Minister has instructed for conducting an enquiry. An enquiry team was constituted under the chairmanship of Chief Engineer to report on the irregularities happened in Raichur of KRIDL.

The committee has given report stating that on prima facia Rs.48.81 Crores misappropriated by the officers of the division. After verification of the accounts, the figures are arrived at Rs.56.59 Crores. The Government wide its GO No.RDPR:02:KRIDL:2017, Bangalore dated 13.10.2017 has constituted Enquiry Commission headed by the Retired High Court Judge. All the Officers involved in the case are charge sheeted and enquiry is going on.

33. INVENTORY SHORTAGES:

The inventory shortages which are determined Rs. 172.52 lakhs (P.Y. Rs. 66.47 lakhs) has been treated as expenditure during the year. Total amount determined on account of inventory shortages/ false claim/ advance amount mis-used/ bad quality of works, of preceding previous years is Rs. 1198.46 lakhs (including current year). On receipt of the final recovery

proceedings from Administration Department, Accounts Department would initiate action against the concerned Employees for recovery.

An amount of Rs. 141.99 lakhs recovered as on 31/03/2017 from employees is reflected in the books as other Liabilities. Necessary entries will be passed after final determination of Liabilities.

34. Government of Karnataka while giving approval for implementation of 6th pay commission recommendations to KRIDL employees has imposed following conditions vide GO No.RDP 98 SGY 2012, Bangalore, dated 17.05.2013.

- a) KRIDL should take a decision in its ensuing Board meeting regarding interest earned on Government funds that it will not considered interest earned from Government funds as its income. But such interest can be used for (means, salary payments) implementation of such projects. If there is no requirement for such amount, the same may be returned to Government.
- b) KRIDL should finalise it's Accounts for the FY 2012-13 without considering interest income on Government funds as it's income.

By the time the above said Government Order was received, the finalization of Accounts for the FY 2012-13 was completed and Advance Income Tax was also paid. Hence the issue was placed before 174th Board meeting held on 03/03/2014 and Board approval was taken to implement Government Order from the financial year 2013-14 onwards.

KRIDL has earned Rs.11468.49 lakhs as total interest income for the FY 2016-17. The details are as follows.

1.	Interest on Fixed Deposits	Rs.6460.53 lakhs
2.	Interest on flexi deposits	Rs.5007.96 lakhs
	Total	Rs. 11468.49 lakhs

KRIDL is investing it's own funds in fixed deposits and the unutilized portion of Government funds which are released by Government of Karnataka and various Govt. Departments for execution of their works in Flexi deposits. This practice is being followed by KRIDL from several years.

Therefore interest on flexi deposits of Rs.5007.96 lakhs is considered as interest earned on Government Funds.

The condition number one of the Government Order says that *“but such interest can be used for (means, salary payments) implementation of such projects”*. The total Salary expense of the Company for the FY 2016-17 is Rs. 5270.04 lakhs.

Thus the total salary of the Company is Rs. 5270.04 lakhs for the FY 2016-17 and the interest income earned from investment of Government funds is Rs.5007.96 lakhs for the same period. Since Government is not giving any funds for meeting Administrative expenses of the Company and as per the above said Government Order which allows the Company to adjust interest earned on Government funds for payment of salary. The same is adjusted for Salary Payment during the year. Out of the surplus of Rs.480.61 lakhs of 2015-16, an amount of Rs.262.08 lakhs adjusted and the balance of Rs.218.53 lakhs will be utilized for salary payment in ensuing year.

35. INVESTMENT OF RS.55.00 CRORES AT INDIAN OVERSEAS BANK, KULAI BRANCH, MANGALORE.

The Company has made investment of Rs.20.00 crores on 24.08.2017 and Rs.35 crores on 30.08.2017 with Indian Overseas Bank, Kulai branch, Mangalore at 5.75% interest for a period of One year. Later during October,2017 in the fixed receipts issued by the bank are found to be fake and the Company has filed criminal case against the Kulai branch Manager and Regional Chief Manager, IOB wide case number 276/2017 on 30.10.2017.

The Government wide its order number RDPR 401 AFN 2017 Bangalore dated 02.11.2017 has suspended following Officers for their involvement in facilitating the Bank Manager and others to misappropriate company funds.

1. Dr. Veergouda Patil, Chief Finance Officer 1
2. Sri.M.V. Prashanth Kumar, Deputy Finance Officer
3. Sri.Shankarachary, Accounts Superintendent.

The Company also issued Legal Notice to Indian Overseas Bank, Central Office, Chennai on 20.11.2017 through Advocate for recovery of fixed deposit amount of Rs.55.00 crores and accrued interest there on.

36. LAND AT SINGASANDRA:

Deputy Commissioner Bangalore District has allotted 2 acres of Land to KRIDL., in survey No: 125 (Old 42) in Singasandra Village, Bangalore District, vide order no.LND-cr(s) 25-95-96 dated: 09/06/1998. Although the Land allotted to KRIDL., was during 1998, the

Company could not take due possession of Land due to encroachment of Land by the Private Party and dispute till 2007. During 2007 KRIDL., took the possession of Land with the help of Police and the Actual measurement is only 1.606 Acres. The amount paid to the Deputy Commissioner, Bangalore, for 2 acres of Land was Rs.11,08,935/-.

Out of total 2 acres (87120 sft) of Land, the Private Party has acquired 12559 sft of Land before taking possession by the KRIDL., and Government of India in their Gazettee notification no: SD/ 1279/ (E) dated: 10/08/2006 have acquired the land to the extent of 452 sqmtr (4865 sft) for the construction of elevated High Way from Bangalore to Hosur road, NH7. The compensation decided was Rs.24,37,808/-. KRIDL., is pursuing the release of compensation and the same is not released so far. The balance Land available with the Company is 69696 sft.

The Company had revalued the Land of 69696 sft during 2008-09. As per CAG Observation during 2013-14, the encroached Land by Private Party measuring 12559 sft is also accounted and revalued during 2014-15.

37. CONTINGENT LIABILITIES:

- a) Bank Guarantee are issued for Rs.24.37 lakhs (Previous Year Rs. 24.27 lakhs) for company's Tender and other works.
- b) Claim against Company and not acknowledged as debt is Rs.40.00 lakhs and interest thereon (previous year Rs.40.00 lakhs).
- c) The Corporation has not acknowledged claim of 12% KST amounting to Rs.424.57 lakhs demanded by various vendors on supply of bitumen to the Company since 2001-02. However in case of a vendor Rs.32.00 lakhs have been paid during the F.Y.2008-09 and this amount has been charged off during the same year.
- d) The Commercial Tax Department has demanded following amounts from 8 Divisions.

a) Bellary Division 2008-09	-	Rs.42.08 lakhs
b) Koppal Division 2008-09	-	Rs.120.40 lakhs
c) H.Hadagali Division 2008-09	-	Rs.120.95 lakhs
d) Bangalore Division 2006-07, 2007-08	-	Rs.77.16 lakhs
e) Raichur Division	-	Rs.359.18 lakhs
f) H.Hadagali Division 2010-11	-	Rs.210.83 lakhs

g) Koppal Division 2010-11	-	Rs.523.37 lakhs
h) Kittur Division 2010-11	-	Rs.210.83 lakhs
Total	-	Rs.1664.8 lakhs

The Company has gone appeal on all the above cases. The order is also passed with refund as shown below:

a) Bellary Division 2008-09	-	Rs.41.21 lakhs
b) Koppal Division 2008-09	-	Rs.96.56 lakhs
c) H.Hadagali Division 2008-09	-	Rs.65.18 lakhs
d) Bangalore Division 2006-07, 2007-08	-	Rs.77.85 lakhs
e) Raichur Division	-	Rs.37.61 lakhs
Total	-	Rs.318.41 lakhs

36. Previous year figures have been regrouped / reclassified wherever necessary to confirm to the current year's presentation in view of changes in schedule III of the Company Act 2013.

As per our report attached
For Mallya & Mallya
 Chartered Accountants
 Firm Regn. No. 001955S

For and on behalf of the board

Sd/-
(C.S.Prashanth)
 Partner
 M No. 218355

Sd/-
(Dr. R. Raju, IFS)
 Managing Director

Sd/-
(Dr. Bhoovanahalli Nagaraj)
 Director

Place : Bengaluru.
 Date : 18-12-2017

Sd/-
(H. M. Mukundappa)
 Chief Finance Officer

COMPLETED PROJECTS



COMPLETED PROJECTS



COMPLETED PROJECTS



UPCOMING PROJECTS



UPCOMING PROJECTS



UPCOMING PROJECTS

