



# 18<sup>th</sup> Annual Report 2018-19

## Rail Infrastructure Development Company (Karnataka) Limited

(A Joint Venture of Govt. of Karnataka & Ministry of Railways)



# RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED - KRIDE

<b>BOARD OF DIRECTORS</b>	:	Shri. T.M.Vijay Bhaskar, IAS - Chairman Shri. I.S.N. Prasad, IAS Dr. E.V. Ramana Reddy, IAS Shri. Kapil Mohan, IAS Shri. Sanjay Rastogi, IRSE Shri. R.K. Singh, IRSE Shri. Amit Garg, IRSE - Managing Director
<b>STATUTORY AUDITORS</b>	:	Pandurang Shenoy & Co., Chartered Accountants No.5E, 5 <sup>th</sup> Floor, Chitrapura Bhavan, 15 <sup>th</sup> Cross, 8 <sup>th</sup> Main, Malleshwaram, Bengaluru - 560055
<b>C&amp;AGI AUDITORS</b>	:	Office of the Accountant General (E&RSA) Karnataka Audit Bhavan 'A' Block, Post Box No.5398 Bengaluru - 560001
<b>BANKERS</b>	:	Canara Bank Indiranagar Branch Bangalore - 560 038  IDBI Bank Limited Gandhinagar Bangalore - 560 009
<b>REGISTERED OFFICE</b>	:	MSIL House, 7 <sup>th</sup> Floor, #36, Cunningham Road, Bangalore - 560 052



**EIGHTEENTH  
ANNUAL REPORT  
2018-19**

**RAIL INFRASTRUCTURE DEVELOPMENT COMPANY  
(KARNATAKA) LIMITED - KRIDE**

## **CONTENTS**

1. Notice	:	1
2. Directors' Report	:	4
3. Addendum to the Directors' Report	:	9
4. Auditors' Report	:	15
5. C&AGI Comments	:	23
6. Balance Sheet	:	24
7. Profit and Loss Statement	:	25
8. Cash Flow Statement	:	26
9. Notes to Financial Statements & Significant Accounting Policies	:	27



## NOTICE TO THE SHAREHOLDERS

**NOTICE** is hereby given that the 18<sup>th</sup> Annual General Meeting of the Shareholders of **M/s. Rail Infrastructure Development Company (Karnataka) Limited** will be held on **Monday the 25<sup>th</sup> November 2019 at 1.00 p.m. at the office of Chief Secretary to GoK, Room No.320, 3<sup>rd</sup> Floor, Vidhana Soudha, Bangalore – 560 001** to transact the following business at shorter notice:-

### ORDINARY BUSINESS

- 1. Adoption of Financial Statements:** Financial Statements of the Company for the year ended March 31, 2019 and the reports of the Board of Directors (the Board) and Auditors thereon together with the comments received from C&AGI under section 143 of the Companies Act, 2013.
- 2. Re-appointment of Director:** To appoint a Director in place of Shri.Sanjay Rastogi, (DIN 06486684), who retires by rotation and being eligible offers himself for re-appointment.
- 3.** To consider fixation of remuneration for the year ending 31<sup>st</sup> March 2020 payable to Statutory Auditors appointed by Comptroller & Auditor General of India (C&AGI) and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** the appointment of M/s. Pandurang Shenoy & Co, (Firm Regn. No.008242S) Chartered Accountants, Bengaluru as Statutory Auditors made by the CAG under section 139(5) of the Companies Act, 2013 for the financial year 2019-20 be and is hereby noted and the remuneration payable to M/s. Pandurang Shenoy & Co, Chartered Accountants, Bengaluru for the financial year 2019-20 be and is hereby fixed at ₹ 25,000/- plus GST & other taxes if any.

### SPECIAL BUSINESS

#### 4. TO INCREASE IN THE AUTHORIZED SHARE CAPITAL OF THE COMPANY

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 61 and 64 and any other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or re-enactment thereof for the time being in force) and subject to the approval of the Registrar of Companies (the 'RoC') as may be required for this purpose, the Authorised Share Capital of the Company be and is hereby increased from ₹ 20,00,00,000/- (Rupees Twenty Crores only) divided into 2,00,00,000 (Two Crores) Equity shares of ₹ 10/- (Rupees Ten only) to ₹ 100,00,00,000/- (Rupees One Hundred Crores only) divided into 10,00,00,000 (Ten Crores) Equity Shares of ₹ 10/- (Rupees Ten Only) each and the Clause V of the Memorandum of Association of the Company be altered accordingly."

**"RESOLVED FURTHER THAT** Mr. Amit Garg, IRSE, Managing Director or any one of the Directors of the Company be and are hereby Authorised to file the necessary forms with the RoC to give effect to this Resolution."

#### 5. ALTERATION OF CAPITAL CLAUSE OF THE MEMORANDUM OF ASSOCIATION

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to sections 13, 61 and other applicable provisions if any, of the Companies Act 2013 (including any statutory modification(s) or re-enactment (s) thereof for the time being in force) consent be and is hereby given to substitute the following clause V for the existing Clause V of the Memorandum of Association of the Company:

- V. The Authorised Share Capital of the Company is ₹100,00,00,000/- (Rupees One Hundred Crore only) consisting of 10,00,00,000 (Ten Crores) Equity Shares of ₹ 10/- (Rupees Ten Only) each with power to increase or reduce and alter the capital in accordance with the provisions of the Companies Act, 2013 and the regulations of the Company and to vary, modify or abrogate in such manner as may be for the time being be provided by the regulation of the Company."

**"RESOLVED FURTHER THAT** Mr. Amit Garg, IRSE, Managing Director or any one of the Directors of the Company be and are hereby authorised to file the necessary forms with the RoC to give effect to this Resolution."

By order of the Board  
**For Rail Infrastructure Development Company (Karnataka) Limited**

Place : Bangalore  
Date :19.11.2019

**AMIT GARG**  
Managing Director

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote at the meeting instead of himself and the proxy need not be a member of the Company. The enclosed proxy form should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the AGM.
2. The Company being a Government Company, the Comptroller & Auditor General of India has appointed the Statutory Auditors of the Company for the year 2019-20 under section 139 (5) of the Companies Act, 2013.
3. Consent of all shareholders obtained for shorter notice.
4. Company has obtained extension of time for holding AGM by 2 months i.e. upto 30.11.2019 by Registrar of Companies, Bangalore vide letter dated 01.10.2019.
5. Route Map is enclosed.
6. The Explanatory Statement as required under section 102 of the Companies Act, 2013 is annexed hereto.
7. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
8. The Memorandum of Association of the Company will be available for inspection by the members at the registered office of the Company during working hours, i.e. 10.00 a.m. to 6.30 p.m. excluding Saturday & Sunday till the conclusion of the AGM.

**Annexure to Notice****EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013****Item Nos. 4 & 5:**

The present Authorised Share Capital of the Company is ₹ 20,00,00,000/- (Rupees Twenty Crores Only) consisting of 2,00,00,000 (Two Crore) Equity shares of ₹ 10/- (Rupees Ten Only) each.

The existing Authorised Share Capital needs to be increased further in order to meet the business objectives and to expand the activities of the Company and also in tune with the State JV Policy of the Ministry of Railways. It is therefore proposed to increase the Authorised Share Capital of the Company to ₹ 100,00,00,000/- (Rupees One Hundred Crores Only) divided into 10,00,00,000 (Ten Crores) Equity Shares of ₹10/- (Rupees Ten Only) each.

Subsequent to the increase in the Authorised Share Capital, Clause V of the Memorandum of Association of the Company would have to be altered by passing the necessary Resolutions in the General Meeting of the members of the Company.

The Resolution at Item No.5 of the Notice is consequential upon the proposed increase in the Authorised Share Capital of the Company.

The Board recommends passing of the Resolutions at Item Nos.4 and 5 as Ordinary Resolution and Special Resolutions respectively.

None of the Directors are interested or concerned, financially or otherwise, in the said Ordinary and Special Resolutions respectively.

The Memorandum of Association of the Company is open for inspection of the members at the Registered Office of the Company during the normal business hours at any time upto the date of the General Meeting and at the Meeting.

By order of the Board  
**For Rail Infrastructure Development Company (Karnataka) Limited**

Place : Bangalore  
Date :19.11.2019

**AMIT GARG**  
Managing Director

## DIRECTORS' REPORT TO THE SHAREHOLDERS

### To The Members,

Your Directors have pleasure in presenting the Eighteenth Annual Report on the working of your Company together with the Audited Statement of Accounts and the Auditors' Report with an addendum to this report containing the Management Replies to the observations made in the Auditors Report for the financial year ended on March 31, 2019.

### 1. FINANCIAL RESULTS

The financial results for the year ended March 31, 2019 are summarised below.

(₹ In Lakhs)

Particulars	Current Year 31.03.2019	Previous Year 31.03.2018
Income from Operations	-	-
Other Income:		
Interest from Bank Deposits	73.49	123.46
Interest on Income Tax Refund	-	0.46
Total Income	73.49	123.92
Less : Total Expenses	37.72	19.97
: Prior period items	-	-
Profit before Tax	35.76	103.95
Less : Provision for Tax	-	-
Profit / (Loss) after Tax	35.76	103.95
Add : Profit brought forward	788.20	689.25
Less : P&L Appropriation A/c	-	-
Profit carried to the Balance Sheet	828.96	793.20

### 2. GENERAL INFORMATION ABOUT THE COMPANY

Based on the directives of the Ministry of Railways, the Company was restructured as a State Joint Venture with equity participation between Government of Karnataka and Ministry of Railways at 51:49 ratio vide Revised Shareholders Agreement dated 17.10.2018. In view of restructuring of KRIDE as a State JV, the activities/scope of the Company has been widened which amongst others, include the following:

- development, financing and implementation of railway projects and/or projects which may require viability gap funding that are important for critical connectivity/ capacity enhancement, as agreed by the Parties;
- undertaking surveys, preparation of Detailed Project Report (DPR) to examine the Viability of the railway projects;
- processing for sanctioning of the railway projects (identified by the Board or the parties);
- incorporation and funding of subsidiaries/special purpose vehicles for undertaking railway projects; and
- undertaking all such actions not specifically mentioned above, that may be required to give effect to the intent of the Parties, as set out in the Agreement.

The Company has amended the clause V of the MoA Subdividing the value of equity shares of ₹ 100/- into 10 equity shares of ₹ 10/- each in the EGM held on 26.10.2018. The Sub division of shares was effected on the record date of 12.11.2018.

The Company allotted 49,49,930 equity shares of ₹ 10/- each on 17.12.2018 as against the 1<sup>st</sup> right issue of shares.

The authorised share capital of the company has been increased from ₹ 5 Crores to ₹ 20 Crores in the EGM held on 21.01.2019.

The Company further allotted 50,00,000 equity shares of ₹10/- each on 05.04.2019 as against the 2<sup>nd</sup> right issue of shares.

Thus the present total paid up share capital of the company is ₹ 10 crores.

In terms of the Revised Shareholders Agreement dt.17.10.2018, the shares held by M/s. iDeCK was divested in favour of Govt. of Karnataka on 28.03.2019. Accordingly, at the end of 31.03.2019, the shares of the company were held by the Govt. of Karnataka and Ministry of Railways in the ratio of 51:49 ratio. The Company became a Govt. Company within the meaning of Sec 2 (45) of the Companies Act, 2013 consequent on restructuring of the Company as a State Joint Venture and on allotment of shares to President of India representing the Ministry of Railways on 17.12.2018.

### **3. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS, IF ANY:**

There are no material events occurred subsequent to the date of financial statements except the allotment of 50,00,000 Right Equity Shares of ₹ 10/- each on 05.04.2019.

### **4. CHANGE IN THE NATURE OF BUSINESS, IF ANY:**

There is no change in the nature of business of the Company. The Company is authorised by Govt. of Karnataka for drawing funds released by them to Railways & others for various cost sharing projects and acting as a Nodal Agency. During the year ₹189.65 Crores were released by Govt. of Karnataka to Railways through KRIDE.

### **5. DIVIDEND**

Since the Company has no business income, and has only interest on fixed deposits held with the Banks, no dividend has been recommended by the Directors.

### **6. TRANSFER OF RESERVES IN TERMS OF SECTION 134(3) (J) OF THE COMPANIES ACT, 2013**

The Company has not transferred any amount to General Reserve Account for the financial year ended 31<sup>st</sup> March 2019.

### **7. SHARE CAPITAL**

The authorised share capital of the company has been increased from ₹ 5 Crore to ₹ 20 Crore in the EGM held on 21.01.2019. The paid-up share capital has also been increased to ₹ 5 Crore as on 31.03.2019 and to ₹ 10 Crore after allotment of 2<sup>nd</sup> Right shares on 05.04.2019. The shares of the Company were held by the Govt. of Karnataka and Ministry of Railways in the ratio of 51:49 ratio.

### **7.A. DEMAT & REMAT OF SHARES:-**

During the year, consequent on compulsory Demat of shares of unlisted public companies vide MCA notification dated 10.09.2018 the Company was forced to demat its shares in NSDL through BgSE Financials Limited (RTA) in c/w allotment of 1<sup>st</sup> Right shares. Later on, the MCA vide notification dated 22.01.2019 has exempted the Govt. companies from Demat and as a Result, the Company has taken up the dematerialisation of its shares with NSDL and requested the existing shareholders to apply for dematerialisation of existing allotted shares in demat mode. The Ministry of Railways have already rematerialized its shares and the Govt. of Karnataka is taking steps to rematerialize its shares allotted in demat mode. The company will soon close its demat account with NSDL. However, the company has already informed NSDL and BgSE (RTA) that the company has decided to withdraw its shares from the depository. The Company has accordingly made subsequent allotments in physical mode only.

### **8. DETAILS RELATING TO DEPOSITS**

The Company has not received any deposit nor renewed it.

### **9. DIRECTOR'S & KEY MANAGERIAL PERSONNEL**

During the year, Smt. B. Sindhu, IAS & Shri. D.V. Prasad, IAS, ceased to be directors w.e.f. 10.08.2018 & 20.08.2018 respectively.

The Ministry of Railways has nominated Shri. Rajesh Agarwal, Executive Director (MTP), Railway Board & Shri. Amit Garg, Chief Engineer/Construction (West)/ Bangalore as Directors on the Board of KRIDE after withdrawing the nominations of existing directors namely Shri. G.V.L. Satyakumar, Shri. S.C. Jain & Shri. Sanjay Lavania w.e.f. 31.08.2018.

Shri. Pavan Kumar Malapati, IAS, Dy. Secretary to Govt., FD (B&R) & Shri. Ramesh R, Director/C&I Dept., were appointed as Directors on 06.09.2018 & 01.10.2018 respectively.

Shri. K. Jayakishan, Director representing M/s. iDeCK ceased to be director w.e.f. 27.12.2018 consequent on restructuring of the Company.

The Ministry of Railways nominated Shri. Sanjay Rastogi, IRSE, Principal Executive Director, SPV, Railway Board as Director on the Board of KRIDE w.e.f. 24.05.2019 in place of Shri. Rajesh Agarwal, IRSE, ED, MTP, Railway Board, transferred. The Ministry of Railways has also nominated Shri. R.K. Singh, IRSE, CE/CN/W/BNC as a Director of the Company w.e.f. 08.11.2019.



The Govt. of Karnataka has nominated Shri. Vijay Bhaskar TM, IAS, Chief Secretary to GoK as Chairman & Director of the Company w.e.f. 09.09.2019. The Govt. of Karnataka has nominated Dr. E.V. Ramana Reddy, IAS Addl. Chief Secretary to GoK/UDD as Director of the Company w.e.f. 09.09.2019 in place of Shri. Ramesh R. The Govt. of Karnataka has also nominated Shri. Kapil Mohan, IAS, Principal Secretary to GoK/IDD as Director of the Company w.e.f. 16.08.2019 in place of Dr. Sandeep Dave. Shri. S.Gagarin, IRTS, CEO/HMRDC has ceased to be a Director w.e.f. 09.09.2019 consequent on appointment of regular MD of the Company. The Govt. of Karnataka has also nominated Shri. I.S.N. Prasad, ACS to GoK/FD as a Director of the Company w.e.f. 08.11.2019 in place of Shri. Pavan Kumar Malapati.

Shri. Sanjay Rastogi, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

The provisions of sub-section (4) of Section 149 of the Companies Act, 2013 read with Rule 4 of Companies (Appointment & Qualification of Directors) Rules, 2014 regarding independent directors are not applicable to the Company.

The provisions of sub-section (1) of Section 178 read with Rule 6 of Companies (Meetings of Board and its powers) Rules, 2014 regarding constitution of Nomination & Remuneration Committee, Stakeholders Relationship Committee & Audit Committee are not applicable to the Company for the year 2018-19. However the Audit & Nomination & Remuneration Committees are being constituted for the current year 2019-20 consequent on increase in paid up capital of the company to ₹10 Crores during the year 2019-20.

Consequent on restructuring of the Company, the Ministry of Railways & Govt. of Karnataka have appointed Mr. Amit Garg, IRSE, Chief Engineer/MoR as Managing Director of the Company on deputation and Mr. Amit Garg, IRSE has taken over charge as Managing Director of the Company w.e.f. 25.07.2019. Mr. Haribabu, IRSE, GM/RITES has been appointed as Director (Project & Planning) on deputation from Ministry of Railways and he is yet to take charge. The Company propose to take up new projects in view of widening the scope/activities of the Company. The Company will take action to appoint other KMPs in future as and when the other operations of the company commences shortly. None of the directors are whole time directors of the company as on date.

#### **10. AUDITORS**

During the year, consequent on restructuring of the Company as a State JV and the Company becoming a Government Company within the meaning of Sec 2 (45) of the Companies Act, 2013, M/s. Vasanth & Co have resigned as Statutory Auditor of the Company w.e.f. 30.11.2018. Pursuant to the provisions of Sec. 139 of the Companies Act, 2013, the Company being a Govt Company w.e.f. 17.12.2018, the C&AG have appointed M/s. Pandurang Shenoy & Co, Chartered Accountants (Firm Registration No. 008242S) Bangalore, as Statutory Auditors of the Company for the year 2018-19.

As required under section 141 (3) (g) of the Companies Act, 2013, the Company has obtained a written certificate from M/s. Pandurang Shenoy & Co, Chartered Accountants to the effect that their appointment, if made, would be in conformity with the limits specified in the said section. The CAG have appointed M/s. Pandurang Shenoy & Co, Bangalore, CAs as Statutory Auditors for the year 2019-20. The Statutory Auditors appointed by C&AG will hold office until the next Annual General Meeting.

#### **11. DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a. in the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. the directors had selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2019 and of the profit and loss of the company for that period;
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. the directors had prepared the annual accounts on a going concern basis;
- e. the Company being unlisted sub clause (e) of Section 134 (5) is not applicable.
- f. 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.

#### **12. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS U/S 186**

The particular of loans, guarantees or investments u/s 186 for the year under report may be taken as Nil.

#### **13. INFORMATION ABOUT SUBSIDIARY / JV/ ASSOCIATE COMPANY**

The Company has no subsidiary/associate company. The Company has invested ₹ 2 Crores in the paid up

capital of M/s. Hassan Mangalore Rail Development Company Ltd., (1.786% of paid up capital) one of the Special Purpose Vehicle (Joint Venture of Ministry of Railways, Govt., of Karnataka and strategic investors). Further, company proposed to incorporate a 100% subsidiary project SPV i.e. M/s. Bengaluru Integrated Rail Infrastructure Development Enterprise Limited – Bi-RIDE to take Bangalore Sub Urban Rail Project shortly.

#### **14. RELATED PARTY TRANSACTIONS**

There were no contracts or arrangements entered into by the company in accordance with provisions of section 188 of the Companies Act, 2013.

#### **15. BOARD MEETINGS, COMMITTEES OF DIRECTORS**

The Board of Directors of the Company met five times during the financial year on the following dates:

1. 22.06.2018
2. 14.09.2018
3. 13.11.2018
4. 17.12.2018
5. 25.02.2019

The gap intervening between two meetings of the board is as prescribed in the Companies Act, 2013.

#### **16. 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** is enclosed as **Annexure - I** to the Directors Report.

#### **17. BOARD EVALUATION**

The provisions of clause (p) of sub-section (3) of Section 134 of the Companies Act, 2013 read with Sub Rule 4 of Rule 8 of Companies (Accounts) Rules, 2014, regarding Board Evaluation is not applicable to the Company as its paid up capital is less than ₹ 25 Crores.

#### **18. QUALIFICATIONS IN AUDIT REPORTS**

The replies to the qualifications made in the Auditors Report for the year financial year ended 31.03.2019 are attached as an Addendum as **Annexure - II** to this report.

#### **19. REMUNERATION RATIO OF THE DIRECTORS / KEY MANAGERIAL PERSONNEL (KMP) / EMPLOYEES**

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 regarding remuneration to employees of the Company and Directors may be taken as NIL as none of the directors are whole time directors during the year 2018-19 and that none of the employees are in receipt of remuneration over and above the limits prescribed in the Rules stated supra.

#### **20. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO**

As the Company has not commenced its operations, the information relating to conservation of energy, technology absorption and foreign exchange outgo may be taken as Nil.

#### **21. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS**

As the company has not commenced its operations and as on date no orders which are held significant and material to the Company has been passed by any of the Regulators.

#### **22. DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

The Company has an adequate internal financial control considering the nature and size of the company.

#### **23. RISK MANAGEMENT POLICY**

Although the company has long been following the principle of risk minimization as is the norm in every industry, it has now become a compulsion.

The main objective is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business.

The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, Investments,

Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, legal risk.

As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

#### **24. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

There was no complaint received from any employee during the financial year 2018-19 and hence no complaint is outstanding as on 31.03.2019 for redressal.

#### **25. CORPORATE SOCIAL RESPONSIBILITY**

The provisions regarding Corporate Social Responsibility are not applicable to the Company for the year under report.

#### **26. SECRETARIAL STANDARDS**

The Company is following the provisions of the Companies Act, 2013 regarding secretarial standards.

#### **27. APPLICABILITY OF SECRETARIAL AUDIT REPORT**

The Secretarial audit is not applicable to the Company.

#### **28. APPLICABILITY OF AUDIT COMMITTEE**

The provisions regarding Audit Committee are not applicable to the Company for the year 2018-19.

#### **29. APPLICABILITY OF NOMINATION & REMUNERATION POLICY**

The provisions regarding constitution of nomination and remuneration policy is not applicable to the Company for the year 2018-19.

#### **30. VIGIL MECHANISMS OF THE COMPANY**

The provisions regarding vigil mechanisms are not applicable to the Company.

#### **31. OUTLOOK FOR THE FUTURE**

The company being a state Joint Venture will undertake:

- a) Survey and Preparation of DPR of mutually identified rail infrastructure projects and process for obtaining requisite sanctions
- b) Execution of already sanctioned railway projects (doublings & new lines)
- c) Execution of RoB/RuB works as assigned to it.

The company can also form Project Specific subsidiary companies (Project SPVs) which may have equity holding by other stakeholders like Banks, PSUs, Ports, Mining Companies etc., to cater to a specific project after the sanction of the project is obtained from the competent authority following the laid down procedure or project appraisal by NITI Aayog / Expanded Board for Railways as the case may be. The Company is taking action to implement Bengaluru Sub-urban Rail Project.

#### **32. ACKNOWLEDGMENTS**

KRIDE has developed close relationships with Infrastructure Development Department, Urban Development Department, Directorate of Urban Land Transport (DULT), Government of Karnataka, Ministry of Railways, Government of India, South Western Railway, Hassan Mangalore Rail Development Company (HMRDC). The Board of Directors wishes to gratefully acknowledge the assistance and guidance received from all of them.

By order of the Board  
**For Rail Infrastructure Development Company (Karnataka) Ltd.,**

Place : Bangalore  
Date : 18.11.2019

**T.M. VIJAY BHASKAR, IAS**  
Chairman



**Annexure - I**

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

**As on financial year ended on 31.03.2019**

**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	U60100KA2000PLC028171
2.	Registration Date	22.11.2000
3.	Name of the Company	M/s. Rail Infrastructure Development Company (Karnataka) Limited
4.	Category/Sub-category of the Company	State Joint Venture under infrastructure
5.	Address of the Registered office & contact details	MSIL House, 7th Floor, # 36, Cunningham Road, Bangalore – 560052
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	BgSE- shortly share will be withdrawn.

**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): **Nil**

Company is yet to commence its commercial operations. It acts as a nodal agency for railway infrastructure projects in the State of Karnataka.

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES – Nil**

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**A) Category-wise Shareholding:**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>(1) Indian</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
a) Individual/ HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Central Govt	Nil	Nil	Nil	Nil	Nil	2450000	2450000	49.00	Nil
c) State Govt (s)	Nil	2505	2505	50.03	Nil	2550000	2550000	51.00	Nil
d) Bodies Corp.	Nil	2500	2500	49.93	Nil	Nil	Nil	Nil	Nil
e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any other	Nil	2	2	0.04	Nil	Nil	Nil	Nil	Nil
<b>Total shareholding of Promoter (A)</b>	<b>Nil</b>	<b>5007</b>	<b>5007</b>	<b>100</b>	<b>Nil</b>	<b>5000000</b>	<b>5000000</b>	<b>100</b>	<b>Nil</b>
<b>B. Public Shareholding</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Grand Total (A+B+C)</b>	<b>Nil</b>	<b>5007</b>	<b>5007</b>	<b>100</b>	<b>Nil</b>	<b>5000000</b>	<b>5000000</b>	<b>100</b>	<b>Nil</b>

**Note:**

Category-wise shareholding after allotment of 2<sup>nd</sup> Right Issue on 05.04.2019 are as follows:

Name of the shareholder	No. of Shares allotted	Cumulative Shareholding as on 05.04.2019	%age
a) Central Govt	2450000	4900000	49.00
b) State Govt	2550000	5100000	51.00
<b>Total shareholding as on 05.04.2019</b>	<b>1000000</b>	<b>1000000</b>	<b>100.00</b>

**B) Shareholding of Promoters-**

SL No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding 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	2500	49.93	-	2549930	51.00	-	51.00
2	Infrastructure Development Corporation (Karnataka) Ltd.	2500	49.93	-	-	-	-	Nil
3	President of India	-	-	-	2450000	49.00	-	49.00
4	Dr. Sandeep Dave, IAS	2*	0.04	-	20*	-	-	Nil
5	Smt. P.I.Sreevidya	1*	0.02	-	-	-	-	Nil
6	Shri. Robin Vanaraj J	1*	0.02	-	-	-	-	Nil
7	Dr. V. Sathyanarayana	1	0.02	-	-	-	-	Nil
8	Shri. K. Jayakishan	1	0.02	-	-	-	-	Nil
9	Shri. S. Gagarin	1*	0.02	-	10*	-	-	Nil
10	Smt. Chaitra. V	-	-	-	-	20*	-	--
11	Shri. Shankar S	-	-	-	-	10*	-	--
12	Shri. Manjunath B.S.	-	-	-	10*	-	-	-

**Note** :\* denotes the shares held on behalf of Govt. of Karnataka & necessary declaration of beneficial interest has been filed.

**Note:**

Promoter's shareholding after allotment of 2<sup>nd</sup> Right Issue on 05.04.2019 are as follows:

Name of the shareholder	No. of Shares allotted	%age
President of India	2450000	49.00
Governor of Karnataka	2550000	51.00
<b>Total shareholding as on 05.04.2019</b>	<b>1000000</b>	<b>100.00</b>

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

SL No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.18)	%of total shares of the Company	Date	Increase/ Decrease in share holding	Reason	Cumulative Shares during the year	% of total shares of the Company during the year
1)	Governor of Karnataka	2500	49.93	-	-	-	2500	49.93
	Smt.P.I.Sreevidya	1*	0.02	10.08.18	(1)*	Transfer	-	-
	Shri. Robin Vanaraj J	1*	0.02	10.08.18	(1)*	Transfer	-	-
	Dr. V. Sathya-narayana	1	0.02	01.10.18	(1)	Transfer	-	-
	Shri. K. Jayakishan	1	0.02	01.10.18	(1)	Transfer	-	-
	Smt. Chaitra. V	-	-	01.10.18	2*	Transfer	2*	0.04
	Shri. Shankar S	-	-	10.08.18	1*	Transfer	1*	0.02
	Shri. Manjunath B.S.	-	-	10.08.18	1*	Transfer	1*	0.02
	Dr. Sandeep Dave, IAS	2*	0.04	12.11.18	20*	Sub Division of Shares	20*	-
	Shri. S. Gagarin	1*	0.02	12.11.18	10*	Sub Division of Shares	10*	-
	Smt. Chaitra. V	-	-	12.11.18	20*	Sub Division of Shares	20*	-
	Shri. Shankar S	-	-	12.11.18	10*	Sub Division of Shares	10*	-
	Shri. Manjunath B.S.	-	-	12.11.18	10*	Sub Division of Shares	10*	-
	Governor of Karnataka	-	-	12.11.18	25000	Sub Division of Shares	25000	49.93
	Governor of Karnataka	-	-	17.12.18	2499930	1st Right Issue	2524930	50.50
	Governor of Karnataka	-	-	28.03.19	25000	Transfer	2549930	51.00
2)	Infrastructure Development Corporation (Karnataka) Ltd.	2500	49.93	-	-	-	-	49.93
				12.11.18	25000	Sub Division of Shares	25000	49.93
				17.12.18	-	1 <sup>st</sup> Right Issue	25000	0.50
				28.03.19	25000	Divested in f/o GoK	-	-
3)	Ministry of Railways			17.12.18	2450000	1 <sup>st</sup> Right Issue	2450000	49.00

**Note:**

Promoter's shareholding after allotment of 2nd Right Issue on 05.04.2019 are as follows:

Name of the shareholder	No. of Shares allotted	%age
President of India	2450000	49.00
Governor of Karnataka	2550000	51.00
<b>Total shareholding as on 05.04.2019</b>	<b>10000000</b>	<b>100.00</b>

**D) Shareholding Pattern of top ten Shareholders:**

(Other than Directors, Promoters and Holders of GDRs and ADRs): Nil

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

SN	Dr. Sandeep Dave	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	2	0.04	20*	-
	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	2	0.04	20*	-
SN	Shri. K. Jayakishan	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	1	0.02	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	1	0.02	-	-
SN	Shri. S. Gagarin	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	1	0.02	10*	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	1	0.02	10*	-

\*Cumulative shareholding is after subdivision of shares.

**V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment – NIL**

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

- A. Remuneration to Managing Director, Whole-time Directors and / or Manager - **Nil**
- B. Remuneration to other directors - **Nil**
- C. Remuneration to key managerial personnel other than MD / Manager / WTD - **Nil**

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES - Nil**

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 : NIL</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS : NIL</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT : NIL</b>					
Penalty					
Punishment					
Compounding					

**Annexure - II****MANAGEMENT'S REPLY TO THE STATUTORY AUDITORS REPORT  
FOR THE YEAR ENDED 31.03.2019**

EXTRACTS FROM AUDITORS REPORT	MANAGEMENT REPLY
<p><b>MATTER GIVING RISE TO QUALIFIED OPINION :</b></p> <p><b>A.</b> During the course of our Audit we have observed that a sum of ₹ 48,041/- is debited to miscellaneous expenses being reimbursement of medical expenses to directors and their relatives.</p> <p><b>B.</b> Other Expenses includes ₹ 4,37,500/- being the amount paid in two instalments towards software development charges. The above amount has to be accounted under Advances and capitalised once it is ready for its intended use as per AS-26.</p> <p>In view of the above, charging off the computer software expenses to statement of profit and loss has resulted in Overstatement of expenses, understatement of Advances and understatement of profit for the year by ₹ 4.38 lakh.</p> <p>Further, the Company has paid IGST of ₹ 78,750/- on the above bills which were accounted under rates and taxes. As such, the IGST paid should also have been accounted under Advances. This has resulted in overstatement of rates and taxes, understatement of Advances and understatement of profit for the year by ₹ 78,750/-.</p>	<p>The medical expenses relate to a fatal disease.</p> <p>The amount of ₹ 4,37,500/- paid towards Computer Software Expenses and a sum of ₹ 78,750/- towards IGST will be accounted under Advances during the FY-2019-20 and will be capitalised once the development of Computer Software is completed.</p>

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Rail Infrastructure Development Company (Karnataka) Limited

## REPORT ON THE FINANCIAL STATEMENTS

## Qualified Opinion

On completion of Audit of Accounts of Rail Infrastructure Development Company (Karnataka) Limited for the year ended 31<sup>st</sup> March, 2019, we have rendered our Audit Report on 7<sup>th</sup> October, 2019. Subsequent to our report, in the light of observations arising from the Audit by the Comptroller and Auditor General of India, the said report has been revised. This supersedes our earlier Audit Report.

We have audited the accompanying financial statements of Rail Infrastructure Development Company (Karnataka) Limited, ("the Company"), which comprise the Balance Sheet as at March 31<sup>st</sup> 2019, Statement of Profit and Loss, Cash Flow Statement for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

Except the above, In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 2013, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in case of the Balance sheet, of the state of affairs of the Company as at March 31<sup>st</sup> 2019; and
- (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date.
- (c) in the case of Cash Flow Statements, the cash flow for the year ended on that date.

## Basis for Qualified Opinion

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in Auditor's Responsibilities for the Audit of Financial Statement section of our report. We are Independent of the Company in accordance with code of Ethics issued by Institute of Chartered Accountants of India together with Ethical requirements that are relevant to our audit of financial statements under the provisions of the act and the rules there under, and we have fulfilled our others responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Matter Giving Rise to Qualified Opinion

- A. During the course of our Audit we have observed that a sum of ₹ 48,041/- is debited to miscellaneous expenses being reimbursement of medical expenses to directors and their relatives.
- B. Other Expenses includes ₹ 4,37,500/- being the amount paid in two instalments towards Software Development charges. The above amount has to be accounted under Advances and capitalised once it is ready for its intended use as per AS-26.

In view of the above, charging off the computer Software Expenses to statement of Profit and Loss has resulted in overstatement of expenses, understatement of Advances and understatement of Profit for the year by ₹ 4.38 lakh.

Further, the Company has paid IGST of ₹ 78,750/- on the above bills which were accounted under rates and taxes. As such, the IGST paid should also have been accounted under Advances. This has resulted in overstatement of rates and taxes, understatement of Advances and understatement of profit for the year by ₹ 78,750/-.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant in our audit of financial statements of current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinion on these matters.



Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company

### **Information other than Financial Statements and Auditor's Report thereon**

The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include financial statements and our auditor's report thereon.

Our opinion on financial statement does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge is obtained in the audit or otherwise appears to be materially misstated.

When we read other information, if we conclude that there is a material misstatement there in, we required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations. We have nothing to report in this regard.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using going concern basis of accounting unless management either intends to liquidate the company or to cease operation, or has no realistic alternative but to do so. Board of directors is also responsible for overseeing the company's financial reporting process.

### **Auditors' Responsibility for the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and Maintain professional skepticism throughout the audit. We also:

- a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. Obtain an understanding of internal control relevant to the audit in order to design the audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **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 enclose in the 'Annexure-A' a statement on the matters specified in paragraphs 3 and 4 of the said order, to the extent applicable.
2. We are enclosing our report in terms of section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the 'Annexure-B' on the directions and sub-directions issued by the Comptroller and Auditor General of India.
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 were necessary for the purposes of our audit.
  - b) Except for the effects of the matter described in the basis for Qualified Opinion paragraph above, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid 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 written representations received from the directors as on 31 March, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) In our opinion and based on the information and explanation given to us at the time of performing our audit, adequate internal financial control systems are in place and we find their operating effectiveness to be satisfactory. This may be referred with Internal Financial Control Report in 'Annexure - C.'

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of The Companies (Audit and Auditors) Rules, 2014, in our opinion to the best of our information and according to the explanations given to us:

- I. The Company does not have any pending litigations which would impact its financial position.
- II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- III. There were no amounts which were required to be transferred to the Investors Education and Protection Fund by the Company.

**For Pandurang Shenoy & Co.,**  
Chartered Accountants  
Firm registration number: 008242S

Date : 06.11.2019  
Place : Bangalore

**CA K Pandurang Shenoy**  
Partner  
M No. 202768

### **Annexure-A**

Annexure referred to in paragraph 1 Our Report of even date to the members of Rail Infrastructure Development Company (Karnataka) Limited on the accounts of the company for the year ended 31<sup>st</sup> March, 2019.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;  
(b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification;
2. The Company has no inventories and accordingly, provisions of Clause 3 (ii) of the Order are not applicable to the Company
3. Considering the nature of business of the Company, none of the clauses from 3(iii) to 3(xii) of the Order are applicable to the Company
4. According to the information and explanations given to us, no material fraud on or by the company has been reported during the course of our Audit.
5. According to the Information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
6. According to the Information and explanations given to us and based on our examination of the records of the Company, the Company has issued 4949930 right shares of ₹ 10 each.
7. According to the Information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. According paragraph 3(xv) of the Order is not applicable.
8. The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act 1934.

**For Pandurang Shenoy & Co.,**  
Chartered Accountants  
Firm registration number: 008242S

Date : 06.11.2019  
Place : Bangalore

**CAK Pandurang Shenoy**  
Partner  
M No. 202768

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in our Independent Auditors' Report to the members of Rail Infrastructure Development Company (Karnataka) Limited (the Company) for the year ended 31<sup>st</sup> March 2019.

Sl.No.	General Directions	Comments
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT System on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes. Company maintains all its accounting transactions in Tally software.
2.	Whether there is any restructuring of an existing loan or cases of waiver write off to debts/loans /Interest rate made by a lender to the company due to the Company's inability to repay the loan? If yes, the financial impact may be stated.	We have not come across any restructuring of an existing loan or cases of waiver/write off to debt/loan interest
3.	Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/ utilized as per its terms and conditions? List the case of deviation.	Yes.

**For Pandurang Shenoy & Co.,**  
Chartered Accountants  
Firm registration number: 008242S

Date : 06.11.2019  
Place : Bangalore

**CA K Pandurang Shenoy**  
Partner  
M No. 202768

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL FINANCIAL CONTROLS** **"ANNEXURE C" TO THE INDEPENDENT AUDITOR'S REPORT**

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

1. We have audited the internal financial controls over financial reporting of Rail Infrastructure Development Company (Karnataka) Limited, ('the Company') as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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**

3. 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 applicable to an audit of Internal Financial Controls and, 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.
4. 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 and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

6. 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
  - (i) pertain to the maintenance of records that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
  - (ii) 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 authorization of management and directors of the company; and
  - (iii) 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**

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

### **Opinion**

8. 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, 2019, 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 Pandurang Shenoy & Co..**  
Chartered Accountants  
Firm registration number: 008242S

**CA K Pandurang Shenoy** Partner  
M No. 202768  
Address: 5E, 5<sup>th</sup> Floor, Chitrapur Bhavan,  
15<sup>th</sup> Cross, 8<sup>th</sup> Main, Malleshwaram,  
Bangalore-560 055.

Date : 06.11.2019  
Place : Bangalore

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED FOR THE YEAR ENDED 31 MARCH 2019**

The preparation of financial statements of **Rail Infrastructure Development Company (Karnataka) Limited** for the year ended **31 March 2019** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor 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 145 (10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated **06 November 2019** which supersedes the earlier Audit Report date **07 October 2019**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Rail Infrastructure Development Company (Karnataka) Limited** for the year ended **31 March 2019** under section 143 (6)(a) of the Act. 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 selective examination of some of the accounting records.

In view of the **revision made in the statutory auditor's report**, to give effect to some of my audit observations raised during supplementary audit. I have no further comments to offer upon or supplement to the statutory auditors report under section 143 (6) (b) of the Act.

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

**(ANUP FRANCIS DUNGUNG)  
ACCOUNTANT GENERAL  
(ECONOMIC & REVENUE SECTOR AUDIT)  
KARNATAKA, BENGALURU**

Place : Bengaluru  
Date : 13.11.2019



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

(All amounts in Indian Rupees, except as otherwise stated)

Particulars	Notes No.	As at March 31, 2019	As at March 31, 2018
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	3	5,00,00,000	5,00,700
(b) Reserves and Surplus	4	8,29,00,242	7,93,20,503
<b>(2) Share Application Money pending allotment</b>	5	5,00,00,000	-
<b>(3) Non - Current Liabilities</b>			
(a) Deferred Tax Liabilities (Net)		-	-
(b) Other Long - Term Liabilities	6	4,90,823	4,90,823
<b>(4) Current Liabilities</b>			
(a) Other Current Liabilities	7	43,58,83,314	26,76,04,373
<b>TOTAL</b>		<b>61,92,74,379</b>	<b>34,79,16,399</b>
<b>II. ASSETS</b>			
<b>(1) Non - Current Assets</b>			
(a) Fixed Assets	8		
(i) Tangible Assets		1,12,566	1,48,483
(ii) Intangible Assets		-	-
(b) Non-Current investments	9	2,00,00,000	2,00,00,000
<b>(2) Current Assets</b>			
(a) Cash and Cash Equivalents	10	59,56,67,160	32,49,35,473
(b) Other Current Assets	11	34,94,653	28,32,443
<b>TOTAL</b>		<b>61,92,74,379</b>	<b>34,79,16,399</b>
The accompanying Notes are an integral part of the financial statements			

In terms of our report attached  
**For Pandurang Shenoy & Co.,**  
Chartered Accountants  
Firm Reg.No. 008242S

**CA K Pandurang Shenoy**  
Partner  
M.No. 202768

Place : Bangalore  
Date : 07.10.2019

**For and on Behalf of Board of Directors of**  
Rail Infrastructure Development Company (Karnataka) Limited

**Amit Garg**  
Managing Director  
DIN: 08212610

**Kapil Mohan**  
Director  
DIN: 03627128

Place : Bangalore  
Date : 05.10.2019



STATEMENT OF PROFIT AND LOSS THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

(All amounts in Indian Rupees, except as otherwise stated)

Sl. No.	Particulars	Notes No.	As at March 31, 2019	As at March 31, 2018
I	Revenue from Operations		-	-
II	Other Income	12	73,49,060	1,23,92,397
III	<b>Total Revenue (I+II)</b>		<b>73,49,060</b>	<b>1,23,92,397</b>
IV	<b>Expenses:</b>			
	Employee benefit expenses	13	5,31,120	5,06,633
	Financial Costs		-	-
	Depreciation and amortisation expenses	8	81,816	31,509
	Other Expenses	14	31,56,384	14,59,329
	<b>Total Expenses</b>		<b>37,69,320</b>	<b>19,97,471</b>
V	Profit before exceptional and extraordinary items and tax (III - IV)		35,79,739	1,03,94,926
VI	Exceptional Items - Prior Period Items (Refer Note No.18)		-	-
VII	Profit before extraordinary items & tax (V - VI)		35,79,739	1,03,94,926
VIII	Extraordinary Items		-	-
IX	<b>Profit before tax (VII - VIII)</b>		<b>35,79,739</b>	<b>1,03,94,926</b>
X	Tax Expenses:			
	(1) Current Tax		-	-
	(2) Deferred Tax		-	-
XI	Profit (Loss) for the year from continuing operations (IX-X)		35,79,739	1,03,94,926
XII	Profit/(Loss) from discontinuing operations		-	-
XIII	Tax Expenses of discontinuing operations		-	-
XIV	Profit/(Loss) from discontinuing operations (XII - XIII)		-	-
XV	<b>Profit/(Loss) for the year (XI + XIV)</b>		<b>35,79,739</b>	<b>1,03,94,926</b>
XVI	<b>Earning per equity share</b>	<b>17.3</b>		
	(1) Basic		0.72	2,076.08
	(2) Diluted		0.72	2,076.08
	The accompanying Notes are an integral part of the financial statements			

In terms of our report attached  
**For Pandurang Shenoy & Co.,**  
Chartered Accountants  
Firm Reg.No. 008242S

**CAK Pandurang Shenoy**  
Partner  
M.No. 202768

Place : Bangalore  
Date : 07.10.2019

**For and on Behalf of Board of Directors of**  
Rail Infrastructure Development Company (Karnataka) Limited

**Amit Garg**  
Managing Director  
DIN: 08212610

**Kapil Mohan**  
Director  
DIN: 03627128

Place : Bangalore  
Date : 05.10.2019

**CASH FLOW STATEMENT (INDIRECT METHOD) FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

(All amounts in Indian Rupees, except as otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit/(loss) before tax</b>	35,79,739	1,03,94,926
Receipts from GoK towards Project Funding	199,60,19,283	416,38,31,975
Payments to MoR towards Project Funding	(172,82,60,567)	(487,44,82,717)
Adjustments for Non- Operating matters:		
Depreciation/ Amortisation	81,816	31,509
Interest Income	(73,48,548)	(1,23,46,508)
Loss/(Profit) on Sale of fixed assets	-	(5,573)
Write off Preliminary Expenses	-	-
<b>Operating profit before working capital changes</b>	<b>26,40,71,724</b>	<b>(71,25,76,388)</b>
Adjustments for :		
Decrease/ (increase) in Other Current Assets	(4,18,218)	1,79,306
(Decrease) / increase in Trade Payables	-	-
(Decrease) / increase in Other Current Liabilities	19,525	(3,542)
(Decrease) / increase in Short Term provisions	-	-
<b>Cash generated from operations</b>	<b>26,36,73,031</b>	<b>(71,24,00,624)</b>
Direct taxes paid	-	-
<b>Net cash from/(used in) operating activities (A)</b>	<b>26,36,73,031</b>	<b>(71,24,00,624)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets	(45,900)	(79,348)
Sale of fixed assets	-	8,380
Interest received on fixed deposits and Current Account	71,04,556	1,23,05,422
<b>Net cash from/(used in) investing activities (B)</b>	<b>70,58,656</b>	<b>1,22,34,454</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share Application Money refunded	-	-
Investments in Non Current Assets	-	-
<b>Net cash from/(used in) financing activities (C)</b>	<b>-</b>	<b>-</b>
<b>Net Increase/(Decrease) in Cash &amp;Cash Equivalents (A+B+C)</b>	<b>27,07,31,687</b>	<b>(70,01,66,170)</b>
<b>Cash and cash equivalents (opening balance)</b>	<b>32,49,35,473</b>	<b>102,51,01,643</b>
<b>Cash and cash equivalents (closing balance)</b>	<b>59,56,67,160</b>	<b>32,49,35,473</b>
<b>Components of Cash and Cash Equivalents</b>		
a) Cash on Hand	9,400	1,956
b) Balances with Banks:		
In Current Account & Savings Accounts	53,41,68,644	1,72,55,669
In Deposit Account	6,14,89,116	5,52,04,848
Cheques/Draft in Hand	-	25,24,73,000
	<b>59,56,67,160</b>	<b>32,49,35,473</b>
In terms of our report attached <b>For Pandurang Shenoy &amp; Co.,</b> Chartered Accountants Firm Reg.No. 008242S	<b>For and on Behalf of Board of Directors of</b> Rail Infrastructure Development Company (Karnataka) Limited	
<b>CAK Pandurang Shenoy</b> Partner M.No. 202768	<b>Amit Garg</b> Managing Director DIN: 08212610	<b>Kapil Mohan</b> Director DIN: 03627128
Place : Bangalore Date : 07.10.2019	Place : Bangalore Date : 05.10.2019	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

(All amounts in Indian Rupees, except as otherwise stated)

NOTE No.	Particulars	As at March 31, 2019	As at March 31, 2018
3	<b>Share Capital</b>		
	<b>Authorised :</b>		
	200,00,000 Equity Shares of ₹ 10 each		
	(March 31, 2018 - 5,00,000 equity Shares of ₹ 100 each)	20,00,00,000	5,00,00,000
	<b>Issued and Subscribed :</b>		
	10,00,000 Equity shares of ₹ 10/- each		
	(March 31, 2018 - 5,007 Equity shares of ₹ 100/- each)	10,00,00,000	5,00,700
	<b>Paid up :</b>		
	50,00,000 Equity shares of ₹ 10/- each		
	(March 31, 2018 - 5,007 Equity shares of ₹ 100/- each)	5,00,00,000	5,00,700
	<b>(B) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:</b>		
	Number of equity shares with voting rights at the beginning of the year	5,007	5,007
	(Sub-division of 5007 shares of ₹ 100 each into 50070 shares of ₹ 10 each)	50,070	-
	Add:- Number of Right shares allotted during the year	49,49,930	-
	Less:- Number of shares bought back during the year	-	-
	<b>Number of equity shares with voting rights at the end of the year</b>	<b>50,00,000</b>	<b>5,007</b>
	<b>(C) Rights, preferences and restrictions attaching to various classes of shares</b>	-	-
	<b>(D) Shareholding in the company of the holding company and ultimate Holding company and their subsidiaries / associates</b>	-	-
	<b>(E) The details of Shareholders holding more than 5% of shares:</b>		
	<b>Equity Shares with Voting Rights:</b>		
	<b>1. Governor of Karnataka / Govt of Karnataka:</b>		
	No.of Shares	25,49,930	2,505
	Percentage of Holding	50.9986%	50.03%
	<b>2. Infrastructure Development Corporation (Karnataka) Limited:</b>		
	No.of Shares	-	2,500
	Percentage of Holding	-	49.93%
	<b>3. Ministry of Railways/President of India :</b>		
	No.of Shares	24,50,000	-
	Percentage of Holding	49.00%	-
	<b>4. Others : *</b>		
	No.of Shares	70	2
	Percentage of Holding	0.0014%	0.04%

\*Note : As per records of the Company, including its Register of Members and other declarations received from them regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares representing GoK

The Company has amended the clause V of the MOA Subdividing the value of equity shares of ₹ 100/- into 10 equity shares of ₹ 10/- each in the EGM held on 26.10.2018. The Sub division of shares was effected on the record date of 12.11.2018.

The Company allotted 49,49,930 equity shares of ₹10/- each on 17.12.2018 as against the 1<sup>st</sup> right issue of shares.

The authorised share capital of the company has been increased from ₹ 5 cr to ₹ 20 cr in the EGM held on 21.01.2019.

The Company further allotted 5000000 equity shares of ₹10/- each on 05.04.2019 as against the 2nd right issue of shares.

Note No.	Particulars	As at March 31, 2019	As at March 31, 2018
4	<b>Reserves and Surplus :</b> (a) Surplus in Statement of Profit and Loss Opening Balance Add : Profit for the Current Year <b>Closing balance</b>	 7,93,20,503 35,79,739 <b>8,29,00,242</b>	 6,89,25,576 1,03,94,926 <b>7,93,20,503</b>
5	<b>Share Application Money pending allotment</b>	<b>5,00,00,000</b>	<b>0</b>
6	<b>Other Long - Term Liabilities</b> Project Study Fund Advance from GoK	 1,45,430 3,45,393 <b>4,90,823</b>	 1,45,430 3,45,393 <b>4,90,823</b>
7	<b>Other Current Liabilities</b> <b>Other Payables:</b> i. Statutory Remittances: With holding Taxes Receipts from GoK Payable to Railways Others	   9,385 43,57,08,674 1,65,255 <b>43,58,83,314</b>	   13,541 26,74,49,258 1,41,574 <b>26,76,04,373</b>
9	<b>Non-Current investments</b> <u>Investments in Equity Instruments of Associate Companies:</u>  Hassan Mangalore Rail Development Company [20,00,000 Equity Shares of Rs.10/- each (Previous Year 20,00,000 Equity Shares of Rs.10/- each)]	   2,00,00,000 <b>2,00,00,000</b>	   2,00,00,000 <b>2,00,00,000</b>
10	<b>Cash and Cash Equivalents</b> <u>Balances with Scheduled Banks:</u> In Current account In Deposit accounts Cheques / Draft in Hand Cash on Hand	  53,41,68,644 6,14,89,116 0 9,400 <b>59,56,67,160</b>	  1,72,55,669 5,52,04,848 25,24,73,000 1,956 <b>32,49,35,473</b>
11	<b>Other Current Assets</b> Income Tax - Refundable Interest accrued on Bank deposits Security Deposits	 12,99,526 21,81,627 13,500 <b>34,94,653</b>	 8,94,808 19,37,635 0 <b>28,32,443</b>

## 8. FIXED ASSETS

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

(All amounts in Indian Rupees, except as otherwise stated)

(Amount in ₹)

Particulars	Gross Block			Depreciation (WDV)			Net Block		
	As at 01.04.2018	Additions during the year	Sale/ deletions	As at 31.03.2019	As at 01.04.2018	Accumulated Depreciation Reversed / Adjusted	for the Year	As at 31.03.2019	As at 31.03.2018
<b>Tangible Assets:</b>									
Computers	79,348	-	-	79,348	2,608	-	48,468	28,271	76,740
Office equipment	1,46,108	45,900	-	1,92,008	74,365	-	33,348	84,295	71,743
<b>Total</b>	<b>2,25,456</b>	<b>45,900</b>	<b>-</b>	<b>2,71,356</b>	<b>76,973</b>	<b>-</b>	<b>81,816</b>	<b>1,12,566</b>	<b>1,48,483</b>
<b>Previous Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,25,456</b>	<b>-</b>	<b>-</b>	<b>31,509</b>	<b>1,48,483</b>	<b>-</b>

Note No.	Particulars	As at March 31, 2019	As at March 31, 2018
12.	<b>Other Income</b>		
	<b>a) Interest Income</b>		
	Bank Deposits	73,48,548	1,23,46,508
	<b>b) Other Non-Operating Income</b>		
	Interest on Income Tax Refund	512	40,316
	Profit on Sale of Assets	-	5,573
		<b>73,49,060</b>	<b>1,23,92,397</b>
13	<b>Employee Benefit Expenses</b>		
	Employee Contract Expenses	5,31,120	5,06,633
		<b>5,31,120</b>	<b>5,06,633</b>
14	<b>Other Expenses:</b>		
	Office Maintenance Expenses	2,47,708	2,92,903
	Professional and Consultancy Services	45,000	80,000
	Travel and Conveyance Expenses	7,37,823	9,05,940
	Payments to Auditors	25,000	25,000
	Rates and Taxes	15,93,561	1,22,312
	Printing & Stationery	40,270	33,174
	Computer Software Exp	4,37,500	-
	Advertisement	29,522	-
	Loss on sale of Fixed Assets	-	-
		<b>31,56,384</b>	<b>14,59,329</b>

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

### **1. Corporate Information:**

In September 2000, the Govt. of Karnataka (GoK) and the Ministry of Railways (MoR) entered into an MOU to set up a joint venture company called "Rail Infrastructure Development Company (Karnataka) Limited - KRIDE" to expedite development and implementation of identified railway projects in Karnataka.

The Company is intended to carry out resource mobilization, securing traffic guarantees and securing involvement of strategic partners in project funding. The Government of Karnataka incorporated the company under the Companies Act, 1956 at Bangalore in November 2000 for Co-ordinating with Local organizations/Bodies in charge of urban development for the purposeful resolution of various ancillary matters connected with railway project development.

Government of Karnataka through GO No.IDD 59 NSW 2009 dated 17<sup>th</sup> August, 2009 empowered the company to act as a Nodal Agency for ensuring necessary Co-Ordination and Smooth implementation of identified railway projects and for monitoring progress of implementation and report to Government of Karnataka.

Based on the directives of the Ministry of Railways, the Company was restructured as a State Joint Venture with equity participation between Government of Karnataka and Ministry of Railways at 51:49 ratio vide Revised Share Holders Agreement dated 17.10.2018. In view of restructuring of K-Ride as a State JV, the activities/scope of the Company has been widened which amongst others, include the following:

- a) development, financing and implementation of Viable railway projects and / or projects which may require viability gap funding that are important for critical connectivity/ capacity enhancement, as agreed by the Parties;
- b) undertaking surveys, preparation of Detailed Project Report (DPR) to examine the Viability of the railway projects;
- c) processing for sanctioning of the railway projects (identified by the Board or the parties);
- d) incorporation and funding of subsidiaries/special purpose vehicles for undertaking railway projects; and
- e) Undertaking all such actions not specifically mentioned above, that may be required to give effect to the intent of the Parties, as set out in the Agreement.

### **2. Significant Accounting Policies:**

#### **2.1 Basis of Accounting and Preparation of financial statements**

The financial statements of the Company are prepared in accordance with the Generally Accepted Accounting Principles in India ("GAAP") under the historical cost convention using the accrual method of accounting and complied with the mandatory Accounting Standard notified by Central Government of India under the Companies (Accounts) Rules, 2014 read with rule 7 and section 133 of the Companies Act, 2013.

#### **2.2 Use of Estimates**

The preparation of the financial statements is in conformity with Indian GAAP, which requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenue and expenses during the reported period. Although such estimates are made on a reasonable basis taking into account all available information, actual results could differ from these estimates and such differences are recognised in the period in which the results are ascertained.

#### **2.3 Revenue Recognition**

The company is yet to commence its business operations and hence, there is no revenue from operations recognised for the year

- a. Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- b. Other income is recognised when such income accrues to the Company.



## 2.4 Cash and Cash Equivalents (for purpose of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## 2.5 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

## 2.6 Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of an asset comprises of all direct costs relating to acquisition and installation of fixed assets and indirect costs incurred up to putting the same to use.

Any Borrowing costs incurred up to the date of installation / acquisition is also capitalised.

## 2.7 Depreciation and Amortisation

The company has adopted Schedule II to the Companies Act, 2013, for depreciation purposes, from 1<sup>st</sup> April 2014. The company was previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed asset.

Due to application of Schedule II to the Companies Act, 2013, the company has changed the manner of depreciation for its fixed assets. Now, the company identifies and determines separate useful life for each major component of the fixed asset, if they have useful life that is materially different from that of the remaining asset. The company has used transitional provisions of Schedule II to adjust the impact of component accounting arising on its first application. If a component has zero remaining useful life on the date of Schedule II becoming effective, i.e., 1<sup>st</sup> April 2014, its carrying amount, after retaining any residual value, is charged to the opening balance of retained earnings. The carrying amount of other components, i.e., components whose remaining useful life is not nil on 1<sup>st</sup> April 2014, is depreciated over their remaining useful life.

Depreciation on tangible fixed assets is provided on the written down value method, based on life of assets and in the manner specified in Schedule II to the Companies Act, 2013 except for Building and individual assets acquired for a value less than (or) equal to ₹ 5,000/- are not capitalised.

The useful lives of assets and the manner specified in Schedule II to the Companies Act, 2013 is as per the table below:

Asset Description	No. of years
Plant and machinery	15
Office Equipment	5
Computers	3
Furniture and Fixtures	10
Vehicles	8

## 2.8 Impairment of tangible and intangible assets

At each Balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset is greater than its recoverable amount, an impairment loss is recognised in the profit and loss account to the extent carrying amount is greater than recoverable amount.

## 2.9 Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or productivity of qualifying assets are capitalised as part of the cost of such assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

## 2.10 Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.



- i. Current Investments are carried at lower of cost and fair value determined on an individual investment basis
- ii. Long Term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of investments, if any

## 2.11 Taxes on Income

Income Tax comprises the current tax provision and the net change in the deferred tax asset or liability in the year. Current income tax expense is determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax assets and liabilities are recognized for the estimated future tax consequences of temporary differences between the carrying values of the assets and liabilities and their respective tax bases. Deferred tax assets are recognized and carried forward to the extent that there is reasonable / virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets and liabilities are measured using substantially enacted tax rates as on the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in the income statement in the period of enactment of the change.

## 2.12 Earnings Per Share

Basic Earnings per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## 2.13 Provisions and Contingencies

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balances sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognised and, if any, are adequately disclosed in the notes to accounts.

Contingent Assets are neither recognised nor disclosed in the financial statements.

## 16. Additional Information to the financial Statements

### 16.1 Contingent Liabilities and commitments (to the extent not provided for):

Particulars	March'2019	March'2018
<b>Contingent Liabilities:</b>		
A. Outstanding guarantees and Counter Guarantees to various banks, in respect of the guarantees given by those banks in favor of various government authorities and others :		
i. Guarantees given by the company on behalf of subsidiaries	- Nil -	- Nil -
ii. Aggregate value of other Guarantees outstanding	- Nil -	- Nil -
B. Other Money for which the company is contingently liable		
i. Liability in respect of bills discounted with Banks (including third party bills discounting)	- Nil -	- Nil -
Claims against the company, not acknowledged as debts	- Nil -	- Nil -
<b>Commitments :</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for :		
a. Tangible Assets	- Nil -	- Nil -
b. Intangible Assets	- Nil -	- Nil -

**16.2 Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

The Company is unable to identify (in all cases) whether its vendors qualify as micro or small enterprises. Accordingly, no disclosure in respect of principal and interest has been made; however, the management does not envisage any material impact on the financial statements in this regard, which has been relied upon by the auditors.

**16.3 Method of Computation of Depreciation pursuant to applicability of Schedule II of the Companies Act, 2013 (Act)**

In pursuant to applicability of Schedule II of the Act the company has adopted the prescribed useful life of the assets and has computed the rate of depreciation in the manner specified in Application Guidance note on Provisions of Schedule II of the Act, issued by the Institute of Chartered Accountants of India.

The estimated useful life of the assets and the rate of depreciation as per WDV method is as under:

Asset Description	No. of years	Rate of Depreciation
Computers	3	63.16%
Plant and Machinery	15	18.10%
Furniture and Fixtures	10	25.89%
Office Equipments	5	45.07%
Vehicles	8	31.23%

If a component has zero remaining useful life on the date of Schedule II becoming effective, i.e., 1<sup>st</sup> April 2014, its carrying amount, after retaining any residual value, is charged to the opening balance of retained earnings. The carrying amount of other components, i.e., components whose remaining useful life is not nil on 1<sup>st</sup> April 2014, is depreciated over their remaining useful life.

**16.4 Activity in Foreign Currency [on Accrual Basis] :**

The company has not entered into any Foreign Transactions during the current & Previous financial years.

**17. Disclosures under accounting standards****17.1 Segment Reporting**

The Company is an Infrastructure Project Development Company and currently, acting as an Nodal Agency between the Government of Karnataka and Ministry of Railways. During the year, the company has no income from Business and hence, disclosure of segment reporting does not arise.

**17.2 Related Party Disclosure****A. Names of Related Parties:**

Name of the Related Parties	Nature of Relationship	% Of Holding
Government of Karnataka – Represented by Governor of Karnataka	Major Shareholder having Substantial Interest in the company	51.00%
Ministry of Railways – Represented by President of India	Major Shareholder having Substantial Interest in the Company	49.00%
Hassan Mangalore Rail Development Company Limited	Special Purpose Vehicle [Group Entity]	1.786%

Key Management Personnel	Designation
Dr. Sandeep Dave (Effective from 24.08.2017)	Chairman and Nominee Director
Ramesh R (Effective from 01.10.2018)	Nominee Director
Rajesh Agarwal (Effective from 31.08.2018)	Nominee Director
Amit Garg (Effective from 31.08.2018)	Nominee Director
Pavan Kumar Malapati (Effective from 06.09.2018)	Nominee Director
Sirra Gagarin	Director

**Related Transactions during the year:**

The company has not entered into any transactions with the related parties during the current and previous financial year.

**17.3 Computation of Earnings Per Equity Share [EPS] as required by AS-20 :**

Value /INR

Particulars	2018-19	2017-18
Net Profit for the Year	35,79,739	1,03,94,926
Less: Preference share dividend	-	-
<b>Amount available for equity shareholders</b>	<b>35,79,739</b>	<b>1,03,94,926</b>
Weighted average number of shares	5000000	5007
<b>Earnings per Share – Basic &amp; Diluted</b>	<b>0.72</b>	<b>2,076.08</b>
<b>Face value per equity share</b>	<b>10</b>	<b>100</b>

**17.4 Taxation**

The Company is a Nodal agency in the State of Karnataka for implementation of Railway Projects with Indian Railways and Karnataka Government Participation. The interest income earned on deposits of short term money with banks are considered as exempt income by referring and relying on the decision of the Honorable Karnataka High Court in the case of Commissioner of Income Tax Vs Karnataka Urban Infrastructure Development & Finance Corporation ITA No. 78 of 2008 and hence no provision is made for payment of income tax/ Minimum Alternate Tax.

**18. Events occurring after the date of Balance Sheet**

There are no Material Events occurring after the date of Balance Sheet except the allotment of 50,00,000 right equity shares of ₹ 10/- each on 05.04.19.

**19. Deferred Tax and Deferred Tax Liability**

As there is no Income tax payable by the company on the current Interest Income on Fixed Deposits in the Foreseeable future, no provision for either Deferred Tax Liability or Deferred Tax Asset is recognised.

**20. Cheques-In – Hand**

As on 31<sup>st</sup> March 2019 the Company was not having any Cheques in Hand.

**21. Preliminary Expenses**

The expenses incurred up to the date of incorporation have been considered as preliminary expenses and has been written off in the year in which it is incurred to the extent of any asset is neither created nor acquired.

**22. Dividend**

The Company has not declared any dividend for the financial year ended 2018-19

**23. In the opinion of the management, Current Assets, Loans and Advances have a value not less than what is stated in the accounts if realized in the ordinary course of business****24. Previous year's figures have been recast / restated, wherever necessary, to conform to the current year's classification.**

In terms of our report attached

**For Pandurang Shenoy & Co.,**  
Chartered Accountants  
Firm Reg.No. 008242S

**CA K Pandurang Shenoy**  
Partner  
M.No. 202768

Place : Bangalore  
Date : 07.10.2019

For and on Behalf of Board of Directors of  
**Rail Infrastructure Development Company (Karnataka) Limited**

**Amit Garg**  
Managing Director  
DIN: 08212610

**Kapil Mohan**  
Director  
DIN: 03627128

# Proposed Bengaluru Suburban Rail Corridors



**Rail Infrastructure Development Company (Karnataka) Limited**

(A Joint Venture of Govt. of Karnataka & Ministry of Railways)

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