

**Karnataka State Industrial & Infrastructure  
Development Corporation Limited**

**Regd. Office : 'Khanija Bhavan', 4<sup>th</sup> Floor, East Wing,  
# 49, Race Course Road, Bengaluru - 560 001.**

**CIN : U93000KA1964ULL001532**

**NOTICE**

**NOTICE** is hereby given that the 53<sup>rd</sup> Annual General Meeting of the Members of the Company will be held on **December 22, 2017 at 11.00 a.m.** at the Registered Office of the Company at Khanija Bhavan, 4<sup>th</sup> Floor, East Wing, # 49, Race Course Road, Bengaluru - 560 001 to transact the following business:-

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Balance Sheet as at 31st March 2017 and Statement of Profit and Loss for the year ended as on that date together with schedules and notes attached together with the Reports of the Directors to Members and Auditors thereon.
2. To take note of the appointment of M/s NVSM & Associates, Chartered Accountants by the office of Comptroller & Auditors General of India as Auditors and to fix their remuneration at Rs.2,00,000/- plus applicable taxes as had been fixed the previous year for the Financial Year 2017-18 by Comptroller & Auditor General of India and to fix their remuneration.

**SPECIAL BUSINESS :**

3. Donation to Chief Minister's Relief Fund.

"RESOLVED THAT, approval is hereby accorded to contribute Rs.2 crore to the Chief Minister's Relief Fund which is excess of 5% of the average net profits for three immediate preceding financial years as provided under Section 181 of the Companies Act, 2013.

**By order of the Board**

**Sd/-**

**(PRAHLADA RAO S.R.)  
COMPANY SECRETARY**

Place : Bengaluru

Date : 29.11.2017

**EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS UNDER  
SECTION 102 OF THE COMPANIES ACT, 2013**

**1 Donation to Chief Minister's Relief Fund**

A request had been received from the office of the Hon'ble Chief Minister of Karnataka requiring companies to make donations to the Chief Minister's Relief Fund. The beneficiaries of this fund are poor people who are in need of support for medical treatment and in many cases the situation will be very critical. In accordance with statement and in many cases the situation will be very critical. In accordance with Section 181 of the Companies Act, 2013 the company can contribute upto Rs.1.77 crore being 5% of the average net profits in the immediate preceding three financial years. It was felt by the Directors that it would be better to round off this amount to Rs.2 crore. Thus the amount will be Rs. 23 lakh in excess of the limit prescribed under Section 181 of the Company Act, 2013. As the purpose of the fund is to help need poor patients, the Directors have recommended to the General Meeting to approve making donation of Rs.2 crore to the Chief Minister's Relief Fund.

None of the Directors are interested in the resolution.

**NOTE:**

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself, Proxy need not be a member of the company. The instrument appointing the proxy and power of attorney, if any shall be deposited at Registered Office not less than 48 hours before the commencement of the Meeting.

To  
**THE MEMBERS,**

Your Directors have pleasure in presenting the 53<sup>rd</sup> Annual Report together with the Audited Financial Statement of the Corporation for the year ended March 31, 2017.

## A. PERFORMANCE HIGHLIGHTS:

(₹ in crores)

DETAILS	Standalone Financials		Consolidated Financials	
	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16
Gross Income	<b>66.93</b>	57.69	<b>1700.17</b>	1540.87
Total Expenses	<b>24.01</b>	12.57	<b>1564.02</b>	1414.79
Profit/(Loss) before depreciation and Income tax (PBDIT)	<b>42.92</b>	45.12	<b>136.15</b>	125.08
Depreciation	<b>3.96</b>	4.08	<b>7.43</b>	7.03
Exceptional/ Extraordinary Items	-	18.87	<b>0.13</b>	19.00
Profit /(Loss) before tax (PBT)	<b>38.96</b>	22.17	<b>128.58</b>	99.18
Provision for Income tax	<b>8.66</b>	2.90	<b>38.57</b>	25.57
Net Profit(PAT)/ (Loss)	<b>30.30</b>	19.27	<b>90.01</b>	73.60

The gross income on standalone financial statement was ₹ 66.93 crore and the profit before tax was ₹ 38.96 crore during the financial year (as against a gross income of ₹ 57.69 crore and profit before tax of ₹ 22.17 crore in the previous year). The net profit for the year ended March 31, 2017 was ₹ 30.30 crore after tax (as against a net profit of ₹ 19.27 crore in the previous year).

Though the Company has recorded a net profit of ₹ 30.30 crore after tax, the same is claimed as set off against its accumulated losses. Consequently, the Company is not able to pay any dividend to the shareholders.

The Corporation is following Mercantile System of Accounting. Under this system, the interest income on loans to industrial concerns has been recognized on accrual basis in respect of Standard Assets only as provided under Section 43D of the IT Act as well as RBI Guidelines in this regard. In respect of loans classified as Non Performing Assets (NPA), based on RBI guidelines, interest income is accounted on actual realization.

## B. EFFORTS FOR REVIVAL AND PROSPECTS :

No fresh loans were sanctioned during the year. OTS policy as approved and notified from October 1, 2012 has been continued upto March 31, 2018. A sum of ₹ 15.26 crore has been recovered during the year under report. Sustained efforts are being put in by the Company for recovery of loan dues from the residual NPA's. KSIIDC continued its focus on recovery from the existing advances and on the development of major projects in the infrastructure sector.

## C. RESOURCES :

### i) Recovery of Loans and Other Income :

As of March 31, 2017, the Corporation has earned a gross income ₹66.93 crore as against ₹ 57.69 crore for the same period in the previous year. Apart from recovery of ₹15.26 crore under the loan portfolio, the Company has earned about ₹ 30 crore by way of rent receipts and ₹9.18 crore by way of dividend income. Apart from this a sum of ₹ 11.70 crore by way of interest on fixed deposits.

### ii) Disinvestment:

There was no disinvestment of equity shares held by the Company that are listed in the Stock Exchange during the year due to volatility in share prices in the market. The Company has received a total dividend income of ₹9.18 crore for the financial year 2016-17 as against ₹4.74 crore during previous year recording an increase of about 98.06%.

## D. LIABILITIES:

As reported during last financial year your Company with the support of Government of Karnataka was able to successfully redeem the Cumulative Redeemable Preference Shares issued to IDBI and SIDBI under one time settlement scheme.

As a result the company was able to get a concession of ₹98.82 crore from IDBI and SIDBI. Your Company has issued equity share capital in favour of Government of Karnataka for the assistance they provided for redeeming the preference shares. Your Company has not resorted to any borrowing for its activities and is a debt free Company.

## E. PROMOTIONAL & DEVELOPMENTAL ACTIVITIES:

The major promotional and developmental activities undertaken by the Company during the year were as follows:

### i) **Development of Major Infrastructure Projects as Nodal Agency for GoK:**

- **Kempegowda International Airport (KIA) (Formerly Bengaluru International Airport)**

KIA, continued to perform well retaining its position as the 3<sup>rd</sup> largest airport in the country in terms of the passenger traffic. KIA has handled 22.88 million passengers in 2016-17 as compared to 18.97 million passengers in 2015-16 registering 20.6% growth. As per the audited financial figures, it has earned an income of ₹ 1,343.68 crore and earned a post tax profit of ₹ 565.38 crore for the FY 2016-17. KIA has initiated the process of planning of second runway and terminal. KSIIDC continued its role as the nodal agency in dealing with all important matters concerning the Government. The Company has been able to earn a dividend income of about ₹ 5 crore on its investment in KIA.

- **Devanahalli Business Park**

Keeping in view that this project is being developed on a prime land (strategically located adjacent to KIA), Consultants have been appointed (Consortium of M/s Stantec Consulting Pvt Ltd and M/s Jones Lang Lasalle Property Consultants Pvt Ltd) through Global Tender Process for development of alternative Project Concepts & preparation of detailed Master Plan. The Consultants have prepared alternate concept themes for development of the area as mentioned below:

1. Pure real estate
2. Design + Culture district
3. International business + Financial district
4. Innovation + Research district
5. Mixed use district

Out of the above "Mixed Use district" theme has been selected (consisting of (a) Research & Development (R&D) and Innovation (b) Design and Culture (c) Business and (d) Retail and Hospitality) and the Master Plan has been prepared. Based on market demand, disposal strategy has also been prepared; Empowered Committee (EC) in its meeting on 24.07.2017 has after

detailed deliberation approved the Master Plan, development & disposal strategy. After the approval of Government, trunk infrastructure and early bird projects to be tendered by IV quarter of 2017.

- **Gas Pipeline Project**

### I) **Trunk Pipeline:**

Laying of trunk pipeline with a design capacity of 16 MMSCMD of about 746 kms for transporting gas from Dabhol to Bangalore was taken up, completed & commissioned by GAIL (Spurlines are being laid to industrial areas by GAIL). Regarding Cochin to Mangalore / Bangalore pipeline, the project is under implementation in Tamil Nadu and Kerala.

### II) **City Gas Distribution (CGD) Project**

CGD networks would cater to the requirement of piped gas for industries, commercial establishment, homes and CNG for vehicles. GAIL Gas Limited has been the successful bidder in the tender called by the Petroleum & Natural Gas Regulatory Board (PNGRB) for providing CGD in the Bangalore Region and the project is under implementation.

Corporation was designated as the state Government's agency for entering into Joint Venture (JV) with GAIL / GAIL Gas Ltd., for formation of a Joint Venture Company (JVC). Memorandum & Articles of Association and Shareholder's Agreement have been approved by the Government and the company is being formed by GAIL Gas Ltd.

- **Tadadi Port**

Development of a Sea port at Tadadi on Public Private Partnership basis has been taken up and following is the status of the project:

- a) A special purpose company viz., "Tadadi Port Limited" has been incorporated;
- b) Detailed feasibility and Environmental Impact Assessment (EIA) reports have been prepared; Based on the EIA report prepared, the public hearing was held & CRZ clearance obtained
- c) Meeting of the Expert Appraisal Committee of MOEF & CC has recommended for

Environment clearance with about 27 conditions.

- d) On obtaining environmental clearance, tendering process (RFQ) will be initiated.

• **Bengaluru International Convention Centre Complex**

Development of a state-of-the-art International Convention Centre (ICC) on a 35 acre plot earmarked in the land reserved for the Devanahalli Business Park project adjacent to the Kempegowda International Airport.

Based on alternated concept plans prepared by the Consultant (Populous Design Pty Limited, Australia (Lead member)), Green house option under Garden City theme has been selected and approved by the Government.

**RFQ** advertisement for selection of **PPP** developer was issued in both national & international newspapers and the following two applications qualified for the next stage of bidding (RFP):

1. M/s. Tata Reality and Infrastructure Limited.
2. M/s. SE Transsdadia Private Limited in association with M/s. Gannon Dunkerley and Company Limited.

As there was no response for the RFP issued by the Company a Round Table Conference was held inviting potential bidders / stakeholders on 20.02.2017 and their suggestions were taken. Subsequently, discussions were held in detail individually for eliciting opinions/suggestions.

In the Empowered Committee meeting (**held on 24.07.2017 under the Chairmanship of Chief Secretary**), detailed discussions were held on the alternative options of project structuring. Based on the decision of the Empowered Committee, suitable option of the project structuring has been recommended to Government for approval. Based on the decision of the Government, bid documents will be revised and bid process will be initiated.

• **Industrial Infrastructure Projects:**

Government of Karnataka designated KSIIDC as Nodal Agency for the following major industrial infrastructure projects and the Status of the same are also given below:

**a. National Investment & Manufacturing Zone (NIMZ):**

In-principle approval has been accorded by the Department of Industrial Policy and Promotion (DIPP-GoI) for the development of NIMZ at Tumakuru, Kalaburgi, Bidar & Kolar (Mulbagal)

Government of Karnataka has been proposed to develop NIMZ at Vasanthanarasapura, Tumkur District on priority. Techno Economic Feasibility Report (TEFR) has been finalized and submitted to DIPP, GoI for final approval. TEFR for NIMZ at Kalaburgi prepared by the consultants is under finalization.

**b. Development of Industrial Corridors:**

The industrial corridors are part of the Government of India's plan for giving impetus to manufacturing. Planned development of the corridor would further accelerate the economics of the region.

Following are the two industrial corridors passing through the State:

- i) Chennai - Bangalore - Chitradurga Industrial Corridor (CBCIC) Project:

The proposed Chennai-Bangalore-Chitradurga Industrial Corridor is an important link to the Golden Quadrilateral and connects two big cities of South India. Consultants appointed by JICA have prepared Comprehensive Regional Perspective Plan for CBCIC region. The consultants have also prepared the plan for development of the industrial node at Dharwad.

- ii) Bengaluru – Mumbai Economic Corridor (BMEC)

BMEC is a proposed economic corridor between Bangalore and Mumbai. Consultants have been appointed by DMICDC (Nodal Agency of DIPP, GoI) have prepared the perspective Master Plan for the BMEC region.

Based on the decision of Commerce & Industries Department, GoK, all the above projects have been transferred to KIADB.

- **KSIIDC IL & FS Project Development Company Limited (KIPDC):**

KIPDC continues to provide advisory services for carrying out project development activities to government agencies. In general, efforts made by KSIIDC, through KIPDC for carrying out project development activities for the Government agencies in the infrastructure sector has yielded desired results. Further, KIPDC is operating as a financially self-sustaining entity at present without any further financial support from the parent organizations.

- iii) **Venture Capital Funds:**

- **Karnataka Information Technology Venture Capital Fund -2 (KITVEN Fund-2)**

KITVEN Fund-2 established during 2007 with KSIIDC, KSFC, SIDBI and Karnataka Bio-technology and Information Technology Services (KBITS) as the sponsors, is a ten year close ended fund, with a fund size of ₹ 26.25 crore. This Fund which became operational during FY 2008-09 is fully invested in 10 start-up ventures related IT, BT, Nano Technology and other knowledge based sectors in Karnataka. The Fund is managed by Karnataka Asset Management Company Pvt. Ltd. (KAMCO) promoted by KSIIDC and KSFC.

During FY 2016-17, the Boards of KAMCO and KATCO (Trustee of the Fund) approved part-redemption of capital to the subscribers of KITVEN Fund-2 in accordance to their subscription. Accordingly, KSIIDC received ₹ 216.65 lakh towards part-redemption out of ₹ 625 lakhs subscribed by KSIIDC. The remaining subscription of KSIIDC in the Fund is ₹ 325 lakh.

- **KARSEMVEN Fund**

KBITS as Nodal Agency of GoK has sponsored Karnataka Semiconductor Venture Capital Fund-"KARSEMVEN Fund" through M/s. KAMCO. The Fund is registered with SEBI under AIR-Category-I Venture Capital Fund with corpus of ₹ 96.15 crore. GoK through KBITS has committed to provide 26% of the Fund corpus and balance 74% is required to be mobilised from other potential investors. The objective of the

Fund is to make available alternative investment funds to Start-ups, early stage, small and medium enterprises in the Semiconductor sector, allied and other related businesses in the Stage.

The Board of KSIIDC in the meeting held on 30.12.2015 approved investment of ₹ 5 crore in "KARSEMVEN Fund" and accordingly KSIIDC executed Subscription Agreement with KAMCO/KATCO on 11.4.2016. The first tranche of subscription of ₹ 1.50 crore was released during February 2017. The remaining subscription of KSIIDC to be released in the Fund is ₹ 3.50 crore.

- **KITVEN Fund-3 (Bio-tech) VC Fund :**

The corpus of the fund is ₹ 50 crore aimed towards development of Bio-technology sector under the Milenium Bio-tech Policy-II, 2012 to assist Start-ups, Early-Stage Small Medium Enterprise engaged in Agricultural, Pharmaceutical, Industrial, IT & other services related Bio-technology. GoK through KBITS would contribute ₹ 13 crore (26%) and balance would be raised from Institutional investors, insurance Companies, banks etc. The Fund is managed by KAMCO and it will be a 10 year close-ended fund.

## F. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Corporation is managed by the Board of Directors wherein majority of the directors are nominated by the Government of Karnataka.

Details of the Board of Directors during 2016-17 are as follows :

Sl. No.	Name		From	To
01.	Shri I.S.N. Prasad, IAS	Director	30-10-2013	05-12-2016
02.	Smt. Vandita Sharma, IAS	Director	30-10-2013	22-09-2016
03.	Smt. K. Ratna Prabha, IAS	Director	21-06-2014	24-06-2016
04.	Shri Saravanan Muthu	Director	07-08-2014	22-09-2016
05.	Shri C.V. Rajappa	Chairman	25-11-2014	22-09-2016
06.	Shri Naveen Raj Singh, IAS	Managing Director	03-12-2014	28-07-2016
		Director	22-09-2016	19-06-2017
07.	Shri Gaurav Gupta, IAS	Director	16-03-2015	05-12-2016
08.	Shri Shekar Viswanathan	Director	15-07-2015	05-12-2016
09.	Shri D.V. Prasad, IAS	Director	24-06-2016	Till date
10.	Shri Pankaj Kumar Pandey, IAS	Director	28-07-2016	22-09-2016

11.	Shri R.V. Deshpande	Chairman	22-09-2016	19-11-2016
12.	Shri C.M. Dhananjaya	Chairman	05-12-2016	Till date
13.	Shri Mahammadshafi Abbasahab Benni	Director	05-12-2016	Till date
14.	Shri Azgar Pasha	Director	05-12-2016	Till date
15.	Shri Nandaraj S. Nimbalkardesai	Director	05-12-2016	Till date
16.	Shri Gnanesha Babu	Director	05-12-2016	Till date
17.	Shri N. Srinivasa Reddy	Director	05-12-2016	Till date
18.	Smt. P. Hemalatha, IAS	Managing Director	19-06-2017	03-11-2017
19.	Shri N. Jayaram, IAS	Managing Director	03-11-2017	Till date

Further, Shri Prahlada Rao S.R. and Shri N.R.N. Simha were appointed as Company Secretary and Chief Financial Officer with effect from 31.07.2014 and 30-12-2015 respectively, who are continuing till date.

## G. PARTICULARS OF EMPLOYEES

Particulars of employees to be furnished as per Section 134(3) of the Companies Act, 2013, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: — Nil —

## H. MEETINGS

During the year six (6) Board Meetings and two (2) Audit Committee Meetings were convened and held. The intervening gap between the Board Meetings was within the period prescribed under the Companies Act, 2013.

## I. DETAILS OF SUBSIDIARY/JOINT VENTURES/ ASSOCIATE COMPANIES

Pursuant to sub-section (3) of section 129 of the Act, the statement containing the salient feature of the financial statement of Corporation's subsidiary or subsidiaries, associate company or companies and joint ventures is given as **Annexure-III**.

Further, the Annual Accounts and related documents of the subsidiary companies shall be kept open for inspection at the Registered & Corporate Office of the Corporation. Further, Company also makes available copy thereof upon specific request by any Member of the Company interested in obtaining the same. Further, pursuant to Accounting Standard issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements are presented by the Corporation in this Annual Report which includes the financial information of its subsidiaries also.

## J. AUDITORS' REPORT

Notes to Accounts and Auditors remarks in their report together with Corporation's reply are annexed.

In terms of Section 143 (6) of the Companies Act, 2013 the comments of the Comptroller and Auditor General of India on the accounts of the Corporation for the year ended March 31, 2017 are annexed to the report.

## K. SECRETARIAL AUDIT REPORT

In terms of Section 204 of the Act and Rules made there under, M/s. S. Viswanathan, K.N. Nagesha Rao, Practicing Company Secretary have been appointed Secretarial Auditors of the Company. The report of the Secretarial Auditors together with Corporation's reply is enclosed as **Annexure-II** to this report.

## L. EXTRACT OF ANNUAL RETURN

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report as **Annexure-I**.

**M.** There are no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

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

## O. DEPOSITS

The Company has not accepted any deposit from public during the period under review.

**P.** There are no loans, guarantees or investments attracting provisions of section 186 of the Companies Act, 2013

**Q.** There are no contracts or arrangements with related parties.

## R. MANAGEMENT DISCUSSION AND ANALYSIS

Your Board of Directors have been constantly monitoring the progress being achieved in the infrastructure development portfolio. Many of the projects conceived during the previous years are likely to take a definite shape during the year under report.

The fact that a sum of ₹ 200.66 crore has remained unrecovered out of loan portfolio is a matter of concern for your Directors. The total numbers of cases representing such NPAs are 189.

Wherever assets are available court cases have been filed, decrees in majority of the cases have been obtained which are in various stages of execution. In cases where there are no assets available of where assets available already sold and realised, your Directors are examining the security cover for such lona portfolio and propose to devise a lenient exit policy for such borrowers. Directors are also seriously monitoring recovery of cases both under normal channel and under the existing OTS policy which has been extended upto March 31, 2018. In respect of decreed cases against corporate borrowers, your Directors are proposing to use the stringent provisions of the Insolvency and Bankruptcy Act of 2016 for early adjudication and settlement of such loans.

## S. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up Committee for implementation of said policy. The relationship of employees inter-se including women employees are cordial and during the year the Committee has not received any complaint of sexual harassment of women employees.

## T. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The particulars required regarding:

- Disclosure of particulars with respect to Conservation of Energy.
- Disclosure of particulars with respect to Technology Absorption. are not applicable in view of the nature of business of the Corporation being in the services sector.

## U. FOREIGN EXCHANGE EARNED AND OUTGO

Foreign Exchange outgo ₹ Nil (Previous year - Nil)

Total Foreign Exchange earned: Nil (Previous year - Nil)

## V. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The status of the utilisation of CSR funds is as under:

Sl. No.	FY	Provision Made for CSR Funds	Proposal Form	Place of the Work	Details of the Proposal	Implementing Agency	Sanctioned	Disbursed	Balance Available	Remarks
1	2014-15	61.69	-	-	-	-	-	-	61.69	
2	2015-16	114.97	a) Industrial Training Institute, Tumkur Road	ITI, Tumkur Road, Bangalore	Procurement of Computers, Printers allied equipment for imparting education	Purchased through DG & SI rates	17.43	17.43	159.23	Implemented under CSR
			b) DC, Karwar	Karwar District	Construction of Bus shelters, providing furniture and solar study lamps to Schools/college	Nirmithi Kendra, Karwar	144.05	72.02	15.18	50% amount Released on 17.12.2016 vide ch.No. 008350
			c) DC Dharward	Hubli	Procurement of Blood Camp Vehicle		12.08	-	3.10	Sanction letter issued.
3	2016-17	98.53							101.63	

As could be seen from the above ₹ 101.63 lakh is available for utilisation of CSR activities. Your Company proposes to utilise available CSR funds including unspent amount available in the CSR account meaningfully in project areas where Company has taken its infrastructure projects.

## W. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134 (c)(3) of the Companies Act, 2013, it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2017, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) the Directors have selected appropriate accounting policies and applied them consistently, and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2017 and of the profit of the Company for the said period;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) the annual accounts have been prepared for the financial year ended 31<sup>st</sup> March, 2017 on a 'going concern' basis; and
- (v) 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.

#### **X. STATUTORY AND SECRETARIAL AUDITORS**

M/s. NSVM & Associates, Chartered Accountants, Bangalore, were appointed by the Comptroller and Auditor General of India as Statutory Auditors of the Company for the year 2016-17. M/s. S. Viswanathan, K.N. Nagesha Rao, Company Secretaries have been appointed as Secretarial Auditors of the Corporation for the year 2016-17.

#### **Y. ACKNOWLEDGEMENT**

Your Directors thank the Government of Karnataka, for its sustained support and valuable assistance received. The Board of Directors are also thankful to the Commerce & Industries Department, Finance Department, Infrastructure Development Department, Directorate of Industries & Commerce, Karnataka State Financial Corporation, Karnataka Industrial Areas Development Board and CII for the assistance and co-operation received.

The Board of Directors also place on record their appreciation for the continued and devoted service rendered by all the employees of the Corporation.

#### **BY ORDER OF THE BOARD**

Sd/-  
**( C.M. DHANANJAYA )**  
**CHAIRMAN**

Date: November 24, 2017

Place: Bengaluru



**Annexure I**  
**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2017**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.**

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	U93000KA1964ULL001532
2.	Registration Date	15-06-1964
3.	Name of the Company	Karnataka State Industrial and Infrastructure Development Corporation Limited
4.	Category/Sub-category of the Company	Company limited by shares / Government Company
5.	Address of the Registered office & contact details	Khanija Bhavan, 4 <sup>th</sup> Floor, East Wing, No.49, Race Course Road, Bengaluru - 560 001
6.	Whether listed company	Not listed.
7.	Name, Address & contact details of the 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	FINANCIAL AND RELATED SERVICES	6492	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-**

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Mysore Sales International Limited	U85110KA1966SGC001612	Subsidiary	100	
2	The Tadadi Port Limited	U74900KA2012SGC063386	Subsidiary	100	
3	Food Karnataka Limited	U01513KA2003PLC031873	Fellow Subsidiary	10	
4	Marketing Communication & Advertising Limited	U51101KA1972PLC002242	Fellow Subsidiary	N.A.	
5	The Mysore Chrome Tanning Company Limited	U85110KA1940SGC000261	Fellow Subsidiary	N.A.	
6	Karnataka Asset Management Company Private Limited	U75112KA1998PTC023646	Associate Company	33.33	

7	Karnataka Trustee Company Private Limited	U75112KA1998PTC023647	Associate Company	50	
8	Karnataka Antibiotics & Pharmaceuticals Limited	U24231KA1981GOI004145	Associate Company	40.83	
9	Bhadravathi Balaji Oil Palms Limited	U85110KA1991PLC012655	Associate Company	49	
10	Siddhartha Metal Coating Limited	U27109KA1989PLC010431	Associate Company	21.78	
11	KSIIDC-IL&FS Infrastructure Development Company Limited	U74999KA2007PLC042018	Joint Venture Company	50	

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

##### (I) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 31 March 2016)				No. of Shares held at the end of the year (As on 31 March 2017)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	Nil	160	160	-	Nil	160	160	-	00
b) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt(s)		618456530	618456530	100		667146530	667146530	100	7.87
d) Bodies Corp.									
e) Banks / FI					NIL				
f) Any other									
<b>Sub-total (A)(1)</b>	Nil	618456690	618456690	100		667146690	667146690	100	7.87
<b>(2) Foreign</b>									
a) NRIs - Individuals									
b) Other - Individuals					NIL				
c) Bodies Corp.									
d) Banks/FI									
e) Any other									
<b>Sub-total (A)(2)</b>	Nil	618456690	618456690	100		667146690	667146690	100	7.87
<b>Total shareholding of Promoter (A) =(A)(1)+(A)(2)</b>	Nil	618456690	618456690	100		667146690	667146690	100	7.87

<b>B. Public Shareholding</b>					NIL				
<b>1. Institutions</b>									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>									
<b>2. Non-Institutions</b>					NIL				
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs.1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
<b>Sub-total (B)(2):-</b>					NIL				
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	Nil	618456690	618456690	100		667146690	667146690	100	7.87

**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 Total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Governor of Karnataka	618456690	100	Nil	667146690	100	Nil	7.87
	Total	618456690	100	Nil	667146690	100	Nil	7.87

**iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares of the company	% of total shares	No. of shares of the company	% of total shares
1	At the beginning of the year	618456690	100	618456690	100
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	05.05.2016 48690000 Allotment	7.87	667146690	Nil
3	At the end of the year	667146690	100	667146690	Nil

**iv) Shareholding Pattern of top ten Shareholders:**
**(Other than Directors, Promoters and Holders of GDRs and ADRs):**

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
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil

**v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	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
	At the beginning of the year	160	-	160	-
	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	160	-	160	-

## V. INDEBTEDNESS

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

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

## 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
		Managing Director	----	----	----	
1	<b>Gross salary</b>					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	807750				807750
	(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	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as % of profit - others, specify...	- -	- -	- -	- -	- -
5	Others, please specify	-	-	-	-	-
	Total (A)	807750				807750
	Ceiling as per the Act					

B. Remuneration to other directors

Sl. No.	Particulars of Remuneration	Name of Directors												Total Amount
		Smt. K. Ratna Prabha	Smt. Vandita Sharma	Shri I.S.N. Prasad	Shri Gaurav Gupta	Shri D.V. Prasad	Shri Shekar Viswanathan	IDBI Bank Ltd.	Shri Mahammad Shaffi Abbasaheb Benni	Shri Azgar Pasha	Shri Nandaraj S.Nimibalkardesai	Shri Gnanesh Babu	Shri N.Srinivasa Reddy	
<b>1</b>	<b>Independent Directors</b>													
	Fee for attending board committee meetings	-	-	-	-	-	3000	2000	-	-	-	-	-	5000
	Commission	-	-	-	-	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	-	-	-	-	-	3000	2000	-	-	-	-	-	5000
<b>2</b>	<b>Other Non-Executive Directors</b>													
	Fee for attending board committee meetings	500	1000	2000	2000	1500	-	-	1000	500	1000	1000	1000	11500
	Commission													
	Others, please specify													
	<b>Total (2)</b>	500	1000	2000	2000	1500	-	-	1000	500	1000	1000	1000	11500
	<b>Total (B)=(1+2)</b>	500	1000	2000	2000	1500	3000	2000	1000	500	1000	1000	1000	16500
	Total Managerial Remuneration													
	Overall Ceiling as per the Act													

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1217500	1304538	2522038
	(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	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>1217500</b>	<b>1304538</b>	<b>25522038</b>

**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)
<b>A. COMPANY</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			NIL		
Compounding					

## FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

For the Financial year Ended 31st March 2017

**[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,

The Members,

**Karnataka State Industrial and Infrastructure Development Corporation Limited**

Khanija Bhavan, 49, 4th Floor, Race Course Road, Bengaluru-560 001

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Karnataka State Industrial and Infrastructure Development Corporation Limited** (CIN No. U93000KA1964ULL001532) having its Registered Office at Khanija Bhavan, 49, 4th Floor, Race Course Road, Bangalore - 560 001 (**hereinafter called the Company**).

The Company is a "Government Company" and is mainly engaged in development and Implementation of infrastructure Projects. As per the Articles of Association, the Company is also required to comply with the directions and guidelines issued by Government of Karnataka from time to time. As per Notification No. G.S.R. 463(E) dated 5<sup>th</sup> June 2015 and 13<sup>th</sup> June 2017 issued by Ministry of Corporate Affairs, Government Companies are exempted from complying with some of the provisions of the Companies Act, 2013 and Rules made there under.

Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit and subject to our separate letter attached hereto as the Annexure, I hereby report that, in my opinion, the Company has, during the audit period covering the financial year ended 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2017 according to the applicable provisions of :

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder ;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder; **NOT APPLICABLE.**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct investment, Overseas Direct Investment and External Commercial Borrowings; **NOT APPLICABLE**

I have also examined compliance with the applicable clauses of the following:

- (iv) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (v) The Listing Agreement entered into by the Company with National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited. (BSE): **NOT APPLICABLE**
- (vi) Securities and Exchange Board of India (Listing Regulations and Disclosure Requirements) Regulations, 2015



## NOT APPLICABLE

I/We further report that during the audit period, the Company has;

- \* Spent ₹.89.45 Lakhs towards CSR activities/projects and balance amount to be spent is Rs.101.63 lakhs under the Provisions of Companies Act, 2013.
- \* De-mated shares certificates of shares held in other companies as investments.
- \* Appointed a few Directors and accepted resignations of a few Directors and filed e-form DIR 12.
- \* Transferred a few shares from one shareholder to another.

Regarding Compliance under Reserve Bank of India Act 1934, the Company had registered with RBI as a non-deposit taking Non-Banking Financial Company (NBFC-Category-II) engaged in sanction of loan, investment, hire purchase finance and equipment leasing activities but not accepting public deposit.

The Company, being a Non-Banking Finance Company (NBFC) has been complying with the regulatory framework for NBFC as laid down by Reserve Bank of India. The Registration with RBI as a Non Banking Finance Company was renewed.

I have also reviewed the systems and mechanisms established by the Company for ensuring compliances under the applicable Acts, Laws, Rules, Regulations, Guidelines applicable to the Company and categorized under the following major heads/groups:

- (i) Indian Contract Act.
- (ii) Payment of Wages Act, 1936.
- (iii) Karnataka Shops and Commercial Establishment Act, 1961
- (iv) The Karnataka Tax on Professions, Trades, Callings And Employment Act, 1976
- (v) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- (vi) Employees Provident Fund and Miscellaneous Provisions Act, 1952 (Exempted)
- (vii) Maternity Benefits Act, 1961
- (viii) Minimum Wages Act, 1948
- (ix) Payment of Bonus Act, 1965
- (x) Payment of Gratuity Act, 1972

Regarding "Other laws", the Company is a well established Government Company and, in general, there are proper systems and mechanisms in place for Compliance with the Provisions of Other laws, including rules governing recruitment, promotion, leave etc and purchases or contracts.

I have not examined compliance by the Company with applicable financial laws, like direct and Indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

I further report that

The Board of Directors of the Company and its Audit Committee are duly constituted. The Changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

The Company has constituted the following Committees.

- (1) Audit Committee
- (2) CSR Committee

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda are sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The Minutes of Meeting of the Board and its Sub Committees are maintained properly.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with other applicable laws, rules, regulations and guidelines. Certificates of Compliance of other applicable laws are obtained from concerned departmental Heads.

I/we further report that during the audit period, the Company has:-

- (i) Issued and allotted Rights equity shares to Governor of Karnataka-4,86,90,000 equity shares of Rs.10/- each during the period.
- (ii) Redeemed Preference Shares-19,76,31,822
- (iii) Had not done any buy-back of securities
- (iv) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013- NIL
- (v) Merger/amalgamation/reconstruction, etc.-NIL
- (vi) Foreign technical collaborations- NIL

In general, it was observed that the Corporation, being a Government Company and subject to CAG Audit, is maintaining all the required records properly and have established systems and procedures for complying with provisions of various applicable laws.

Sd/-

**S. Viswanathan**

Practicing Company Secretary

ACS No.: 5284

CP No.: 5284

Place : Bengaluru

Date : 30.10.2017

**ANNEXURE-A**

To,  
The Members,  
**Karnataka State Industrial and Infrastructure Development Corporation Limited**

My report of even date is to be read along with this letter.

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- 2) I have followed the audit practices and process as are appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
- 3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4) Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
- 5) The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

**S. Viswanathan**

Practicing Company Secretary

ACS No.: 5284

CP No.: 5284

Place : Bengaluru

Date : 30.10.2017

### **ANNEXURE-III**

#### **A. SUBSIDIARY COMPANIES**

##### **1. Mysore Sales International Limited (MSIL)**

MSIL is a wholly owned subsidiary Company of KSIIDC established in 1966 as a trading Company. The Company has an equity share capital of ₹ 20.18 crore with Reserves and Surplus of ₹ 292.07 crore as on March 31, 2017.

During financial year 2016-17 MSIL has earned a total income of ₹ 1407.33 crore compared to ₹ 1303.09 crore during the previous financial year 2015-16 and earned a net profit of ₹ 36.64 crore compared to previous of ₹ 32.98 crore.

##### **2. Tadadi Port Limited (TPL)**

Tadadi Port Ltd., is a wholly owned subsidiary Company of KSIIDC established for implementing a port project at Tadadi, Uttar Kannada district with an equity share capital of ₹ 5 lakh as on March 31, 2017. TPL had no significant operations during the financial year.

#### **B. FELLOW SUBSIDIARY COMPANIES**

##### **1. Marketing Communication and Advertising Limited (MC&A)**

MC&A is a wholly owned subsidiary Company of MSIL and is an advertising Agency for Government and for sale of Excise Adhesive labels exclusively for distilleries, in Karnataka through Excise Department. The Company has an equity share capital of ₹ 3.57 crore with Reserves and Surplus of ₹ 97.08 crore as on March 31, 2017.

During financial year 2016-17 MC&A has earned a total income of ₹ 215.69 crore compared to ₹ 174.41 crore during the previous financial year 2015-16 and earned a net profit of ₹ 12.46 crore compared to previous of ₹ 9.48 crore.

##### **2. The Mysore Chrome Tanning Company Limited (MCT)**

MCT is a wholly owned subsidiary Company of MSIL and is not carrying on any manufacturing activities since 1986. The Company has

accumulated losses of ₹ 8.57 crore as on March 31, 2016.

##### **3. Food Karnataka Limited (FKL)**

FKL is a Special Purpose Vehicle incorporated during April 2003. This was established for promoting agro food parks in potential locations, setting up of agro export zones and formulation of an exclusive policy for the agro food processing units.

The paid up capital of the Company is ₹ 10 lacs. For the financial year 2016-17 the Company has incurred on lossing of ₹ 18.98 lakh.

#### **C. JOINT VENTURES**

##### **1. KSIIDC-IL&FS Infrastructure Development Company Limited (KIPDC)**

This Company continues to provide advisory services for carrying out project development activities to Government agencies. During the year the Company achieved a total income of ₹ 2.29 crore from new advisory services. Further details in this regard are available at para 'E' of the Directors Report.

#### **D. ASSOCIATE COMPANIES**

##### **1. Karnataka Asset Management Company Private Limited (KAMCO)**

##### **2. Karnataka Trustee Company Private Limited (KATCO)**

This is a venture capital fund and KAMCO administers the Trustee Company resources. The details are available in para 'E (iii)' of the Directors Report.

##### **3. Karnataka Antibiotics & Pharmaceuticals Limited (KAPL)**

This is an associate Company of KSIIDC. The shareholding pattern is 40.83% of Government Karnataka and 59.12% of Government of India. This Company has been successfully running and has declared dividend of 15% for the current financial year.

##### **4. Bhadravathi Balaji Oil Palms Limited**

The Accounts are not available and the directors/promoters have not been co-operating with

KSIIDC. We filed a petition before the Company Law Board for oppression and mismanagement. Through the promoters came up with an offer to purchase the equity of KSIIDC they have not kept their promise. The Company's activity has been closed and the Horticulture Department of Government of Karnataka has been pursuing further action against the Company. Hence, the accounts have not been taken into account for consolidation. A Company Petition for winding of this company has been filed by one of the creditors M/s. Ruchi Soya before the National Company Law Tribunal at Bangalore. The matter

is being contested by the Company. Further development will be reported to the shareholders from time to time.

**5. Siddartha Metal Coating Limited**

This is a Company constituted in Davangere engaged in the manufacture of different dimensions of wire ropes. The Company is yet to finalise their financial statements for the year 2016-17. As per the financial statement available for the year 2015-16, Company has incurred a loss of ₹.18.09 lakh in its operations and has accumulated loss of ₹ 228.90 lakh.

## To

The Members

### **Karnataka State Industrial & Infrastructural Development Corporation Limited**

Khanija Bhavan, 4<sup>th</sup> Floor, East Wing  
No. 49, Race Course Road  
Bangalore- 560 001

### **Revised Report on the Standalone Financial Statements.**

We have audited the accompanying standalone financial statements of the Karnataka State Industrial & Infrastructural Development Corporation Limited ("the Company"), which comprises of the Balance Sheet as at 31<sup>st</sup> March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information on that date and submitted our report on 19.07.2017. Subsequently the audit report has undergone revision in the light of observations of the Comptroller & Auditor General of India. This supersedes our earlier report dated 19.07.2017.

### **Management Responsibility for the Standalone Financial Statements**

The Company's Board of Directors are responsible for the matter stated in Section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation and presentation of these Standalone 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 the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 control, that were operating effectively for ensuring the accuracy and completeness of

the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone 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 there under.

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 standalone financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Basis for Qualified Opinion**

- 1) The Mercara currens Private Limited is under liquidation. Its assets were sold and the proceeds were invested in fixed deposits in PSEs banks awaiting completion of the liquidation proceedings. However the interest accrued on the FDs were appropriated as income for the Company without any declaration of dividend by

the liquidator. The accounting treatment in the books of the company has resulted in:-

- a) Current year income overstated by ₹ 27,74,430/-
  - b) Cumulative income overstated from 2012-13 up to 31<sup>st</sup> March 2016 ₹ 92,73,511/-
  - c) The aggregate income reckoned in the Company's books up to 31<sup>st</sup> March 2017 is ₹ 1,20,47,941- Consequently the liability required on this account i.e. ₹ 1,20,47,941/- is understated and for similar amount the carry forward losses also under stated in the books of the Company.
- 2) The Company had included the estimated services charges in the cost of its own Buildings constructed in the past year, which accounting treatment is in deviation to the principles set out in Accounting Standard-10 : Property, Plant and Equipment (vide Company Accounting Standard Rules 2006). Thus aggregate building cost has been depreciated over succeeding years and the net written down value of the building as at March 2017 is ₹ 1,48,82,599/-. The Accounting treatment has resulted in overstatement of fixed assets and corresponding understatement for cumulative losses carry forwarded. For the year ended 31.03.2017, profit is understated by ₹15,25,770/-.
- 3) The company has taken amounts as share application money amounting to ₹48,69,00,000/- as at 31.03.2016 and are allotted during the current year 25<sup>th</sup> May 2016 thereby raising the issued share capital to Rs.6,67,14,66,900/- and is within the authorized share capital of Rs.8,00,00,00,000.
- a) The amounts are utilized for the purpose of redemption of Preference Share Capital before the allotment of shares.
  - b) For such receipt of share application monies no separate bank accounts were opened. This is in contravention of Companies Act 2013 and relevant Rules 2014 framed there under.
- 4) Whereas the value of Fixed Assets shown at ₹ 322.78 Crores consists of net block of ₹1.81 crores. Of diesel generator set wherein depreciation on fixed assets has

been provided on Prorata basis on straight line method as per the useful life prescribed under Schedule II of the Companies Act, 2013. The Schedule II of the Act provides useful life of electrical installations and equipments to be 10 years. Considering the same the said assets should have been fully depreciated. However Company has retained the value of the asset at ₹1.81 Crores. In the books. This has resulted in over statement of assets and reserves & surplus by ₹1.81 Crores; the accumulated depreciation is understated to that extent.

- 5) The Statement of Profit & Loss account of the Company shows under other income an amount of ₹11.70 Crores interest on fixed deposit. However, the said amount is short accounted by ₹0.31 Crores. due to incorrect accounting of accrued interest. This has resulted in understatement of other income, profit for the year fixed deposit to the extent of ₹0.31 crores.
- 6) Interest claim of ₹ 98.38 crores from Forest Department on delayed payment of compensation for diversion of land has not been included in contingent liabilities under Note 22 annexed to standalone financial statements;

#### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except the effects of the matter described in the basis for qualified opinion paragraph, the aforesaid standalone 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 31<sup>st</sup> March, 2017, and its profit and its cash flows for the year ended on that date.

#### **Emphasis of Matter**

Without qualifying our report we draw your attention to

- 1) The proceeds of M/s Manaswani Enterprises realized ₹ 3,73,22,445/- from borrowers under scheme of One time settlement is under various stages of judicial process/cases and hence not recognized as income.
- 2) Refer to note No.22-15(v) regarding demands raised on the company by the Income Tax Department for ₹ 21,89,78,060/- in the earlier years have not been

acknowledged and contested in various appeals. Hence noted in contingent liability.

- 3) Refer to Note No.22-13 regarding non provision towards interest payable, if any under MSMED Act 2006 and interest liability in this regards could not be assessed.
- 4) Refer to Note No.22-15(iv) regarding demands of the Karnataka VAT department for ₹ 47,09,938/- in the earlier years are awaiting disposal in appeals.

#### **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 section 143(11) of the Act, we give in the Annexure-I, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
- (2) As per the directions issued by the Comptroller and Auditor General of India (the Directions"), in terms of Section 143(5) of the Act, we give in the Annexure II, a statement on matters specified therein.
- (3) As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief necessary for the purpose of our audit.
  - b) In our opinion, proper books of accounts 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 accounts.
  - d) In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st

March, 2017 from being appointed as a director is terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure III'. Our report expresses Qualified Opinion on operating effectiveness of Internal Financial Controls over Financial Reporting and unmodified opinion on adequacy of such controls.
- g) With respect to the matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
  - i. The particulars of pending litigations which would impact the financial position of the Company are disclosed in Note 22-15 to the Standalone Financial Statements.
  - ii. The Company did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The company had provided the requisite disclosures in its financial statements as to holdings as well as dealings in specified bank notes during the period from 8th Nov 2016 to 30th Dec, 2016 and these are in accordance with the books of accounts maintained by the Company

**For NSVM & Associates**

Chartered Accountants

Firm Regn. No. 010072S

Sd/-

**CA. D.N. Sreehari**

Partner

Mem No 027388

Place: Bangalore

Date: 12.09.2017



The Annexure I referred to in the Auditors report to the members of Karnataka State Industrial and Infrastructure Development Corporation Limited ("the company") for the year ended 31st March 2017.

we report that:

- (i)
- a) The company has maintained certain records showing particulars including quantitative details and situation of its fixed assets. The assets are numbered only in few cases and are yet to be reconciled with the register.
  - b) According to the information and explanations give to us, the fixed assets have been physically verified by the management during the year excluding assets costing ₹.9,09,49,460/- which were leased out, in respect of which we are unable to give our opinion.
  - c) Further reconciliation of physical assets with that of Fixed Assets Register is yet to be done by the management, hence we are unable to express our opinion on discrepancies if any that might crept in if the same is reconciled.
- (ii) The nature of transactions of the Company is service oriented and it does not hold any Inventory. Paragraph 3(2) is therefore not applicable to the Company.
- (iii) The company has not granted any loans; secured or unsecured to Companies, firms or parties covered in the Register maintained under section 189 of the Companies Act.
- (iv) The Company has not provided any loans or advances in the nature of loans to companies/firms or Associates under sections 185 and 186 of Companies Act 2013 subsequent to enactment of the provisions under Companies Act 2013 and hence this clause is applicable.
- (v) The Company has not accepted any deposits to which the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under and the directions issued by the RBI are applicable. Hence paragraph 3 (5) of CARO is not applicable to the company.
- (vi) The Central Government has not prescribed maintenance of cost records u/s 148(1) of the Act for any products/services of the Company. Thus paragraph 3(6) of CARO is not applicable to the Company.
- (vii)
- a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, VAT, Cess, have been regularly deposited by the Company with the appropriate authorities in all cases during the year.
  - b) The Company has a disputed dues of income tax, the particulars of the same is disclosed by it in vide Note No.22-15(v) to the standalone financial statements.
- (viii) Based on our audit procedures, we are of the opinion that the company has not defaulted in repayment of dues to Government.
- (ix) The Company has not raised any monies by way of Initial Public Offer/Further Public Offer and term loans during the year. Paragraph 3(9) of the order is therefore not applicable to the Company.
- (x) Based upon audit procedure performed and information and explanation given by management, we report that no fraud on or by the company and no fraud on the company by the officers/employees has been noticed or reported during the course of our audit.
- (xi) Since the Company is a government company as defined u/s. 2(45) of the Act, and the Central Government has exempted the Government companies from the applicability of provision of section 197 of the Act, vide Notification No. GSR 463(E), dated 5th June, 2016, consequently the reporting under this clause of the Order do not apply.

- (xii) The Company is not a Nidhi Co. and therefore clause 3(12) of the order is not applicable to the company.
- (xiii) In our opinion, all the Related Party Transactions entered into by the Company during the year are in compliance with section 188 of the Companies Act of 2013 and the details thereof have been disclosed in the Financial Statement as required by the Accounting standards.
- (xiv) The Company has not made any preferential allotment/private placement of shares during the year and therefore clause 3(14) of the order is not applicable to the company.
- (xv) The Company has not entered into any non-cash transactions with directors/persons connected with him and therefore clause 3(15) of the order is not applicable to the company.
- (xvi) In our opinion, the Company is required to be registered u/s 45-1A of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

**For NSVM & Associates**

Chartered Accountants

Firm Regn. No. 010072S

Sd/-

**CA. D.N. Sreehari**

Partner

Mem No 027388

Place: Bangalore

Date: 12.09.2017

## ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT



Referred to in point (2) under Legal and Regulatory Requirements in our report of even date to the members of the Company on standalone financial statements.

Sl. No.	Directions of C & AG U/s 143 (5)	Replies / Remarks
1.	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.	According to the information and explanations given to us, the Company has not been selected for disinvestment during the year under review.
2.	Please report whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	Refer Annexure V
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	The Company is engaged in service industry, hence does not possess any inventories, hence this point of the Directions do not apply to the Company.
4.	A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	Refer Annexure IV
<b>Additional Company Specific Directions:</b>		
A.	Whether the Company has complied with the directions issued by Reserve Bank of India for; a. Non-banking finance Companies (NBFCs); b. Classification of non-performing assets; and c. Capital adequacy norms for NBFCs.	a) Yes. b) Yes c) Yes
a)	Whether the Company has a system to ensure that loans were secured by adequate security free from encumbrances and have first charge on the mortgaged assets. Further instances of undue delay in disposal of seized units may be reported.	The Company has the system to ensure loans were secured by adequate security free from encumbrances and have first charge on the mortgaged assets. However, there are some delays in disposal of certain seized assets.
b)	Whether introduction of any scheme for settlement of dues and extensions thereto complied with policy	The Scheme of One Time Settlement of the financial year 2012-13 has been extended up to 31 <sup>st</sup> March, 2017.

**Annexure - III to the Independent auditor's report of even date on the standalone financial statements of Karnataka State Industrial & Infrastructural Development Corporation Limited.**

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

We have audited the internal financial controls over financial reporting of Karnataka State Industrial & Infrastructural Development Corporation Limited as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the financial reporting criteria established by internal country the over 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 Accounts of India. 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 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.

**Auditors' 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") 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 for our qualified 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 authorisations of management and directors of the company; and

- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised 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.

#### **QUALIFIED 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 internal control mechanism needs to be strengthened in the following areas:-

- Active and prompt follow up of debts, advances and claims by respective divisions.
- Periodic confirmations of outstanding balances, reconciliation of debtors, creditors, business associates and other sensitive heads of accounts.
- Follow up of recoveries arising out of execution of decrees/awards pronounced in favour of the Company.
- Internal control procedure for Property Management at Projects Division has to be strengthened to eliminate default of terms and

conditions of agreements and consequent losses, if any.

- Rental Agreements and Receipts
  - a) Lack of review of lease agreements to identify unsigned agreements that are due for renewal;
  - b) Inconsistency in reconciling 'Rent/Maintenance Receivable' and subsequent receipts;
  - c) Non imposition on interest on delay in receipt of Rentals

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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".

**For NSVM & Associates**

Chartered Accountants

Firm Regn. No. 010072S

Sd/-

**CA. D.N. Sreehari**

Partner

Mem No 027388

Place: Bangalore

Date: 12.09.2017

## ANNEXURE IV : PARTICULARS OF SUITS FILED AND DECREE OBTAINED

(Rs.in lacs)

Sl. No.	Name of the Company	Decree pending for over five years	3 to 5 years	1 to 3 years	Less than one year	Receipts
1	CRB Corporation Limited (BDS)		3373.73			
2	CRB Corporation Limited (NCD)		333.46			
3	CRB Corporation Limited (TL)		124.40			
4	CRB Corporation Limited (CL)		264.26			
5	Biocap Pharma Ltd.	78.63				
6	Cauvery Software Systems	225.43				
7	Sabsen Freight Containers	581.02				150.00
8	Lan Eseda Industries Ltd	14649.69				
9	Kuldi Toys & Components P Ltd	603.70				104.49
10	Geometric Tools Pvt Ltd	390.40				
11	Kavitha Tubes Ltd	280.65				24.34
12	Bhargava Bharadwaj	231.55				
13	Suncrush Fruits Pvt Ltd	396.89				7.00
14	Eshwara Offset Printers	30.14				48.18
15	Om Print Supplies Pvt Ltd	59.82				
16	Dominion Chemicals	103.90				
17	Sankrish Floritech	103.94				
18	Saha Watches Pvt Ltd	21.02				
19	H.K.Datarex	93.32				
20	Harsha Denspack Pvt Ltd	34.74				
21	Ostini Leathers Pvt Ltd	67.73				
22	Precise Poly Containers	251.00				
23	Titan Springs Pvt Ltd	52.53				10.29
24	Vijayanagar Breeding Farms	537.30				
25	Kamath Packaging	233.00				40.00
26	Vioryl India Ltd	365.98				101.86
27	Akash Audio	342.21				
28	Asian Computer Stationery	34.88				
29	Deccan Textiles		39.85			
30	Kanoria Fluers	600.63				7.00
31	Gripwell Industries	1210.51				
32	Salamath Granites Pvt Ltd					140.00
33	Mohan Stone Arts Exports		2985.87			
34	Tangerine Informatique Ltd		129.11			
35	Sterling Leathers		213.56			
36	Xplore Tech		114.23			
37	Sarojaya Texperts Pvt Ltd		513.79			
38	PRT Exports Pvt Ltd			15.64		

39	KRV Precision Machine Tools	29.92			
40	Muredeshwara Foods	432.10			
41	Mysore Chest Care Pvt Ltd	246.76			30.00
42	AES Chemicals Pvt Ltd	380.32			118.32
43	Ramgopal Paper Mills Pvt Ltd	550.44			88.09
44	Electromobiles (I) Ltd	91.20			
45	Karnataka Marine Salvages P L	15.21			
46	Raithabandhu Tailodyama	571.31			
47	Anitha Sausages Pvt Ltd	1019.45			
48	Hotel Poonja International	29.09			
49	Prethwi Cashews Pvt Ltd	69.23			
50	Annur Paper Mills	718.31			
51	Veekay Club Homes Pvt Ltd		879.82		
52	Hi-cap Rolling Bearings		261.21		
53	Flexpak Ltd		17.79		14.94
54	Karavali Fisheries Ltd			2457.69	24.06
55	Mercara Curers Ltd			1268.83	
56	Zion Infrastructure Co.Ltd			139.20	110.00
57	Sri.Sachidananda Venkateshwara Roller Flour Mills Pvt Ltd			76.54	2.00
58	Metgud Industries Limited			2241.89	155.5
59	Supersonic Rubbers Pvt Ltd	195.28			27.93
60	Ramachandra Oils & Fats	93.33			20.62
61	Zanith Rubber Goods Mfrs.	132.23			
62	Shree Sadashiva Lithographics	42.58			3.50
63	Maheshwari Plastic Industry	48.01			
64	Honnali Cements Pvt Ltd	61.65			10.04
65	Bidar Special Alloys	103.60			21.12
66	Amylon Chemicals P.Ltd	272.96			
67	Nandhi Duplex	245.91			29.70
68	HMP Cements (NCD)	343.53			109.03
69	Garden City Engineers P.Ltd	141.53			34.93
70	Sri.K.D.R.Straw Boards	23.10			
71	Navabharath Oils Ltd	399.58			87.75
72	Cauvery Rubbers Ltd	94.53			
73	Deshnur Oil Industries	248.66			
74	B.Somappa Dall Industries	6.66			
75	Karnataka Alloys	965.56			
76	Bhagiratha Limes & Chemicals		747.73		
77	Multifac Chemicals	757.85			
78	Gayathri Industries	488.92			
79	Impact Tubes	106.59			
80	Patil Granites		624.42		
81	Yelalinga Steels		1159.41		14.55

82	Shiva Agro Care Industries	141.33			
83	Shirdi Sai Spintex	1958.60			
84	Om Swamy Ayyappa Minerals	221.52			
85	Kemprode Industries Pvt Ltd		135.21		
86	IMS Enterprises		205.40		8.30
87	Aries Gases Pvt Ltd			248.42	7.38
88	Rockson Stone Crushers Pvt Ltd		357.74		
89	Vajra Cements Limited			2438.08	
90	Anugraha Distilleries Ltd			951.35	
91	Hindustan Polythene Bags			361.95	
92	Iqra Transports Ltd			208.41	
93	International Computech Pvt Ltd			1503.41	
94	Arjay Extrusions			254.32	
95	KVP Steels			871.43	
96	SSS Spinners			840.17	
97	Armour Socks			375.19	
98	Kusum Granites (Sing Granites)			303.95	
99	Brother Industries			56.98	
100	MEP Electronics			501.65	
101	Indiana Diary Specialities			6750.33	
102	Torgal Distilleries			1944.41	
103	Torgal Breweries			33.81	
104	Arundathi Laboratories			1676.86	
105	Vet Syntho Medicaments			2960.44	
106	Shravani Ceramics			1564.85	
107	Cosmos Watch			44.06	
108	Tara Granites Pvt Ltd			413.73	
109	D.S.Granites Ltd			278.10	
110	Aaradhya Hitech Printing Pvt Ltd		109.330		
111	Karnataka Refineries Pvt Ltd		658.470		
112	Kamath Enterprises		566.000		
113	Jaimatha Tor Steels Pvt Ltd		1275.940		
114	R.D.Curers Pvt Ltd		292.100		
115	Madhura Coffee Curing Works		324.120		0.65
116	Sree Venkateshwara Minerals		185.740		
117	Nucor Weld Pvt Ltd		2508.570		
118	Arjay Extrusions		4232.630		
119	Beltreco Industries		800.740		
120	Swarna Lamps		190.080		
	<b>Total</b>	<b>30506</b>	<b>14104.09</b>	<b>18041.860</b>	<b>24581.90</b>
				<b>1575.37</b>	



**ABSTRACT****(Rs.in lacs)**

Decree pending over 5 years	<b>30506.01</b>
Decree pending 3 to 5 years	<b>14104.09</b>
Decree pending 1 to 3 years	<b>18041.86</b>
Decree pending Less than one year	<b>24581.90</b>
<b>TOTAL:</b>	<b>87,233.86</b>
<b>Less Receipts against decree pending over 5 years</b>	<b>1575.37</b>
	<b>85658.49</b>

**The reasons for pending court cases are:**

- A. Pending due to liquidation proceedings.
- B. Decree obtained not able to enforce for want of personal details/properties
- C. Pending due to third party claim in EP proceedings
- D. Misc. Petitions remanded by the High Court of Karnataka
- E. Pending due to borrowers approach for OTS

## Annexure V

### List of Loans written off and Interest Waived off during the year

SI No.	Name of the Party	Write-Off of Principal (Rs.)	Waiver of Interest (Rs.)	Resons
1	Pushpa Packages	-	21,94,60,818.00	
2	Kalburgi Dall Mill	-	1,15,44,444.00	Compromise settlement under ONE time settlement Scheme
3	Kadur Industries	-	26,11,76,637.00	
4	Karmedi Leisure Industries	-	59,69,94,288.00	
5	Sabson Freight Containers	-	57,71,41,442.00	
6	Vishunu Textiles	-	12,79,50,841.00	
7	Balki Data Forms	-	34,55,59,755.00	
8	Bilagi Sugars	-	5,14,99,558.00	
	<b>Total</b>		<b>2,19,13,27,783.00</b>	

c.	Examine the system of effective utilization Loans/ Grant-in-Aid/Subsidy. List the cases of diversion of diversion of funds.	During the year under review no loans/grants/subsidy is sanctioned to company.
d.	Examine the cost benefit analysis of major capital expenditure/expansion including IRR and payback period.	The Company has not under taken any substantial capital expenditure/expansion during the year under review.

#### For NSVM & Associates

Chartered Accountants  
Firm Regn. No. 010072S  
Sd/-

**CA. D.N. Sreehari**

Partner

Mem No 027388

Place: Bangalore

Date: 12.09.2017

# REPLIES TO THE QUALIFICATIONS OF THE STATUTORY AUDITORS



## ON THE ACCOUNTS FOR THE FINANCIAL YEAR 2016-17

Sl. No.	Qualifications by the Auditors	Replies of the Corporation
1	<p>The Mercara Currers Private Limited is under liquidation. Its assets were sold and proceeds were invested in fixed deposits in PSE's banks awaiting completion of the liquidation proceedings. However the interest accrued on the FDs were appropriated as income for the Company without any declaration of dividend by the liquidator. The accounting treatment in the books of the company has resulted in: para-a) Current year income overstated by ₹ 27,74,430/- b) Cumulative income overstated from 2012-13 upto 31st March 2016 Rs. 92,73,511/- c) The aggregate income reckoned in the Company's books up to 31st March 2017 is Rs.1,20,47,941/-. Consequently the liability required on this account i.e ₹ 1,20,47,941/- is understated and for similar amount the carry forward losses also under stated in the books of the Company.</p>	<p>KSIIDC realised a sum of Rs. 280 lacs by sale of assets in association with OL and retained the amount along with interest as per the orders of Hon'ble High Court of Karnataka. KSIIDC is the only Secured Creditor and is entitled for the entire amount of share if adjudicated by OL. This amount of share will not be sufficient to realise the entire dues. In view of the matter pending before the O.L for adjudication the amount is retained by KSIIDC.</p>
2	<p>The Company had included the estimated Service charges in the cost of its own Buildings constructed in the past year, which accounting treatment is in deviation to the principles set out in Accounting Standard- 10 : Property, Plant and Equipment (vide Company Accounting Standard Rules 2006). Thus aggregate building cost has been depreciated over succeeding years and the net written down value of the building as at March 2017 is ₹ 1,48,82,599/-. The Accounting treatment has resulted in overstatement of fixed assets and corresponding understatement for cumulative losses carry forwarded. For the Year ended 31.03.2017, profit is understated by ₹ 15,25,770/-.</p>	<p>The Corporation also acts as a designated agency of the Government to plan and formulate proposals for industrial and infrastructure development. The service charges are mostly in the form of consultancy charges and therefore, are directly related to the cost of the project. In terms of the Accounting Policy No.7, service charges on annual incremental expenditure are charged to respective identified project accounts. This expenditure in respect of building on leasehold land was capitalised along with other expenditure.</p>
3.	<p>The company has taken amounts as share application money amounting to ₹ 48,69,00,000/- as at 31.03.2016 and are allotted during the current year on 25th May 2016 thereby raising the issued share capital to Rs. 6,67,14,66,900/- and is within the authorized share capital of Rs.8,00,00,00,000.</p> <p>a) The amounts are utilized for the purpose of redemption of Preference Share Capital before the allotment of shares.</p> <p>b) For such receipt of share application monies no separate bank accounts were opened. This is in contravention of Companies Act 2013 and relevant Rules 2014 framed there under.</p>	<p>The Corporation had issued Cumulative Redeemable Preference Shares (CRPS) to the IDBI and SIDBI as part of One Time Settlement (OTS) scheme. The Corporation had funds to the tune of Rs.48,69,00,000 belonging to the Government in the books of accounts. Thos money has been shown being payable to the Government of Karnataka. When these amounts have been shown in the books as payable to the Government, the issue of converting of this amount into equity for the purpose of redemption of CRPS was under discussion. As the deadline for redemption of CRPS was 31.3.2016, the Corporation requested the Government for conversion of these amounts into equity to discharge of the CRPS liability. According to the OTS terms, if the redemption is delayed, the Corporation would lose huge financial benefits offered under OTS. Hence, in principle approval of the Government for conversion of these amounts into equity was obtained to discharge the CRPS liability. Thus, at no time there was any specific call made by the directors for the subscription to the shares. Thus the question of opening the separate bank account for the proceeds did not arise. Under the circumstances provisions of the subsection 6 of section 42 of the company's Act did not arise at all and no violation of the provisions of the Company's Act has taken place.</p>

Sl. No.	Qualifications by the Auditors	Replies of the Corporation
4.	<p>Whereas the value of Fixed Assets shown at Rs.322.78 Crores consists of net block of Rs.1.81 crores. Of diesel generator set wherein depreciation on fixed assets has been provided on Pro rata basis on straight line method as per the useful life prescribed under Schedule II of the Companies Act, 2013. The Schedule II of the Act provides useful life of electrical installations and equipments to be 10 years. Considering the same the said assets should have been fully depreciated. However Company has retained the value of the asset at Rs. 1.81 Crores. in the books. This has resulted in over statement of assets and reserves &amp; surplus by Rs.1.81 Crores.; the accumulated depreciation is understated to that extent.</p>	<p>The DG sets have been installed at lease hold buildings having lease period of 30 years. These assets have been depreciated over the remaining period of lease. This has been consistently being followed from the beginning.</p>
5	<p>The statement of Profit &amp; Loss account of the Company shows under other income an amount of ₹ 11.70 Crs. interest on fixed deposit. However, the said amount is short accounted by Rs. 0.31 Crores. due to incorrect accounting of accrued interest. This has resulted in understatement of other income, profit for the year fixed deposit to the extent of ₹ 0.31 crores.</p>	<p>The Accrued interest is provided based on the confirmations received from the Banks. These fixed deposits are maturing during the current financial year and the same interest will be accounted along with maturity proceeds during the current financial year. As the amount being not so material in nature and does not materially affect the financials for the period under review.</p>
6	<p>Interest claim of ₹ 98.38 cores from Forest Department on delayed payment of compensation for diversion of land has not been included in contingent liabilities under Note 22 annexed to standalone financial statements:</p>	<p>(i) Copy of the proceedings of the meeting held on 20.05.2014 held under the Chairmanship of Principal Secretary to Government, IDD, wherein the Secretary, Forest Department as well as the Principal Chief Conservator of Forest were present. From the proceedings, it may be noted that during the discussions it was mentioned that the entire cost incurred by KSIIDC towards diversion of forest land for KIA project has been provided by the Government through budgetary provisions and government has already provided equivalent extent of lands for compensatory afforestation and considering the same, the Forest Department may request the Public Accounts Committee to drop the issue of recovery of interest since the payment would be from Government to Government and in this regard IDD shall make request, detailing the facts, to waive off the interest on the compensation amount already paid. If necessary the Forest Department may take the issue before the Cabinet to waive the interest. Accordingly, Government in Infrastructure Development Department issued a U.O. Note to the Principal Secretary, Forest, Environment and Ecology Department vide no. IDD 46 DIA 2013 dated 27/06/2014 (copy enclosed), requesting to waive off the interest as KSIIDC and IDD have complied with all the conditions of G.O. No.FEE 94 FGL 95 dated 17/12/2002 and also paid the compensation for environmental loss.</p>

	<p>(ii) Further, the matter was also discussed with the Principal Chief Conservator of Forest, wherein it was informed that the matter has been taken up with the Public Accounts Committee and the same has been considered for dropping the issue.</p> <p>(iii) It may be noted that subsequent to the IDD letter dated 27/06/2014 there has been no correspondence in this regard. During May 2016, the Deputy Conservator of Forest, Bangalore rural division (who was then recently posted), met MD, KSIIDC and discussed the matter in detail. Consequently IDD was requested to take up the matter with Forest Department once again for getting the confirmation on the waiver of the interest payment</p> <p>In view of the above, it may be noted that the transaction is between Government to Government and KSIIDC is acting as a nodal agency and, hence no provision for interest claim was made in the books..</p>
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**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 STATE INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED, BANGALORE FOR THE YEAR ENDED 31ST MARCH 2017.**

The preparation of financial statements of **Karnataka State Industrial and Infrastructure Development Corporation Limited, Bangalore** for the year ended **31 March 2017** in accordance with the financial reporting framework prescribed under Companies Act, 2013 is the responsibility of the management of the Company. The statutory auditor/auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on 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 **12th September 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 State Industrial and Infrastructure Development Corporation 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. In view of the revision(s) made in 'Auditors' Report', as a result of my audit observations highlighted during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report under 143(6)(b) of the Act.

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

**Sd/-  
(BIJIT KUMAR MUKHERJEE)  
ACCOUNTANT GENERAL  
(ECONOMIC & REVENUE SECTOR AUDIT)  
KARNATAKA, BANGALORE**

PLACE : BENGALURU

DATED : 21.09.2017

# **STANDALONE FINANCIAL STATEMENTS**

**BALANCE SHEET****Standalone Balance Sheet as at 31st March, 2017**

Particulars	Note No	Figures as at the end of current reporting period ₹	Figures as at the end of previous reporting period ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	6,671,466,900	6,184,566,900
(b) Reserves and Surplus	2	(1,027,473,575)	(1,330,412,313)
<b>(2) Share application money pending allotment</b>	3	0	486,900,004
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	4	36,467,555	36,467,555
(b) Other Long term liabilities	5	93,723,557	117,950,666
(c) Long term provisions	6	14,918,181	14,153,687
<b>(4) Current Liabilities</b>			
(a) Other current liabilities	7	1,266,015,402	1,199,092,572
(b) Short-term provisions	8	560,159,391	469,842,953
<b>TOTAL</b>		<b>7,615,277,411</b>	<b>7,178,562,024</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	9	3,227,849,577	3,262,715,202
(ii) Intangible Assets		69,255	80,191
(b) Non-current investments	10	1,066,583,447	1,076,031,149
(c) Long term loans and advances	11	298,523,626	488,865,628
(d) Other non-current assets	12	315,121,738	195,000,000
<b>(2) Current assets</b>			
(a) Trade receivables	13	111,740,234	92,857,220
(b) Cash and cash equivalents	14	1,812,341,937	1,369,310,526
(d) Other current assets	15	783,047,597	693,702,108
<b>TOTAL</b>		<b>7,615,277,411</b>	<b>7,178,562,024</b>

Significant Accounting Policy and Notes form an integral part of these financial statements: 21 & 22  
Cash Flow Statement : 23

For and on behalf of the Board

Sd/-  
**(NANDARAJ S.NIMBALKAR DESAI)**  
Director  
DIN: 07685814

Sd/-  
**(P.Hemalatha)**  
Managing Director  
DIN. 06537451

As per our report of even date  
**For NSVM & Associates**  
Chartered Accountants  
(Firm Regn. No. 010072S)

Sd/-  
**(S.R. PRAHLADA RAO)**  
Company Secretary &  
Legal Advisor

Sd/-  
**(N.R.N. SIMHA)**  
Executive Director I/c & CFO

Sd/-  
**(Y.SREEENIVASAPPA)**  
Dy.Genl.Manager (F&A)

Sd/-  
**(CA D.N. Sreehari)**  
Partner  
Member No. 027388

Place : Bangalore  
Date : 19.07.2017



# STATEMENT OF PROFIT & LOSS



## Standalone Statement of Profit and Loss for the year ended 31st March, 2017

Particulars	Note No	Figures as at the end of current reporting period ₹	Figures as at the end of previous reporting period ₹
I. Revenue from operations	16	178,900,859	120,560,360
II. Other Income	17	490,394,839	456,350,037
<b>III. Total Revenue (I +II)</b>		<b>669,295,698</b>	<b>576,910,397</b>
IV. Expenses:			
Employee benefit expense	18	72,543,654	81,260,400
Financial costs	19	15,192	20,038
Depreciation and amortization expense	9	39,642,867	40,784,701
Other expenses	20	167,097,403	48,177,669
<b>Total Expenses</b>		<b>279,299,116</b>	<b>170,242,808</b>
<b>Prior Year adjustment</b>		<b>477,845</b>	<b>-3,823,991</b>
<b>V. Profit / (Loss) before exceptional and extraordinary items and tax</b>	<b>(III-IV)</b>	<b>389,518,738</b>	<b>410,491,581</b>
VI. Exceptional Items		0	188,708,637
<b>VII. Profit (Loss) before extraordinary items and tax</b>	<b>(V - VI)</b>	<b>389,518,738</b>	<b>221,782,944</b>
VIII. Extraordinary Items		0	0
<b>IX. Profit / (Loss) before tax (VII - VIII)</b>		<b>389,518,738</b>	<b>221,782,944</b>
X. Tax expense:			
(1) Current tax		86,580,000	29,000,000
(2) Earlier Years		0	0
(3) Deffered		-	0
<b>XI. Profit/(Loss) for the period (IX - X)</b>		<b>302,938,738</b>	<b>192,782,944</b>
<b>XII. Earnings per equity share:</b>			
<b>(1) Basic</b>		<b>0.4547</b>	<b>0.344</b>
<b>(2) Diluted</b>		<b>0.454</b>	<b>0.316</b>
Significant Accounting policy and Notes form an integral part of these financial statements	21 & 22		
Cash Flow Statement	23		

For and on behalf of the Board

Sd/-  
**(NANDARAJ S.NIMBALKAR DESAI)**  
Director  
DIN: 07685814

Sd/-  
**(P.Hemalatha)**  
Managing Director  
DIN. 06537451

As per our report of even date  
**For NSVM & Associates**  
Chartered Accountants  
(Firm Regn. No. 010072S)

Sd/-  
**(S.R. PRAHLADA RAO)**  
Company Secretary &  
Legal Advisor

Sd/-  
**(N.R.N. SIMHA)**  
Executive Director I/c & CFO

Sd/-  
**(Y.SREENIVASAPPA)**  
Dy.Genl.Manager (F&A)

Sd/-  
**(CA D.N. Sreehari)**  
Partner  
Member No. 027388

Place : Bangalore  
Date : 19.07.2017

## Notes to the Financial Statements

Particulars	Note No	Figures as at the end of current reporting period ₹	Figures as at the end of previous reporting period ₹
<b>SHARE CAPITAL</b>	<b>1</b>		
<b>Authorised</b>			
800,000,000 Equity Shares of ₹ 10/- Each		<b>8,000,000,000</b>	8,000,000,000
200,000,000 Preference Shares of ₹10/- Each		<b>2,000,000,000</b>	2,000,000,000
		<b>10,000,000,000</b>	10,000,000,000
<b>EQUITY SHARE CAPITAL</b>			
<b>Issued, Subscribed and Paid up</b>			
66,71,46,690 Equity Shares (Previous year 61,84,56,690 Equity shares) of ₹ 10 each fully paid		<b>6,671,466,900</b>	6,184,566,900
The entire equity share capital is held by Government of Karnataka and its nominees.			
<b>TOTAL</b>		<b>6,671,466,900</b>	6,184,566,900
<b>Notes:</b>			
Particulars	Note No	Figures as at the end of current reporting period ₹	Figures as at the end of previous reporting period ₹
<b>a. Reconciliation of Equity Shares outstanding at the beginning and at the end of Reporting period</b>			
<b>Issued, Subscribed and paid up shares</b>		<b>Equity Shares in Nos.</b>	<b>Equity Shares in Nos.</b>
- Opening Balance		<b>618,456,690</b>	550,325,064
- Issued during the year		<b>48,690,000</b>	68,131,626
- Closing Balance		<b>667,146,690</b>	618,456,690
<b>Terms and Rights attached to equity shares:</b>			
The Company has one class of equity shares having a par value of ₹ 10 per share. Each share holder is eligible for one vote per share held. Dividend is payable when it is recommended by the Board of Directors and approved by the members at the Annual General Meeting. In the event of liquidation, the equity share holders are eligible to receive the remaining assets after discharging all liabilities of the Company.			

## Notes to the Financial Statements (Contd.)

<b>Details of share holders holding more than 5% shares in the Company</b>			
Governor of Karnataka		667,146,530	618,456,530
% of holding		100	100
Nominees of Government of Karnataka		160	160
% of holding		0	0
<b>Particulars</b>	<b>Note No</b>	<b>Figures as at the end of current reporting period ₹</b>	<b>Figures as at the end of previous reporting period ₹</b>
<b>RESERVES AND SURPLUS</b>	<b>2</b>		
a) Special Reserve (under Section 36(I) (viii) of Income Tax Act, 1961)		32,500,000	32,500,000
b) Capital Redemption Reserve		988,159,110	988,159,110
<b>Total-a</b>		<b>1,020,659,110</b>	<b>1,020,659,110</b>
b) Deficit in the Profit & Loss Statement			
Opening Balance		(2,351,071,423)	(2,543,854,367)
Profit / (Loss) for the year		302,938,738	192,782,944
<b>Total-b</b>		<b>(2,048,132,685)</b>	<b>(2,351,071,423)</b>
<b>Total (a+b)</b>		<b>(1,027,473,575)</b>	<b>(1,330,412,313)</b>
<b>Particulars</b>	<b>Note No</b>	<b>Figures as at the end of current reporting period ₹</b>	<b>Figures as at the end of previous reporting period ₹</b>
<b>Share application money pending allotment</b>	<b>3</b>		
Share application money-Government of Karnataka		0	486,900,004
<b>Total</b>		<b>0</b>	<b>486,900,004</b>
<b>Notes:</b>			
a. Terms and conditions',		NA	To be stipulated
b. Number of shares proposed to be issued',		NA	To be stipulated
c. The amount of premium,if any',		NA	To be stipulated
d. The period before which the shares are to be allotted',		NA	To be stipulated
e. Whether the Company has sufficient authorised share capital to cover the share capital amount on allotment of shares out of share application money.		NA	Yes
f. Interest accrued on amount due or refund		NA	To be stipulated
g. The period for which the share application money has been pending beyond the period for allotment as mentioned in the share application form along with the reasons for such share application money being pending 4,86,90,000 equity shares (previous year 6,81,31,626 equity shares) of ₹ 10 each were allotted.		NA	NA

## Notes to the Financial Statements (Contd.)

Particulars	Note No	Figures as at the end of current reporting period ₹	Figures as at the end of previous reporting period ₹
<b>Non Current Liabilities</b>			
<b>Long Term Borrowings - Unsecured</b>	4		
Loan from Government of Karnataka -I		1,500,000	1,500,000
Loan from Government of Karnataka -II		34,967,555	34,967,555
<b>TOTAL</b>		<b>36,467,555</b>	<b>36,467,555</b>

**Notes:**

Loan from Government of Karnataka -I	Released for onward disbursement to Particle Board Mfg Co-op. Society Ltd for rehabilitation and to meet working capital requirements.
Loan from Government of Karnataka -II	Released to pay arrears of workers dues of Gangavathi Sugars Ltd through the Deputy Commissioner, Koppal with a condition that KSIIDC shall claim and recover the same from the Official Liquidator and repay the amount to Government of Karnataka.

Particulars	Note No	Figures as at the end of current reporting period ₹	Figures as at the end of previous reporting period ₹
<b>Other Long Term Liabilities</b>	5		
RENT DEPOSIT RECD-ITBT PARK		29,835,090	43,099,359
RENT DEPOSIT RECEIVED-KBVN		63,870,780	74,828,190
CAUTION MONEY DEPOSIT - FLATS		17,687	23,117
<b>TOTAL</b>		<b>9,37,23,557</b>	<b>117,950,666</b>
<b>Long Term Provisions</b>	6		
Provision for Leave Encashment		14,918,181	14,153,687
<b>TOTAL</b>		<b>14,918,181</b>	<b>14,153,687</b>

**Note:** Provision for leave encashment classified as non-current liability based on actuarial valuation

## Notes to the Financial Statements (Contd.)

Particulars	Note No	Figures as at the end of current reporting period ₹	Figures as at the end of previous reporting period ₹
<b>Other Current Liabilities</b>	<b>7</b>		
Advance received - Project Development		539,970,772	374,375,860
Sundry Creditors - Professional Services		361,635	1,693,608
Sundry Creditors - Recovery Payable		167,146	166,051
Sundry Creditors - Contractors		14,102,142	11,830,099
Sundry Creditors for Expenses		11,849,318	12,733,117
Sundry Creditors - Others		10,693,429	10,522,544
Audit Fees Payable		225,000	261,250
Advance from Sale of Secured Assets		68,620,879	138,732,756
Lease Rent BIAL-Payable -GOK		133,274,025	0
Other Liabilities-OL		66,943,614	107,200,807
Other Liabilities-OTS		163,224,830	271,588,676
Interest on Projects Funds		13,546,872	22,011,716
Deposits		99,369,807	72,209,382
Others		79,672,433	111,773,206
IDBI - Seed Capital		63,993,500	63,993,500
<b>Total</b>		<b>1,266,015,402</b>	<b>1,199,092,572</b>

**Notes:**

IDBI - Seed Capital

Released by IDBI for onward disbursement to eligible loanee units as soft loan / seed capital. Amount repayable on recovery from units.

## Notes to the Financial Statements (Contd.)

Particulars	Note No	Figures as at the end of current reporting period ₹	Figures as at the end of previous reporting period ₹
<b>Short Term Provisions</b>	<b>8</b>		
Duties & Taxes		989,629	1,348,228
Provisions for Income Tax		508,823,214	422,243,214
Provision for Sales Tax		4,709,938	4,709,938
Provision For Guarantees Devolved		24,305,358	24,205,415
Provision for Leave Encashment		2,757,784	2,209,348
Provision for CSR		18,573,468	15,126,810
<b>TOTAL</b>		<b>560,159,391</b>	<b>469,842,953</b>
<i>Note: Provision for leave encashment classified as current liability based on actuarial valuation</i>			