



20th ANNUAL REPORT 2020-21

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K RIDE



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

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



K-RIDE

BOARD OF DIRECTORS	: Shri.P. Ravikumar, IAS Shri.I.S.N. Prasad, IAS Shri. Rakesh Singh, IAS Shri. Kapil Mohan, IAS Shri. O.P. Singh, IRSE Shri. GulAshfaq Mohammedi, IRSE Shri. R.K. Singh, IRSE Shri. Amit Garg, IRSE Shri. Harendra Pandey, ACA, ACMA, ACS Director (BD & F) Shri. Neeraj Agarwal, IRSE Director (P&P)	- Chairman - (Upto 24.08.2021) - (From 02.12.2020) - (From 19.01.2021)
COMPANY SECRETARY	: Shri. S.N.Srinivasa B.Com, LLB, FCS, FCMA, PGDIRPM	- (From 01.06.2020)
GM (FINANCE)	: Shri. Awadhesh Mehta CA, ICWA, CPA	- (From 01.10.2020)
CHIEF FINANCIAL OFFICER :		- (From 04.11.2020)
STATUTORY AUDITORS	: M/s. Pandurang Shenoy & Co., Chartered Accountants No. 5E, 5 th Floor, Chitrapura Bhavan, 15 th Cross, 8 th Main, Malleshwaram Bengaluru - 560055	
C&AGIAUDITORS	: Office of the Accountant General (Audit - II) Karnataka Audit Bhavan 'A' Block, Post Box No. 5398 Bengaluru - 560001	
BANKERS	: Canara Bank Indiranagar Branch Bangalore – 560 038 IDBI Bank Limited Gandhinagar Bangalore - 560 009	
REGISTERED OFFICE	: No.8, 1 st Floor, Samparka Soudha Dr. Rajkumar Road, Rajajinagar 1 st Block, Bangalore – 560 010	



**TWENTIETH
ANNUAL REPORT
2020-21**

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

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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the **20th Annual General Meeting** of the Shareholders of M/s. Rail Infrastructure Development Company (Karnataka) Limited **will be held on Wednesday, the 29th September 2021 at 12.00 Noon** at the office of Chief Secretary to GoK, Room No. 320, 3rd Floor, Vidhana Soudha, Bangalore – 560 001 to transact the following business: -

ORDINARY BUSINESS

1. **Adoption of Financial Statements:** Financial Statements of the Company for the year ended March 31, 2021 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. **Reappointment of Director :** To appoint a Director in place of Shri. I.S.N. Prasad (DIN 01469651), who retires by rotation and being eligible offers himself for re-appointment.
3. **Reappointment of Director :** To appoint a Director in place of Shri. R.K. Singh (DIN 08601529), who retires by rotation and being eligible offers himself for re-appointment.
4. To consider fixation of remuneration for the year ending 31st March 2022 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 2021-22 be and is hereby noted and the remuneration payable to M/s. Pandurang Shenoy & Co., Chartered Accountants, Bengaluru for the Financial Year 2021-22 be and is hereby fixed at ₹ 25,000/- plus GST & other taxes if any.”

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

Place : Bangalore
Date : 03.09.2021

Sd/-
S.N. SRINIVASA
Company Secretary

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 2021-22 under section 139 (5) of the Companies Act, 2013.
3. Route Map is enclosed.
4. 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.

DIRECTORS' REPORT TO THE SHAREHOLDERS

To The Members,

Your Directors have pleasure in presenting the Twentieth 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, 2021.

1. FINANCIAL RESULTS

The financial results for the year ended March 31, 2021 are summarised below.

(₹ In Lakhs)

Particulars	Current Year 31.03.2021	Previous Year 31.03.2020
Income from Operations	917.58	-
Other Income:		
Interest from Bank Deposits	196.24	190.77
Interest on Income Tax Refund	0.14	7.12
Other Miscellaneous Income	4.98	1.29
Total Income	1118.94	199.18
Less: Total Expenses	1106.49	75.40
: Prior period items	-	-
Profit before Tax	12.45	123.78
Less: Provision for Tax	-	-
Profit / (Loss) after Tax	12.45	123.78
Add: Profit brought forward	966.62	829.00
Add: Prior period adjustments	-	13.84
Profit carried to the Balance Sheet	979.07	966.62

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 K-RIDE 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.

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

There are no material events occurred subsequent to the date of financial statements.

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 ₹176.28 Crores were released by Govt. of Karnataka to Railways through K-RIDE.

During the year K-RIDE commenced the work of 2 sanctioned doubling projects assigned by MoR with a funding pattern of 50:50 between GoK & MoR at a total project cost of ₹ 812.83 Crores i.e. Baiyappanahalli – Hosur (48 kms): ₹ 498.73 Crores & Yeshwanthpur – Channasandra (21.70 kms) : 314.10 Crores.

Further, K-RIDE has also got the approval of CCEA for BSRP at a total cost of ₹ 15,767/- Crores including taxes and duties, land cost, interest during construction and cost escalations. This does not include the cost of trainsets (₹ 2,785 Crores) which will be procured, operated and maintained on a PPP model. K-RIDE has commenced the preliminary works and the works relating to land acquisition during the year.

The BSRP envisages 4 corridors with a total route length of 148.17 Kms as detailed below:

Corridors	Section	Length in Kms
1	Bengaluru - Devanahalli	41.40
2	Baiyappanahalli - Chikkabanavara	25.01
3	Kengeri - Whitefield	35.52
4	Heelalige - Rajanukunte	46.24
	Total	148.17

Project is expected to be completed in a period of six years from the date of sanction of the project.

5. DIVIDEND

Due to inadequacy of profits, no dividend has been recommended by the Board of 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 31st March 2021.

7. SHARE CAPITAL

The authorised share capital of the company is ₹ 100 Crores.

During the year, the paid-up capital of the company was increased from ₹ 10 Crores to ₹ 30 Crores. The Company has issued 2,00,00,000 (Two Crore Only) Right Equity Shares of ₹ 10/- each amounting to ₹ 20,00,00,000/- (Rupees Twenty Crore) to GoK and MoR in the ratio of 51:49.

8. DETAILS RELATING TO DEPOSITS

The Company has not received any deposit nor renewed it.

9. DIRECTOR'S & KEY MANAGERIAL PERSONNEL

During the year, the Govt. of Karnataka has nominated Shri.P. Ravi Kumar, IAS, Chief Secretary to GoK as Chairman & Director on the Board of K-RIDE w.e.f. 04.02.2021 in place of Shri. T.M. Vijay Bhaskar, IAS, superannuated on 31.12.2020.

Further, the Ministry of Railways has nominated Shri. P.S. Gupta, Executive Director Civil Engineering (G) Director on the Board of K-RIDE in place of Shri. O.P.Singh, Addl. Member/L&A/Railway Board.

Shri. Amit Garg, IRSE continues to be the Managing Director of the Company w.e.f. 25.07.2019. During the year Shri. Harendra Pandey, Director (BD & F) and Shri. Neeraj Agrawal, Director (P&P) have been appointed as whole-time directors of the company from 15.12.2020 & 19.01.2021 respectively. The Company has appointed Shri. S.N.Srinivasa as Company Secretary w.e.f. 01.06.2020 and Shri. Awadhesh Mehta, GM/Finance as CFO of the company w.e.f. 04.11.2020 to comply with the provisions of the Companies Act, 2013.

Shri. I.S.N. Prasad & Shri. R.K. Singh, Directors retires by rotation at the ensuing Annual General Meeting and being eligible offers themselves 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 2020-21. However, the Audit & Nomination & Remuneration Committees have been constituted during the year 2019-20 consequent on increase in paid up capital of the company to Rs.10 Crores during the year 2019-20 and the committees are functioning.

10. AUDITORS

As the company is a Government Company under section 2(45) of the Companies Act, 2013, the Comptroller and Auditor General of India under section 139 (5) of the Companies Act, 2013 appoints the statutory auditors to audit the annual accounts. The CAG have appointed M/s. Pandurang Shenoy & Co., Bangalore, Chartered Accountants as Statutory Auditors for the year 2021-22. The Statutory Auditors appointed by CAG will hold office for respective financial year 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, 2021, 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, 2021 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 invested ₹ 2 Crore 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, the Company has subscribed ₹ 10 Lakhs in the 100% subsidiary project SPV Company i.e. M/s. Bengaluru Integrated Rail Infrastructure Development Enterprise Limited – B-RIDE to implement Bangalore Sub-urban Rail Project (BSRP).

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 seven times during the financial year on the following dates:

1. 18.05.2020
2. 18.06.2020
3. 13.08.2020
4. 25.09.2020
5. 04.11.2020
6. 15.12.2020
7. 15.03.2021

The gap intervening between two meetings of the Board is as prescribed in the Companies Act, 2013.
The details of attendance of members are as follows:

Name	Status	Category	No. of meetings held during the year 2020-21	
			Held	Attended
Shri.T.M.Vijay Bhaskar	Chairman	Non-Executive & Nominee Director	6	6
Shri. P. Ravi Kumar	Chairman	Non-Executive & Nominee Director	1	1
Shri. I.S.N. Prasad	Member	Non-Executive & Nominee Director	7	3
Shri. Rakesh Singh	Member	Non-Executive & Nominee Director	7	6
Shri.Kapil Mohan	Member	Non-Executive & Nominee Director	7	7
Shri. O.P.Singh	Member	Non-Executive & Nominee Director	5	4
Shri. R.K.Singh	Member	Non-Executive & Nominee Director	7	7
Shri.A.K.Singhal	Member	Non-Executive & Nominee Director	1	1
Shri. Ajay Sharma	Member	Non-Executive & Nominee Director	1	0
Shri.Gul Ashfaque Mohammed	Member	Non-Executive & Nominee Director	7	7
Shri. Amit Garg	Member	Managing Director	7	7
Shri. Harendra Pandey	Member	Director (BD&F)	2	2
Shri. Neeraj Agrawal	Member	Director (P&P)	1	1

A) AUDIT COMMITTEE

The Audit Committee consists of following members :

1. Shri. Kapil Mohan - Chairman of the Committee
2. Shri.R.K.Singh - Member of the Committee
3. Shri.I.S.N. Prasad - Member of the Committee
4. Shri.Gul Ashfaque Mohammed - Member of the Committee

The Audit Committee met once on 24.09.2020 during the financial year 2020-21. All the members attended the meeting.

B) NOMINATION & REMUNERATION COMMITTEE

The Nomination and Remuneration Committee consists of following members :

1. Shri. Rakesh Singh - Chairman of the Committee
2. Shri. Kapil Mohan - Member of the Committee
3. Shri. R.K.Singh - Member of the Committee
4. Smt. Amit Garg - Member of the Committee

The Nomination and Remuneration Committee met 4 times during the financial year on the following dates:

1. 11.08.2020
2. 15.09.2020
3. 03.11.2020
4. 06.02.2021

Name	Status	Category	No. of meeting held during the year 2020-21	
			Held	Attended
Shri. Rakesh Singh	Chairman	Non-Executive & Nominee Director	4	4
Shri. Kapil Mohan	Member	Non-Executive & Nominee Director	4	4
Shri. R.K.Singh	Member	Non-Executive & Nominee Director	4	4
Shri. Amit Garg	Member	Managing Director	4	4

C) MANAGEMENT COMMITTEE

The Management Committee consists of following members:

- | | | | |
|----|---------------------|---|---------------------------|
| 1. | Shri. I.S.N. Prasad | - | Chairman of the Committee |
| 2. | Shri. Rakesh Singh | - | Member of the Committee |
| 3. | Shri. Kapil Mohan | - | Member of the Committee |
| 4. | Shri. R.K.Singh | - | Member of the Committee |
| 5. | Shri. Amit Garg | - | Member of the Committee |

The Management Committee met 2 times during the financial year on the following dates:

- 17.05.2020
- 08.12.2020

Name	Status	Category	No. of meeting held during the year 2020-21	
			Held	Attended
Shri. I.S.N. Prasad	Chairman	Non-Executive & Nominee Director	2	1
Shri. Rakesh Singh	Member	Non-Executive & Nominee Director	2	1
Shri. Kapil Mohan	Member	Non-Executive & Nominee Director	2	2
Shri. R.K.Singh	Member	Non-Executive & Nominee Director	2	2
Shri. Amit Garg	Member	Managing Director	2	2

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 has been published on the website of the Company under the following web-link:
<https://kride.in/ear-for-the-year-ended-31-03-2021/>.

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 the same is exempted for Govt. Companies.

18. QUALIFICATIONS IN AUDIT REPORTS

There are no qualifications made in the Auditors Report for the financial year ended 31.03.2021. However, the remarks made by the Statutory Auditors under 'Emphasis of the matter' have been suitably replied by the Management as an Addendum under Annexure to this report.

19. PARTICULARS OF EMPLOYEES

There are no employees drawing remuneration beyond the stipulated limit in accordance with Sec.197 read with the provisions of Rules 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

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 2020-21 and hence no complaint is outstanding as on 31.03.2021 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. VIGIL MECHANISMS OF THE COMPANY:

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

29. OUTLOOK FOR THE FUTURE:

The company being a state Joint Venture will undertake:

- a) Survey and Preparation of DPR of mutually identified all 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.
- d) Infrastructure projects in any other sector.

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.

K-RIDE has successfully completed the FLS of Dharwad – Belgaum New Line and its preparation of DPR successfully.

The Bengaluru Suburban Rail Project (BSRP) and 2 doubling projects will enhance the value of the Company and will bring more net-worth and profits to the shareholders.

30. ACKNOWLEDGEMENTS

K-RIDE has developed close relationships with Infrastructure Development Department, Urban Development Department, Directorate of Urban Land Transport (DULT), Finance Department / Government of Karnataka, Ministry of Railways, Government of India, South Western Railway, Hassan Mangalore Rail Development Company (HMRDC) and M/s. RITES Ltd. 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 : 26.08.2021

Sd/-
P. RAVI KUMAR, IAS
Chairman

Management's Replies to the Observations of the Statutory Auditor on the Financial Statement of K-RIDE for the year ended 31-March-2021

	Emphasis of Matter Attention is drawn to :	Management Replies
1	Reference is drawn to payment made to cab agencies for transportation and conveyance services. The cab agencies have not maintained / attached Trip Sheets along with the invoices. Since because of non-availability of Trip Sheets we are not able to comment on the amount spent on Transport / Conveyance expenses.	The vehicles are being hired for a lumpsum/minimum total fixed Kms & hours by K-RIDE to run for which the vehicle has to be paid irrespective of the usage, considering the fixed cost of the vehicle (viz. salary of driver, insurance, maintenance etc.) In view of this the maintenance of trip sheets are not relevant. In case there is any excess over the minimum Km's/hours, the concerned officers using the vehicle will certify accordingly. However, it is to state that the cab agency has maintained trip sheets. Based on the trip sheets, K-RIDE used to obtain user certificates from the concerned officers as per contract terms and bills were cleared.
2	Reference is drawn to Rates and Taxes wherein the Company has paid ₹ 71,09,033/- towards filing of Form SH-7 with Registrar of Companies towards increase in authorized share capital of the company. The amount includes ₹ 11,09,033/- paid as additional fees towards delay in filing of the aforesaid form which could have been avoided.	The delay in filing of form SH-7 was unavoidable. Due to introduction of new form Inc 22A which mandates the compulsory appointment of Key Managerial Personnel's, K-ride took time to appoint KMPs as the project was not sanctioned at that time. After appointment of KMPs in June 2020 the form has been filed. This has been informed to the Board of K-Ride.
3	Reference is drawn to reimbursement of amount paid towards purchase of laptop and mobile handsets by directors and other employees of the Company. The amounts reimbursed are capitalized by the Company which they claim as policy of the Company.	Mobile & Laptop are reimbursed as per HR policy Clause no. 7 – General HR Policies sub-point no. 3 & 4. Accordingly, as the amount is paid by company towards reimbursement of new Mobiles and laptops, the same are capitalised in the books of company.
4	Reference is drawn to reporting of Turnover in monthly GST Returns i.e. GSTR-1 and GSTR-3B with respect to two Doubling Projects Baiyappanahalli - Hosur and Yeshwanthpur - Channasandra. The Company has filed Nil Returns for the all the months under Audit without complete disclosure and compliance before GST Authorities.	The draft MOU was finalised during the month of May, 2021 between K-RIDE & SWR. As this was subsequent development post GST Return GSTR-1, no Turnover was disclosed in GSTR-1. It has been noted and the turnover for the financial year 2020-21 is disclosed in GSTR-1 for the month of July-2021.
5	Reference is drawn to two Doubling Projects Baiyappanahalli - Hosur and Yeshwanthpur – Channasandra. The Company is acting as a implementing agency to South Western Railways with respect to the two Doubling Projects. Revenue is recognized taking in to account the stage of completion of the contract.	Accounting policy as per AS-7 (Construction Contracts) has been followed, hence Revenue is recognized taking into account the stage of completion of the contract.
6	Reference is drawn to Bangalore Suburban Rail Project (BSRP). The Company has treated all the direct expenses incurred and apportionment of common expenditure as Capital Work in Progress. To implement the BSRP, BRIDE is formed as a SPV. However, all activities	The issue is under consideration of the management.

	Emphasis of Matter Attention is drawn to :	Management Replies
	including allotting of tenders and accounting of expenditure is done in the books of the Company.	
7	<p>Expenditure pertaining to projects have been allocated on the following basis:</p> <p>a) Expenditure directly relating to particular project is fully allocated to that particular project.</p> <p>b) Expenditures pertaining to employees (like Salary, Reimbursement of expenditures to employees, Leave encashment, vehicle hiring. etc) have been bifurcated based on number of employees deputed to that particular project & where ever number of employees pertaining to both the projects are concerned, expenditure pertaining to respective employees have been bifurcated in the ratio of 40% for BSRP & 60% for Doubling (i.e., based on the expenditure incurred for particular project)</p> <p>c) Common expenditures pertaining to the project (like Advertisement & Depreciation) have been bifurcated in the ratio of 05:95 (i.e., 95% for BSRP & 5% for Doubling – being total project cost for particular project)</p> <p>d) Common expenditures pertaining to the project (like Bank Charges, Professional fees, Board Meeting Expenses, Conference Expenses, Hospitality expenses. Etc) have been bifurcated in the ratio of 40:60 (i.e. 40% for BSRP & 60% for Doubling – being expenditure incurred for particular project)</p> <p>e) Other Common expenditures (like Rent, Electricity charges, Water charges, Office maintenance, housekeeping etc.) not covered above have been bifurcated in the ratio of 11: 70 being employee ratio. (i.e., 11 for Doubling and 70 for BSRP).</p>	The same has been disclosed in Companies notes to Financial Statement for FY 2020-2021.
8	Amount paid to ROC towards increase in share capital, Director sitting fees and Auditor remuneration are directly charged to Profit and Loss Account.	Since it is not directly related to any individual project, it has been charged to statement of P&L of K-RIDE.

Management's Replies to the Observations of the Statutory Auditor on the Financial Statement of K-RIDE for the year ended 31-March-2021

	Annexure B to the Independent Auditor's Report Additional Sub-Directions	Auditors Comments	Management Replies
i	All items with regard to Cash and Bank balances as per Annexure-1 shall be verified and the cases of specific non-compliances to be reported. Details of unexplained balances/balances operated under suspense head may also be examined	Reported in Annexure-1. Canara Bank Savings Account No. 0430132000005 maintained with MG Road, Bangalore is dormant on account of non-submission of KYC documents. We are of the opinion that KRIDE being a limited company are not authorized to open and operate savings bank account.	The Company is a Nodal Agency to implement BSRP and other Railway projects in Karnataka. KRIDE has opened two Bank accounts in Canara Bank PSB branch, MG Road Bangalore with the Customer ID 28594093. The said account # 005 is not Dormant account. KRIDE has submitted the KYC documents and the account is linked to the Customer ID of current account.
ii	Whether system for monitoring the execution of works vis-a-vis the milestones stipulated in the agreement is in existence and the impact of cost escalation, if any, revenues/losses from contracts, etc., have been properly accounted for in the books	The Company has not maintained record for execution of works vis-à-vis the milestone as stipulated in the agreement. And hence we are not in a position to comment on the same.	Company has maintained the concerned records for execution of works vis-à-vis the milestone as stipulated in the agreement. In addition to that weekly review meetings are being done with all HODs under the Chairmanship of Managing Director to review the progress of the work. (Minutes of the review meetings are maintained for records).
iii	Comment on the confirmation of balances of trade receivables, trade payables, advances and balances of a similar nature	Creditors confirmation is obtained only from four parties. Out of Four parties these three parties RMNIL-BIDPL (JV), Nagesh Travels and Bava Infrastructure Development Private Limited, have confirmed the gross amount before deduction of TDS under Income Tax Act and GST Act. For the balance parties, the company has informed us that they have requested for the confirmations by email and the same is not received till the date of signing of the audit report.	Letter for confirmation of balances has been sent to all creditors with a note stating that "if the communication is not received within one week from the receipt of this letter/e-mail, then KRIDE would treat the balance as stated is a deemed confirmation". Confirmation has been received for majority proportion of Creditors balance.

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone financial statements of Rail Infrastructure Development Company (Karnataka) Limited, ("the Company"), which comprise the Balance Sheet as at March 31st 2021, the Statement of Profit and Loss, cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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, 2021; 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 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.

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 are 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 are 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 are 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 on sequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Emphasis of Matter

Attention is drawn to:

1. Reference is drawn to payment made to cab agencies for transportation and conveyance services. The cab agencies have not maintained / attached Trip Sheets along with the invoices. Since because of non availability of Trip Sheets we are not able to comment on the amount spent on Transport / Conveyance expenses.
2. Reference is drawn to Rates and Taxes-ROC filing fees wherein the Company has paid Rs.71,09,033/- towards filing of Form SH-7 with Registrar of Companies towards increase in authorized share capital of the company. The amount includes Rs.11,09,033/- paid as additional fees towards delay in filing of the aforesaid form which could have been avoided.
3. Reference is drawn to reimbursement of amount paid towards purchase of laptop and mobile handsets by directors and other employees of the Company. The mobile bills are in the name of employees. The amounts reimbursed are capitalized by the Company which they claim as policy of the Company.
4. Reference is drawn to reporting of Turnover and payment of taxes in monthly GST Returns i.e. GSTR-1 and GSTR-3B with respect to two Doubling Projects Baiyappanahalli - Hosur and Yeshwanthpur - Channasandra. The Company has filed Nil Returns for all the months under Audit without complete disclosure of turnover and without payment of taxes. The Company failed to do the compliance as required under the provisions of the GST Act.
5. Reference is drawn to two Doubling Projects Baiyappanahalli - Hosur and Yeshwanthpur – Channasandra. The Company is acting as a implementing agency to South Western Railways with respect to the two Doubling Projects. Revenue is recognized taking in to account the stage of completion of the contract.
6. Reference is drawn to Bangalore Suburban Rail Project (BSRP). The Company has treated apportioned common expenditure as Capital work in progress. The special purpose vehicle BRIDE has been created to execute the above project, however work has been tendered, awarded and executed in KRIDE.
7. The Indirect expenditure pertaining to projects have been allocated by the company in the following manner without any scientific basis. However the same has been disclosed in our Report :
 - a) Expenditure directly relating to particular project is fully allocated to that particular project.
 - b) Expenditures pertaining to employees (like Salary, Reimbursement of expenditures to employees, Leave encashment, vehicle hiring etc.) have been bifurcated based on number of employees deputed to that particular project & wherever number of employees pertaining to both the projects are concerned, expenditure pertaining to respective employees have been bifurcated in the ratio of 40% for BSRP & 60% for Doubling (i.e. based on the expenditure incurred for particular project).
 - c) Common expenditures pertaining to the project (like Advertisement & Depreciation) have been bifurcated in the ratio of 05:95 (i.e. 95% for BSRP & 5% for Doubling – being total project cost for particular project).

- d) Common expenditures pertaining to the project (like Bank Charges, Professional fees, Board Meeting Expenses, Conference Expenses, Hospitality expenses etc.) have been bifurcated in the ratio of 40:60 (i.e. 40% for BSRP & 60% for Doubling – being expenditure incurred for particular project).
- e) Other Common expenditures (like Rent, Electricity charges, Water charges, Office maintenance, House keeping etc.) not covered above have been bifurcated in the ratio of 11:70 being employee ratio (i.e. 11 for Doubling and 70 for BSRP).

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 consider 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 Audit 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) 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, 2021, taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March, 2021, 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 control systems are in place and we find their operating effectiveness to be satisfactory. This may be referred with Internal Financial Control 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 amount which were required to be transferred to the Investors Education and Protection Fund by the Company.

For Pandurang Shenoy & Co.,
Chartered Accountants
F.R.No.: 008242S

Date : 26.08.2021
Place : Bangalore
UDIN : 21202768AAAAEA7603

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 31st March, 2021.

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 is 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 2,00,00,000 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-IA of the Reserve Bank of India Act, 1934.

For Pandurang Shenoy & Co.,
Chartered Accountants
F.R.No.: 008242S

Date : 26.08.2021
Place : Bangalore
UDIN : 21202768AAAAEA7603

CA K Pandurang Shenoy
Partner
M.No.202768

ANNEXURE B TO THE INDEPENDENT AUDITORS' 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 31st March 2021.

a. Directions under section 143(5) of Companies Act 2013

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.	Company maintains all its accounting transactions in Tally Accounting software. But we are of the opinion that in Tally software correction, deletion and addition of entries can be done without the authorization of the concerned person in charge of accounting.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off to debts / loans / interest etc. 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 any loan or cases of waiver/write off to debts/loans/ 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.	The funds received are properly accounted. Due to lack of information, we are not in a position to comment on utilization of such amounts. The utilization can be ascertained only by Special Audit (Fund Utilization Audit).

b. Additional Sub-Directions:

- i. All items with regard to Cash and Bank balances as per Annexure-1 shall be verified and the cases of specific non-compliances to be reported. Details of unexplained balance/balances operated under suspense head may also be examined.

Comments: Reported in Annexure-1. Canara Bank Savings Account No.0430132000005 maintained with MG Road, Bangalore is dormant on account of non-submission of KYC documents. We are of the opinion that Rail Infrastructure Development Company (Karnataka) Limited being a limited company are not authorized to open and operate savings bank account.

- ii. Whether system for monitoring the execution of works vis-a-vis the milestones stipulated in the agreement is in existence and the impact of cost escalation, if any, revenues / losses from contracts, etc., have been properly accounted for in the books.

Comments: The Company has not maintained record for execution of works vis-à-vis the milestone as stipulated in the agreement. And hence we are not in a position to comment on the same.

- iii. Comment on the confirmation of balances of trade receivables, trade payables, advances and balances of a similar nature.

Comments: Creditors confirmation is obtained only from four parties. Out of four parties these three parties RMNIL-BIDPL (JV), Nagesh Travels and Bava Infrastructure Development Private Limited, have confirmed the gross amount before deduction of TDS under Income Tax Act and GST Act.

For the balance parties, the company has informed us that they have requested for the confirmations by email and the same is not received till the date of signing of the audit report.

- iv. Whether the Company has a system of ensuring that the cost on abandoned projects has been identified and provided for/written off?

Comments: We have not come across such entries.

For Pandurang Shenoy & Co.,
Chartered Accountants
F.R.No.: 008242S

Date : 26.08.2021
Place : Bangalore

CA K Pandurang Shenoy
Partner
M No. 202768

“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 March 31, 2021 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 control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s 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 authorisations 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 controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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, 2021, 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
F.R.No.: 008242S

Date : 26.08.2021
Place : Bangalore
UDIN : 21202768AAAAEA7603

CA K Pandurang Shenoy
Partner
M No. 202768

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, BENGALURU FOR THE YEAR ENDED 31 MARCH 2021

The preparation of financial statements **Rail Infrastructure Development Company (Karnataka) Limited, Bengaluru** for the year ended **31 March 2021** in accordance with the financial reporting framework prescribed under the companies Act, 2013 (Act) is the responsibility of the Management of the Company. The statutory auditor/auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 26.08.2021.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of **Rail Infrastructure Development Company (Karnataka) Limited, Bengaluru** for the year ended **31 March 2021** under section 143 (6) (a) of the Act.

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

(ANUP FRANCIS DUNGUNG)
ACCOUNTANT GENERAL (AUDIT-II)
KARNATAKA, BENGALURU

BENGALURU
Date : 03.09.2021

BALANCE SHEET AS AT 31ST MARCH 2021

Particulars	Notes No.	As at 31 March 2021 ₹	As at 31 March 2020 ₹
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	30,00,00,000	10,00,00,000
(b) Reserves and Surplus	4	9,79,07,376	9,66,62,640
(2) Non - Current Liabilities			
(a) Long term Borrowings	5	400,00,00,000	-
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long - Term Liabilities	6	-	4,90,823
(3) Current Liabilities			
(a) Trade payables	7	6,74,95,778	-
(b) Other Current Liabilities	8	92,98,20,307	25,60,03,333
TOTAL		539,52,23,461	45,31,56,796
II. ASSETS			
(1) Non - Current Assets			
(a) Property, Plant and Equipment			
(i) Tangible Assets	9(i)	4,35,51,166	2,03,897
(ii) Intangible Assets	9(ii)	6,59,636	10,50,192
(iii) Capital work-in-progress	10	12,69,70,949	-
(b) Non-Current investments	11	2,10,10,000	2,00,00,000
(2) Current Assets			
(a) Cash and Cash Equivalents	12	391,73,62,118	36,64,38,349
(b) Other Current Assets	13	128,56,69,592	6,54,64,359
TOTAL		539,52,23,461	45,31,56,796
The accompanying Notes are an integral part of the financial statements	19-26		
<div> <div> 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 : 26.08.2021 </div> <div> For and on Behalf of Board of Directors of Rail Infrastructure Development Company (Karnataka) Limited Amit Garg Managing Director DIN: 08212610 Awadhesh Mehta GM (Finance) & CFO Harendra Pandey Director (Finance) DIN: 08988782 S.N. Srinivasa Company Secretary FCS : 2197 Place : Bangalore Date : 24.08.2021 </div> </div>			

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021

Sl. No.	Particulars	Notes No.	As at 31 March 2021 ₹	As at 31 March 2020 ₹
I	Revenue from Operations	14	9,17,58,246	-
II	Other Income	15	2,01,35,756	1,99,18,651
III	Total Revenue (I+II)		11,18,94,002	1,99,18,651
IV	Expenses:			
	Operating Expenses	16	8,75,27,768	-
	Employee benefit expenses	17	1,08,13,089	39,82,159
	Financial Costs		-	-
	Depreciation and amortisation expenses	9	2,00,507	85,911
	Other Expenses	18	1,21,07,902	34,72,028
	Total Expenses		11,06,49,266	75,40,098
V	Profit before exceptional and extraordinary items and tax (III - IV)		12,44,736	1,23,78,553
VI	Exceptional Items - Prior Period Items		-	-
VII	Profit before extraordinary items and tax (V-VI)		12,44,736	1,23,78,553
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII - VIII)		12,44,736	1,23,78,553
X	Tax Expenses:			
	(1) Current Tax		-	-
	(2) Deferred Tax		-	-
XI	Profit (Loss) for the year from continuing operations (IX-X)		12,44,736	1,23,78,553
XII	Profit/(Loss) from discontinuing operations		-	-
XIII	Tax Expenses of discontinuing operations		-	-
XIV	Profit/(Loss) from discontinuing operations (XII - XIII)		-	-
XV	Profit/(Loss) for the year (XI + XIV)		12,44,736	1,23,78,553
XVI	Earning per equity share	20.3		
	(1) Basic		0.12	1.24
	(2) Diluted		0.12	1.24
	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 : 26.08.2021

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

Amit Garg
Managing Director
DIN: 08212610

Awadhesh Mehta
GM (Finance) & CFO

Harendra Pandey
Director (Finance)
DIN: 08988782

S.N. Srinivasa
Company Secretary
FCS : 2197

Place : Bangalore
Date : 24.08.2021

CASH FLOW STATEMENT (INDIRECT METHOD) FOR THE YEAR ENDED 31ST MARCH 2021

Particulars	As at 31 March 2021 ₹	As at 31 March 2020 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before tax	12,44,736	1,23,78,553
Prior Period Adjustments	-	13,83,845
Receipts from GoK towards Project Funding	400,00,00,000	1,73,81,00,000
Receipts from/ (Payments) to MoR towards Project Funding	-	(192,06,08,674)
-Amount written back	(4,90,823)	-
Adjustments for Non- Operating matters:		
-Depreciation/ Amortisation	2,00,507	85,911
-Interest Income	(1,96,23,420)	(1,90,77,369)
-Loss/(Profit) on Sale of fixed assets	-	(8,110)
Operating profit before working capital changes	398,13,31,000	(18,77,45,844)
Adjustments for :		
- Decrease/ (increase) in Other Current Assets	(122,02,05,233)	(6,19,69,706)
- (Decrease) / increase in Trade Payables	6,74,95,778	-
- (Decrease) / increase in Other Current Liabilities	67,38,16,974	26,28,693
Cash generated from operations	350,24,38,519	(24,70,86,857)
Direct taxes paid	-	-
Net cash from/(used in) operating activities (A)	350,24,38,519	(24,70,86,857)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets including CWIP and capital advances (Net)	(17,01,28,169)	(12,33,975)
Sale of fixed assets	-	14,651
Investment in Subsidiary company	(10,10,000)	-
Interest received on fixed deposits and Current Account	1,96,23,420	1,90,77,369
Net cash from/(used in) investing activities (B)	(15,15,14,749)	1,78,58,045
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of share capital	20,00,00,000	-
Investments in Non Current Assets	-	-
Net cash from/(used in) financing activities (C)	20,00,00,000	-
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	355,09,23,770	(22,92,28,812)
Cash and cash equivalents (opening balance)	36,64,38,349	59,56,67,160
Cash and cash equivalents (closing balance)	391,73,62,118	36,64,38,348
Components of Cash and Cash Equivalents		
a) Cash on Hand	5,492	20,192
b) Balances with Banks:		
In Current Account & Savings Accounts	389,78,10,429	14,34,27,134
In Deposit Account	1,95,46,197	13,64,91,022
Cheques/Draft in Hand	-	8,65,00,000
	391,73,62,118	36,64,38,348
In terms of our report attached for Pandurang Shenoy & Co., Chartered Accountants Firm Reg.No. 008242S	For and on Behalf of Board of Directors of Rail Infrastructure Development Company (Karnataka) Limited	
CA K Pandurang Shenoy Partner M.No. 202768	Amit Garg Managing Director DIN: 08212610	Harendra Pandey Director (Finance) DIN: 08988782
Place : Bangalore Date : 26.08.2021	Awadhesh Mehta GM (Finance) & CFO	S.N. Srinivasa Company Secretary FCS : 2197
		Place : Bangalore Date : 24.08.2021

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No.	Particulars	As at 31 March 2021 ₹	As at 31 March 2020 ₹
3	Share Capital		
	Authorised :		
	10,00,00,000 Equity Shares of ₹ 10 each	100,00,00,000	100,00,00,000
	Issued and Subscribed :		
	3,00,00,000 Equity shares of ₹ 10/- each		
	(March 31, 2020 - 1,00,00,000 Equity shares of ₹ 10/- each)	30,00,00,000	10,00,00,000
	Paid up :		
	3,00,00,000 Equity shares of ₹ 10/- each		
	(March 31, 2020 - 1,00,00,000 Equity shares of ₹10/- each)	30,00,00,000	10,00,00,000
	(B) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:		
	Number of equity shares with voting rights at the beginning of the year	1,00,00,000	50,00,000
	Add:- Number of Right shares allotted during the year	2,00,00,000	50,00,000
	Less:- Number of shares bought back during the year	-	-
	Number of equity shares with voting rights at the end of the year	3,00,00,000	1,00,00,000
	(C) Rights, preferences and restrictions attaching to various classes of shares	-	-
	(D) Shareholding in the company of the holding company and ultimate Holding company and their subsidiaries/associates	-	-
	(E) The details of Shareholders holding more than 5% of shares:		
	Equity Shares with Voting Rights:		
	1. Governor of Karnataka / Govt. of Karnataka:		
	No.of Shares	1,52,99,995	50,99,995
	Percentage of Holding	50.99998%	50.99995%
	2. Infrastructure Development Corporation (Karnataka) Limited:		
	No. of Shares	-	-
	Percentage of Holding	-	-
	3. Ministry of Railways/President of India :		
	No.of Shares	1,47,00,000	49,00,000
	Percentage of Holding	49.00000%	49.00000%
	4. Others : *		
	No.of Shares	5	5
	Percentage of Holding	0.00002%	0.00005%

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

The Company allotted 2,00,00,000 equity shares of ₹ 10/- each on 31.03.2021 as against the 3rd Right Issue of shares.

The authorised share capital of the company has been increased from ₹ 20 cr to ₹ 100 Cr. in the AGM held on 25.11.2019.

Note No.	Particulars	As at 31 March 2021 ₹	As at 31 March 2020 ₹
4	Reserves and Surplus :		
	(a) Surplus in Statement of Profit and Loss		
	Opening Balance	9,66,62,640	8,29,00,242
	Add : Prior Period Adjustments	-	13,83,845
	Add : Profit for the Current Year	12,44,736	1,23,78,553
	Closing balance	9,79,07,376	9,66,62,640
5	Long term Borrowings		
	Interest Free Subordinate Debt from GOK		
	Advance from GOK - BSRP Project-Land Acquisition	400,00,00,000	-
		400,00,00,000	-
6	Other Long - Term Liabilities		
	Project Study Fund	-	1,45,430
	Advance from GoK	-	3,45,393
		-	4,90,823
7	Trade payables		
	Total outstanding dues of micro enterprises & small enterprises	3,000	-
	Total outstanding dues of creditors other than micro enterprises & small enterprises	6,74,92,778	-
		6,74,95,778	-
8	Other Current Liabilities		
	EMD	91,10,845	6,58,709
	Security Deposit	89,16,264	3,00,823
	Employee Related Payables	8,95,389	1,18,284
	Retention Payable	5,27,015	-
	Advance from GoK - Doubling Project	89,72,30,764	-
	Receipts from GoK Payable to Railways	-	25,32,00,000
	Other Payables:		
	Statutory Remittances:		
	TDS Payable	32,60,208	5,28,844
	GST Payable - RCM	16,79,196	-
	Labour Cess	7,21,373	-
	Others	74,79,253	11,96,673
		92,98,20,307	25,60,03,333
11	Non-Current investments		
	<u>Investments in Equity Instruments of Associate Companies:</u>		
	(a) Hassan Mangalore Rail Development Company		
	[20,00,000 Equity Shares of ₹ 10/- each		
	(Previous Year 20,00,000 Equity Shares of ₹ 10/- each)]	2,00,00,000	2,00,00,000
	(b) B-RIDE (100% Subsidiary of K-Ride)		
	[₹ 10,00,000 towards Share Application money & balance		
	₹ 10,000 towards Bank Balance]	10,10,000	-
		2,10,10,000	2,00,00,000

9. FIXED ASSETS

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

(Amount in ₹)

Note No.	Particulars	Gross Block			Depreciation (WDV)			Net Block	
		As at 01.04.2020	Additions during the year	Sale / Deletions	As at 31.03.2021	As at 01.04.2020	Accumulated Depreciation Reversed/ Adjusted	As at 31.03.2021	As at 31.03.2020
(i)	Tangible Assets:								
	Office equipment	1,34,218	44,26,944	-	45,61,162	26,730	-	3,24,350	42,36,812
	Mobile	-	2,20,571	-	2,20,571	-	-	12,937	2,07,634
	Office Interiors	-	2,93,91,847	-	2,93,91,847	-	-	24,60,074	2,69,31,773
	Furniture & Fixtures	-	63,23,433	-	63,23,433	-	-	3,40,564	59,82,869
	Computers	2,03,104	51,47,909	-	53,51,013	1,06,695	-	2,38,753	51,12,260
	Servers and networks	-	11,71,997	-	11,71,997	-	-	92,179	10,79,818
	Total Tangible Assets	3,37,322	4,66,82,701	-	4,70,20,023	1,33,425	-	33,35,432	4,35,51,166
(ii)	Intangible Assets:								
	Computer Software	10,54,110	2,84,154	-	13,38,264	3,918	-	6,74,710	6,59,636
	Total Intangible Assets	10,54,110	2,84,154	-	13,38,264	3,918	-	6,74,710	6,59,636
	Grand Total (i)+(ii)	13,91,432	4,69,66,855	-	4,83,58,287	1,37,343	-	41,47,485	12,54,089
	Previous Year (2019-20)	2,71,356	12,33,975	1,13,899	13,91,432	1,58,790	1,07,358	1,37,343	1,12,566

*Depreciation for the year has been apportioned on the basis of 05:95 (i.e. 5% for Doubling & 95% for BSRP – being total project cost for particular project). Thus 5% of ₹ 40,10,142 being ₹ 2,00,507 has been charged to Statement of Profit & Loss and Balance 95% of ₹ 40,10,142 being ₹ 38,09,635 has been shown under Capital work-in-progress.

10. CAPITAL WORK IN PROGRESS

Note No.	Particulars	Gross Block		
		As at 01.04.2020	Additions during the year	Transfers / deletions
10	Capital Work in Progress:			
	Bangalore Suburban Projects			
	General Charges & Contingencies	-	4,99,73,000	-
	Land R&R	-	16,81,675	-
	Station Buildings	-	1,08,79,600	-
	Utilities & Road Works	-	29,29,852	-
	Expenses During Construction Period - BSRP	-	6,32,87,480	-
	Interest Income - BSRP	-	(17,80,658)	-
	Total	-	12,69,70,949	-

Note No.	Particulars	As at 31 March 2021 ₹	As at 31 March 2020 ₹
12	Cash and Cash Equivalents		
	<u>Balances with Scheduled Banks:</u>		
	-In Current account	389,78,10,429	14,34,27,134
	-In Deposit accounts	1,95,46,197	13,64,91,022
	Cheques/Draft/GO Receipts in Hand	-	8,65,00,000
	Cash on Hand	5,492	20,192
		391,73,62,118	36,64,38,349
13	Other Current Assets		
	Loans & Advances (Asset)		
	Bangalore Sub Urban Rail Project Advance (BSRP)	-	4,99,73,000
	Dharward Belagam New Line Project *	25,46,658	24,79,661
	Open Rail Designer Software Advance - Bently System	4,78,850	-
	Prepaid Expenses	18,18,652	-
	Income Tax - Refundable	8,98,442	10,31,113
	GST - Electronic Credit Ledger	17,827	-
	Interest accrued on Bank deposits	43,42,372	22,17,554
	Security Deposits	22,939	13,500
	Rent Deposit - KRDCL	97,34,880	97,34,880
	HMRDC Receivable	-	14,651
	Unclaimed GST Input	2,14,919	-
	Other Receivable	1,90,901	-
	Fixed Deposit with Banks	126,54,03,152	-
	*The advance relating to Dharward Belagam New Line is towards Final Location Survey (FLS) and preperation of DPR by M/s. RITES Limited.		
		128,56,69,592	6,54,64,359
14	Revenue from Operations		
	Construction Revenue - Doubling (Ypr-Ch&Byp-Hsr)	9,17,58,246	-
		9,17,58,246	-
15	Other Income		
	a) Interest Income		
	Bank Deposits	1,96,23,420	1,90,77,369
	b) Other Non-Operating Income		
	Interest on Income Tax Refund	14,226	7,12,465
	Profit on Sale of Assets	-	8,110
	Miscellaneous Income	4,98,110	1,20,707
	[includes written back amount of Rs.4,90,823/- on account of Preliminary expenses & Project study expenses]		
		2,01,35,756	1,99,18,651

Note No.	Particulars	As at 31 March 2021 ₹	As at 31 March 2020 ₹
16	Operating Expenses		
	Construction expenses - Doubling (BYPL-HSRA)	8,50,14,796	-
	Construction expenses - Doubling (YPR-CSDR)	25,12,972	-
		8,75,27,768	-
17	Employee benefit expenses		
	Salaries, wages and allowances	1,04,62,999	39,82,159
	Contribution to PF and other funds	3,50,090	-
		1,08,13,089	39,82,159
18	Other Expenses:		
	Audit Fees	25,000	29,500
	Advertisement	3,98,032	11,08,369
	Bank Charges	6,129	1,079
	Office Maintenance Expenses	7,45,943	2,03,670
	Professional and Consultancy Services	1,60,483	37,270
	Travel and Conveyance Expenses	10,33,684	14,08,607
	ROC filing fees	71,73,923	-
	Rates and Taxes	9,57,934	4,87,388
	Telephone & Internet Charges	87,500	-
	Printing & Stationery	1,51,714	1,88,145
	Directors Sitting Fees	1,40,520	8,000
	Insurance Charges	70,721	-
	Rent & Common Area Maintenance KRDC	6,82,319	-
	Retainer Fee	4,74,000	-
		1,21,07,902	34,72,028

Expenditure pertaining to projects (i.e., Doubling & BSRP) have been allocated on the following basis :

- 1) Expenditure directly relating to particular project is fully allocated to that particular project.
- 2) Expenditures pertaining to employees (like Salary, Reimbursement of expenditures to employees, leave encashment, vehicle hiring etc.) have been bifurcated based on number of employees deputed to that particular project & wherever number of employees pertaining to both the projects are concerned, expenditure pertaining to respective employees have been bifurcated in the ratio of 40% for BSRP & 60% for Doubling (i.e. based on the expenditure incurred for particular project).
- 3) Common expenditures pertaining to the project (like Advertisement & Depreciation) have been bifurcated in the ratio of 05:95 (i.e. 95% for BSRP & 5% for Doubling – being total project cost for particular project).
- 4) Common expenditures pertaining to the project (like Bank Charges, Professional fees, Board Meeting Expenses, Conference Expenses, Hospitality expenses etc.) have been bifurcated in the ratio of 40:60 (i.e. 40% for BSRP & 60% for Doubling – being expenditure incurred for particular project).
- 5) Other Common expenditures (like Rent, Electricity charges, Water charges, Office maintenance, House keeping etc.) not covered above have been bifurcated in the ratio of 11: 70 being employee ratio (i.e. 11 for Doubling and 70 for BSRP)."

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 - K-RIDE" 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 17th 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 Shareholders' 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 Functional and Presentation Currency:

The Financial Statements are presented in Indian Rupees (INR), which is the Company's functional currency.

2.2 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.

Current v/s Non-Current classification: All Assets and Liabilities have been classified as Current or Non-Current as per Company's normal operating cycle and other criteria set out in Schedule III to The Companies Act, 2013. The company has ascertained its operating cycle as 12 months for the purpose of classification of assets / liabilities into current and non-current.

2.3 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.

2.4 Revenue Recognition:

Revenue from external project work is recognized as follows:

- a. Revenue from contracts, where performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, recognized as per the percentage-of-completion method.
- b. Contract revenue is determined by adding the aggregate cost plus proportionate margin (Direction & General Charges) based on fixed percentage as agreed upon.
- c. Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- d. Other income is recognised when such income accrues to the Company.

2.5 Cash and Cash Equivalents:

Cash and cash equivalents include cash in hand, bank balances and deposits with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalents and which are subject to an insignificant risk of changes in value.

2.6 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.

2.7 Property, Plant and Equipment:

Property, Plant and Equipments are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing item of Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts are charged to the statement of profit and loss for the period during which such expenses are incurred.

An item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on de-recognition is recognised in the Statement of Profit and Loss.

2.8 Depreciation and Amortization:

Depreciation on Property, Plant and Equipment is provided to the extent of depreciable amount on the Written Down Value (WDV) Method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Further in cases where the depreciation on the assets have been fully written off, the residual value of 5% or the value continued in the books are carried forward without applying further depreciation on the same.

Depreciation on individual assets acquired for a value less than (or) equal to ₹ 5,000/- is depreciated at the rate of 100% taking into consideration the commercial life in the year of purchase itself & not capitalised. Mobile handsets to employees are depreciated over a period of 3 years as per company's policy.

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
Office Interiors	5
Employee Mobile handset costing more than Rs.5,000/-	3

2.9 Intangible assets:

Intangible assets (Computer Software) acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized over their estimated useful life on written down value method as follows:

Asset Description	No. of years
Computer Software	3

2.10 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.

2.11 Foreign Currency Transactions:

- (i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of transaction.
- (ii) Monetary items denominated in foreign currencies are translated at exchange rates as at the reporting date.
- (iii) Exchange differences arising on the settlement or translation of monetary items are recognized in Statement of Profit & Loss in the year in which these arise.

2.12 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.

2.13 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.

- Current Investments are carried at lower of cost and fair value determined on an individual investment basis.
- 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.

2.14 Investment in Subsidiary / JV / Associate Company:

- The Company has incorporated Bengaluru Integrated Rail Infrastructure Development Enterprises Limited (B-RIDE) on 6th January, 2021 as a wholly – owned subsidiary with a paid-up share capital of ₹ 10,00,000 (Rupees Ten Lakhs Only) divided into 1,00,000 equity share of ₹ 10/- each, to undertake Bengaluru Sub-urban Rail Project.
- The Company has invested ₹ 2 Crores in the paid up capital of M/s. Hassan Mangalore Rail Development Company Limited (1.786% of paid up capital) being Special Purpose Vehicle (Joint Venture of Ministry of Railways & Government of Karnataka).

2.15 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.

2.16 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.

2.17 Provisions and Contingencies:

A provision is recognized 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 balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognized and, if any, are adequately disclosed in the notes to accounts.

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

2.18 Employee Benefits:

A) Short Term Employee Benefits:

The amount of short-term employee benefits to be paid for the services rendered are recognized as an expense during the period when the employee render the services. Defined Contribution plans such as Group Medclaim and Group Personal Accident Policy are recognized as expense and charged to Statement of Profit and Loss.

B) Long Term Employee Benefits:

• *Defined Contribution Plans:*

Superannuation Scheme: The Company does not have any superannuation scheme. The Company has not implemented any VRS Scheme.

All employees are entitled to Provident Fund benefits as per the law. The employees contributions are deposited with the Regional Provident Fund Commissioner as per law.

• *Gratuity:*

Provisions will be made as and when it is applicable.

19. Additional Information to the Financial Statements:

19.1 Contingent Liabilities and Commitments (to the extent not provided for):

Particulars	As at 31 st March 2021	As at 31 st March 2020
Contingent Liabilities:		
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		
Commitments :		
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-

19.2 Information in respect of Micro, Small and Medium Enterprises:

SI No.	Particulars	2020-21	2019-20
1	Amount remaining unpaid to any supplier: a) Principal Amount b) Interest due there on	Rs.3000 Nil	Nil Nil
2	Amount of Interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount paid to the supplier beyond the appointed day.	Nil	Nil
3	Amount of Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
4	Amount of Interest accrued and remaining unpaid.	Nil	Nil
5	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

19.3 Activity in Foreign Currency [on Accrual Basis]:

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

20. Disclosures under Accounting Standards:

20.1 Segment Reporting

The Company is an Infrastructure Project Development Company and currently, acting as a Nodal Agency between the Government of Karnataka (GoK) and Ministry of Railways (MoR). The company's principal business is to implement Bengaluru Sub-Urban Rail Project through SPV in Bengaluru. K-RIDE also acts as a implementing agency to SWR on account of two Doubling Projects viz. (i) Baiyappanahalli – Hosur (48 Kms) & (ii) Yeshwanthpur – Channasandra (21.7 Kms), which have been transferred from SWR to K-RIDE for execution on cost sharing basis (50% from GoK & 50% from MoR).

The Company operates within India and does not have operations / projects in economic environments with different risks & return. Hence it is considered operating in single geographical segment and operating segment.

Accordingly, the amounts appearing in the financial statements are related to the company's single business segment.

20.2 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%
Investment in Hassan Mangalore Rail Development Company Limited	Special Purpose Vehicle [Group Entity]	1.786%

B. Key Managerial Personnel:

Key Managerial Personnel	Designation
Shri. Amit Garg	Managing Director
Shri. Harendra Pandey (with effect from 02.12.2020)	Director (BD&F)
Shri. Neeraj Agrawal (with effect from 15.01.2021)	Director (P&P)
Shri. S.N.Srinivasa (with effect from 01.06.2020)	Company Secretary
Shri. Awadhesh Mehta (with effect from 01.10.2020)	Chief Financial Officer

I. Remuneration to Directors & Key Managerial Personnel:

Sl. No.	Particulars of Remuneration	Name of Managing Director / Whole Time Director		
		Amit Garg	Harendra Pandey (from 02.12.2020)	Neeraj Agrawal (from 15.01.2021)
1	FY 2020-21			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	43,42,138	14,31,878	10,15,047
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
2	FY 2019-20			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	26,50,253	-	-
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-

II. Remuneration to Key Managerial Personnel Other than MD / Manager / WTD:

Particulars of Remuneration		FY 2020-21	FY 2019-20
Fees for attending Board / Committee Meetings:			
Shri. T.M. Vijay Bhaskar	Director	10,000	2,000
Shri. I.S.N Prasad	Director	10,000	-
Shri. Kapil Mohan	Director	26,000	2,000
Shri. Rakesh Singh	Director	18,000	2,000
Shri. O.P. Singh	Director	8,000	-
Shri. A.K. Singhal	Director	2,000	-
Shri. R.K. Singh	Director	26,000	2,000
Shri. Gul Ashfaque Mohammed	Director	12,000	-
Total		1,12,000	8,000

III. Remuneration to Key Managerial Personnel Other than MD/WTD:

Sl No.	Particulars of Remuneration	Key Managerial Personnel	
		Awadhesh Mehta (CFO) (From 01.10.2020)	S.N.Srinivasa (CS) (From 01.06.2020)
1	Gross Salary: FY 2020-21 a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 b) Value of perquisites u/s 17(2) Income Tax Act, 1961	11,61,000 -	27,99,670 -
2	FY 2019-20 a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 b) Value of perquisites u/s 17(2) Income Tax Act, 1961	- -	- -

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

Particulars	2020-21	2019-20
Net Profit for the Year	12,44,736	1,23,78,553
Less: Preference share dividend	-	-
Amount available for equity shareholders	12,44,736	1,23,78,553
Weighted average number of shares	1,00,54,795	1,00,00,000
Earnings per Share – Basic & Diluted	0.12	1.24
Face value per equity share	10	10

20.4 Insurance Claims:

Insurance claims are accounted for based on acceptance of claims by Insurance Company.

20.5 Prior period Expenses and Income:

Income / Expenditure relating to a prior period which does not exceed 0.5% of the total turnover are treated as income / expenditure of current year.

20.6 Prepaid Items:

Individual items of prepaid expenses over ₹ 5,000/- each are recognized.

20.7 Subordinate Debt:

Interest Free Subordinate Debts (SD) received from GoK / MoR have been recognized as long-term borrowings. The subordinate debts are interest free.

20.8 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.

21. Business Implications due to Covid-19:

Significant disruptions have taken place nationwide due to Covid-19 pandemic outbreak. The company has implemented all the guideline and protocols issued by the various Government authorities with regard to Covid-19 from time to time. Company's operations have not been impacted as Company is still in early stage of commencing its construction activities.

22. Events occurring after the date of Balance Sheet:

There are no Material Events occurring after the date of Balance Sheet.

23. Deferred Tax Asset 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 recognized.

24. Dividend:

The Company has not declared any dividend for the financial year ended 2020-21.

25. 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.

26. 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

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

CA K Pandurang Shenoy
Partner
M.No. 202768

Amit Garg
Managing Director
DIN: 08212610

Harendra Pandey
Director
DIN: 08988782

Awadhesh Mehta
GM (Finance) & CFO

S.N. Srinivasa
Company Secretary
FCS: 2197

Place : Bangalore
Date : 26.08.2021

Place : Bangalore
Date : 24.08.2021

Proposed Bengaluru Suburban Rail Corridors



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

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

Reg. Office : Samparka Soudha, 1st Floor, Survey No. 8, (B.E.P. Premises) Opp. Orion Mall, Dr. Rajkumar Road, Rajajinagar 1st Block, Bangalore -560010. | www.kride.in