

Smart Stations



21st Annual Report
2021-22

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

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





BOARD OF DIRECTORS	:	Smt. Vandita Sharma, IAS - Chairperson (from 07.06.2022) Shri. P. Ravikumar, IAS - Chairman (upto 31.05.2022) Shri. I.S.N. Prasad, IAS Shri. Rakesh Singh, IAS Shri. Gaurav Gupta, IAS - (from 13.05.2022) Shri. B.H. Anil Kumar, IAS - (upto 13.05.2022) Shri. Kapil Mohan, IAS - (upto 15.11.2021) Shri. Ajit Kumar Jha, IRSE - (from 13.05.2022) Shri. P.S. Gupta, IRSE - (upto 13.05.2022) Shri. O.P. Singh, IRSE - (upto 24.09.2021) Shri. Ashutosh Mathur, IRSE - (from 13.05.2022) Shri. R.K. Singh, IRSE - (upto 13.05.2022) Smt. Deepa Kotnis, IRAS - (from 25.07.2022) Smt. Bhuvaneshwari Krishnan, IRAS (upto 25.07.2022) Shri. Gul Ashfaque Mohammed - (upto 13.05.2022) Shri. Amit Garg, IRSE IRSE (upto 03.08.2022) (Managing Director) Shri. Harendra Pandey - (upto 08.04.2022) (Director/BD & F) Shri. Neeraj Agrawal - (upto 31.12.2021) (Director/P&P)
COMPANY SECRETARY	:	Shri. S.N. Srinivasa B.Com, LLB, FCS, FCMA, PGDIRPM
GM (FINANCE)	:	Shri. Awadhesh Mehta CA, ICWA, CPA
CHIEF FINANCIAL OFFICER	:	
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&AGI AUDITORS	:	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



**21ST ANNUAL REPORT
2021-22**

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

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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the **21st Annual General Meeting** of the Shareholders of M/s. Rail Infrastructure Development Company (Karnataka) Limited **will be held on 28th September 2022 at 1.00 p.m.** at the office of Chief Secretary/GoK at Room No.320, 3rd Floor, Vidhana Soudha, Bangalore – 560001 to transact the following business:-

ORDINARY BUSINESS

- 1. Adoption of Financial Statements:** Consolidated and Standalone Financial Statements of the Company for the year ended March 31, 2022 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. Rakesh Singh (DIN 00828166), who retires by rotation and being eligible offers himself for re-appointment.
- 4.** To fix the remuneration of the statutory auditors appointed by the C&AG of India for the financial year 2022-23 and If thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to Section 142 (1) of the Companies Act, 2013, the Board of Directors of the Company be and are hereby authorised to fix the remuneration and out of pocket expenses, statutory taxes and other ancillary expenses of the Independent Statutory Auditors M/s. MS Reddy & Associates, (Firm Regn. No.007992S) Chartered Accountants, Bangalore appointed by the Comptroller and Auditor General of India for the Financial Year 2022-23 in terms of section 139(5) of the Companies Act, 2013 as amended."

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

Place: Bangalore
Date: 20.09.2022

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 48hours before the commencement of the AGM.
- 2.** The Company being a Government Company, the Comptroller & Auditor General of India has appointed Statutory Auditors of the Company for the year 2022-23 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.
- 5.** Consent of all shareholders obtained for shorter notice.

DIRECTORS' REPORT TO THE SHAREHOLDERS

To The Members,

Your Directors have pleasure in presenting the Twenty-first 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, 2022.

1. FINANCIAL RESULTS

The financial results for the year ended March 31, 2022 are summarised below.

(₹ In Lakhs)

Particulars	Standalone		Consolidated	
	Current Year 31.03.2022	Previous Year 31.03.2021	Current Year 31.03.2022	Previous Year 31.03.2021
Income from Operations	5576.75	917.58	5576.75	917.58
Other Income:				
Interest from Bank Deposits	768.62	196.24	768.62	196.24
Interest on Income Tax Refund	0.45	0.14	0.45	0.14
Other Miscellaneous Income	0.01	4.98	0.01	4.98
Total Income	6345.83	1118.94	6345.83	1118.94
Less: Total Expenses	6256.56	1106.49	6256.82	1106.91
: Prior period items	-	-	-	-
Profit before Tax	89.27	12.45	89.01	12.03
Less: Provision for Tax	-	-	-	-
Profit / (Loss) after Tax	89.27	12.45	89.01	12.03
Add: Profit brought forward	979.07	966.62	978.65	966.62
Add: Prior period adjustments	-	-	-	-
Profit carried to the Balance Sheet	1068.34	979.07	1067.66	978.65

Consolidated Financial Statement

In accordance with the provisions of the Companies Act, 2013 ("the Act") and Accounting Standards (AS) 21 on Consolidated Financial Statement, the consolidated audited financial statement forms part of the Annual Report.

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 ₹ 608.67 Crore were released by Govt. of Karnataka to Railways through K-RIDE.

During the year K-RIDE continued the execution 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 taken up the preliminary works to execute 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 continued the land acquisition works 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	Baiyyappanahalli - 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.

During the year K-RIDE has finalized tender for consultancy services for land monetization for station areas for BSRP and for geo-technical investigations on the suburban corridors. The General Consultancy Tender for BSRP has been awarded. The civil construction tender for

Corridor-2 has also been awarded. LOA issued for Transaction Advisory Service for procurement and maintenance of rolling stock in PPP mode. The DEA has approved the financial assistance from multilateral agency i.e., KFW & AFD for EUR 500 million and EUR 300 million respectively. Formal posing letter from DEA to the funding agencies issued.

Pre-appraisal of project has been undertaken by the funding agencies from 07.03.2022 to 11.03.2022 and met all the stakeholders. K-RIDE is submitting all the documents required by the funding agencies. The DEA has also issued formal posing letter to EIB for Euro 300 million since AFD has not formally confirmed its participation. The funding agencies are planning for Final Approval Mission during October 2022.

As advised by Director/MTP/Railway Board, the draft MoU for BSRP has been sent to GM/SWR/UBL for approval. The matter is under consideration of Railway Board.

The BSRP was inaugurated & foundation stone was laid by Hon'ble Prime Minister Shri. Narendra Modi on 20.06.2022 at Kommaghatta, Bangalore.

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 2022.

7. SHARE CAPITAL

The Authorised Share Capital of the Company is ₹ 100 Crore. The Authorised Share Capital is being increased to ₹ 5000 Crores so as to accommodate the equity under BSRP.

The paid-up capital of the company is ₹ 30 Crores.

8. DETAILS RELATING TO DEPOSITS

The Company has not received any deposit nor renewed it.

9. DIRECTOR'S & KEY MANAGERIAL PERSONNEL

Shri. P. Ravikumar, IAS, Chief Secretary to GoK and Chairman of the Company was superannuated on 31.05.2022 and the GoK has nominated Smt. Vandita Sharma, IAS, Chief Secretary to GoK as Chairperson & Director on the Board of K-RIDE w.e.f. 07.06.2022.

The Govt. of Karnataka has nominated Shri. B.H. Anil Kumar, IAS, Additional Chief Secretary to GoK/IDD as a Director on the Board of K-RIDE w.e.f. 15.11.2021 in place of Shri. Kapil Mohan, IAS, transferred. Further, GoK has nominated Shri. Gaurav Gupta, IAS, Additional Chief Secretary to GoK/IDD as a Director w.e.f. 13.05.2022 in place of Shri. B.H. Anil Kumar, IAS, transferred.

The Ministry of Railways has nominated Shri. P.S. Gupta, ED/CE(G)/RB, as a Director on the Board of K-RIDE w.e.f. 24.09.2021 in place of Shri. O.P. Singh, Addl. Member/L&A/RB, transferred. Further, the Ministry of Railways has nominated Shri. Ajit Kumar Jha, ED/CE(G)/RB, Shri. Ashutosh Mathur, CE/TP/SWR & Smt. Bhuvaneshwari Krishnan, FA&CAO/Traffic/SBC as Directors on the Board of K-RIDE w.e.f. 13.05.2022. in place of Shri. P. S. Gupta ED/CE(g)/RB, Shri. R. K. Singh, CE/CN/III/SBC & Shri. Gul Ashfaque Mohammed, CE/CN/1/UBL respectively consequent on their transfer.

Shri. Harendra Pandey, Director (BD & F) and Shri. Neeraj Agrawal, Director (P&P) appointed as whole-time directors of the Company were ceased to be the whole-time directors w.e.f. 08.04.2022 & 31.12.2021 respectively consequent on resignation/transfer.

Shri. Amit Garg, IRSE ceased to be the Managing Director of the Company w.e.f.03.08.2022. Shri.Gaurav Gupta, IAS, ACS to GoK/IDD and Director/K-RIDE has assumed the additional charge of the post of MD/K-RIDE w.e.f. 11.08.2022.

Further, the Ministry of Railways has nominated Smt. Deepa Kotnis, FA & CAO/CN/BNC/SWR as a Director on the Board of K-RIDE in place of Smt. Bhuvaneshwari K, FA & CAO/TP/SBC w.e.f.25.07.2022.

Shri. I.S.N. Prasad & Shri. Rakesh Singh, Directors retires by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

Shri. S.N. Srinivasa continues to be the Company Secretary of the Company w.e.f. 01.06.2020 and Shri. Awadhesh Mehta, GM/Finance continues to be the CFO of the company w.e.f. 04.11.2020.

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 2021-22. 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 ₹ 10 Crore 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 is yet to appoint statutory auditors for the year 2022-23. 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:

- in the preparation of the annual standalone & consolidated financial statements for the year ended March 31, 2022, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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, 2022 and of the profit and loss of the company for that period;
- 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;
- the directors had prepared the annual accounts on a going concern basis;
- the Company being unlisted sub clause (e) of Section 134 (5) is not applicable.
- 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. There is no loan outstanding in the name of the Company from any bank or financial institution and accordingly the applicability of one time settlement (OTS) does not arise. Further, there are no proceedings pending in the name of the Company under Insolvency and Bankruptcy Code (IBC).

13. INFORMATION ABOUT SUBSIDIARY/ JV/ASSOCIATE COMPANY U/S 129

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).

Statement containing salient features of the financial statement of subsidiaries pursuant to first proviso to subsection (3) of section 129 of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014 in prescribed format AoC-1 is attached as **Annexure - 1**.

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 four times during the financial year on the following dates:

1. 24.08.2021
2. 20.12.2021
3. 28.12.2021
4. 29.03.2022

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 meeting held during the year 2021-22	
			Held	Attended
Shri. P. Ravi Kumar	Chairman	Non-Executive & Nominee Director	4	2
Shri. I.S.N. Prasad	Member	Non-Executive & Nominee Director	4	2
Shri. Rakesh Singh	Member	Non-Executive & Nominee Director	4	2
Shri. Kapil Mohan	Member	Non-Executive & Nominee Director	1	1
Shri. B. H. Anil Kumar	Member	Non-Executive & Nominee Director	3	1
Shri. R.K.Singh	Member	Non-Executive & Nominee Director	4	4
Shri. Gul Ashfaque Mohammed	Member	Non-Executive & Nominee Director	4	2
Shri. Amit Garg	Member	Managing Director	4	4
Shri. Harendra Pandey	Member	Director (BD&F)	4	4
Shri. Neeraj Agrawal	Member	Director (P&P)	3	3
Shri. P. S. Gupta	Member	Non-Executive & Nominee Director	3	1

A) AUDIT COMMITTEE

The Audit Committee pursuant to Sec.177 of the Companies Act, 2013 consists of the following Directors:

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

The Committee was reconstituted:

On 15.11.2021 as follows:

- | | |
|--------------------------------|-----------------------------|
| 1. Shri. B. H. Anil Kumar | - Chairman of the Committee |
| 2. Shri. I.S.N. Prasad | - Member of the Committee |
| 3. Shri. R.K. Singh | - Member of the Committee |
| 4. Shri. Gul Ashfaque Mohammed | - Member of the Committee |

On 19.05.2022 as follows:

- | | |
|--------------------------|-----------------------------|
| 1. Shri. Gaurav Gupta | - Chairman of the Committee |
| 2. Shri. I.S.N. Prasad | - Member of the Committee |
| 3. Shri. Ashutosh Mathur | - Member of the Committee |
| 4. Smt. Bhuvaneshwari K | - Member of the Committee |

On 16.08.2022 as follows:

- | | |
|--------------------------|-----------------------------|
| 1. Shri. Gaurav Gupta | - Chairman of the Committee |
| 2. Shri. I.S.N. Prasad | - Member of the Committee |
| 3. Shri. Ashutosh Mathur | - Member of the Committee |
| 4. Smt. Deepa Kotnis | - Member of the Committee |

The Audit Committee met twice during the financial year 2021-22 on the following dates:

1. 19.08.2021
2. 27.12.2021

The details of attendance of members are as follows:

Name	Status	Category	No. of meeting held during the year 2021-22	
			Held	Attended
Shri. Kapil Mohan	Chairman	Non-Executive & Nominee Director	1	1
Shri. B.H. Anil Kumar	Chairman	Non-Executive & Nominee Director	1	1
Shri. I.S. N. Prasad	Member	Non-Executive & Nominee Director	2	2
Shri. R. K. Singh	Member	Non-Executive & Nominee Director	2	2
Shri. Gul Ashfaque Mohammed	Member	Non-Executive & Nominee Director	2	2

B) NOMINATION & REMUNERATION COMMITTEE

The Nomination and Remuneration Committee pursuant to Sec.178 of the Companies Act, 2013 consists of the following Directors:

- | | |
|-----------------------|-----------------------------|
| 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. Shri. Amit Garg | - Member of the Committee |

The Committee was reconstituted

On 15.11.2021 as follows:

- | | |
|---------------------------|-----------------------------|
| 1. Shri. Rakesh Singh | - Chairman of the Committee |
| 2. Shri. B. H. Anil Kumar | - Member of the Committee |
| 3. Shri. R. K. Singh | - Member of the Committee |
| 4. Shri. Amit Garg | - Member of the Committee |

On 19.05.2022 as follows:

- | | |
|--------------------------|-----------------------------|
| 1. Shri. Rakesh Singh | - Chairman of the Committee |
| 2. Shri. Gaurav Gupta | - Member of the Committee |
| 3. Shri. Ashutosh Mathur | - Member of the Committee |
| 4. Shri. Amit Garg | - Member of the Committee |

On 16.08.2022 as follows:

- | | |
|--------------------------|-----------------------------|
| 1. Shri. Rakesh Singh | - Chairman of the Committee |
| 2. Shri. Gaurav Gupta | - Member of the Committee |
| 3. Shri. Ashutosh Mathur | - Member of the Committee |

The Nomination and Remuneration Committee met 3 times during the financial year on the following dates:

1. 04.06.2021
2. 24.11.2021
3. 21.03.2022

Name	Status	Category	No. of meeting held during the year 2021-22	
			Held	Attended
Shri. Rakesh Singh	Chairman	Non-Executive & Nominee Director	3	3
Shri. Kapil Mohan	Member	Non-Executive & Nominee Director	1	1
Shri. R.K. Singh	Member	Non-Executive & Nominee Director	3	3
Shri. B. H. Anil Kumar	Member	Non-Executive & Nominee Director	2	2
Smt. Amit Garg	Member	Managing Director	3	3

C) MANAGEMENT COMMITTEE

The Management Committee consists of the following Directors:

- | | |
|------------------------|-----------------------------|
| 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 Committee was reconstituted

On 15.11.2021 as follows:

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

On 19.05.2022 as follows:

- | | |
|--------------------------|-----------------------------|
| 1. Shri. I.S.N. Prasad | - Chairman of the Committee |
| 2. Shri. Rakesh Singh | - Member of the Committee |
| 3. Shri. Gaurav Gupta | - Member of the Committee |
| 4. Shri. Ashutosh Mathur | - Member of the Committee |
| 5. Shri. Amit Garg | - Member of the Committee |

On 16.08.2022 as follows:

- | | |
|--------------------------|-----------------------------|
| 1. Shri. I.S.N. Prasad | - Chairman of the Committee |
| 2. Shri. Rakesh Singh | - Member of the Committee |
| 3. Shri. Gaurav Gupta | - Member of the Committee |
| 4. Shri. Ashutosh Mathur | - Member of the Committee |
| 5. Smt. Deepa Kotnis | - Member of the Committee |

The Management Committee met 4 times during the financial year on the following dates:

1. 19.04.2021
2. 16.09.2021
3. 29.01.2022
4. 22.02.2022

Name	Status	Category	No. of meeting held during the year 2021-22	
			Held	Attended
Shri. I.S.N. Prasad	Chairman	Non-Executive & Nominee Director	4	4
Shri. Rakesh Singh	Member	Non-Executive & Nominee Director	4	3
Shri. Kapil Mohan	Member	Non-Executive & Nominee Director	2	2
Shri. B. H. Anil Kumar	Member	Non-Executive & Nominee Director	2	2
Shri. R.K. Singh	Member	Non-Executive & Nominee Director	4	4
Shri. Amit Garg	Member	Managing Director	4	4

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 7** has been published on the website of the Company under the web-link: <https://kride.in/ear-for-the-year-ended-31-03-2022>.

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

The qualifications in the Auditors Report under "Basis for Qualified Opinion" for the financial year ended 31.03.2022 have been suitably replied by the Management as an Addendum to the Directors Report vide **Annexure – 2 & 2A**.

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 2021-22 and hence no complaint is outstanding as on 31.03.2022 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 Company has a Vigil Mechanism Policy & Whistle Blower Policy.

29. OUTLOOK FOR THE FUTURE

The company being a state Joint Venture will undertake:

- Survey and Preparation of DPR of mutually identified all infrastructure projects and process for obtaining requisite sanctions.
- Execution of already sanctioned railway projects (doublings & new lines).
- Execution of RoB/RuB works as assigned to it.
- 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.,
Sd/-
VANDITA SHARMA, IAS
Chairperson

Place : Bangalore
Date : 20.09.2022

ANNEXURE - 1

Form No. AOC – 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part - A: Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

1	Name of the subsidiary	Bengaluru Integrated Rail Infrastructure Development Enterprises Limited
2	The date since when subsidiary was acquired	6-Jan-2021
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
5	Share capital	10,00,000
6	Reserves and surplus	(68,745)
7	Total assets	9,57,215
8	Total Liabilities	9,57,215
9	Investments	Nil
10	Turnover	Nil
11	Profit before taxation	(68,745)
12	Provision for taxation	Nil
13	Profit after taxation	(68,745)
14	Proposed Dividend	Nil
15	Extent of shareholding (in percentage)	100%

Part – B : Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

1	Name of Associates or Joint Ventures	Information is Nil, as there are no Associates and Joint Ventures of K-RIDE during the year 2021-22
2	Latest audited Balance Sheet Date	
3	Shares of Associate or Joint Ventures held by the company on the year end No. of Shares	
	Amount of Investment in Associates or Joint Venture Extent of Holding (in percentage)	
4	Description of how there is significant influence	
5	Reason why the associate/joint venture is not consolidated	
6	Net worth attributable to shareholding as per latest audited Balance Sheet	
7	Profit or Loss for the year	
	i. Considered in Consolidation	
	ii. Not Considered in Consolidation	
8	Names of associates or joint ventures which are yet to commence operations	
9	Names of associates or joint ventures which have been liquidated or sold during the year	

RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Members of Rail Infrastructure Development Company (Karnataka) Limited **REPORT ON THE AUDIT OF STANDALONE FINANCIAL STATEMENTS**

Qualified 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 2022, 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. On completion of Audit of Accounts of the Company, we have rendered our Audit Report on 30th July 2022. Subsequently, the audit report has gone revision in the light of the observations of the Comptroller and Auditor General of India. This supersedes our earlier report dated 30th July 2022.

Except the above, In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, 2022; and
- (b) in the case of the Statement of profit and Loss, of the Profit for the year ended on that date,
- (c) in the case of cash flow statements, the cash flow for the year ended on that date.

Basis for Qualified Opinion

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

Matter giving rise to Qualified Opinion

- (1) The Company has not provided for arrears of rent and common area maintenance of ₹ 4,39,639/- payable to Karnataka Road Development Corporation Limited for the period May 2021 to November 2021. Non-provision of the above escalated amount has resulted in understatement of expenditure and overstatement of profit by ₹ 4,39,639/-.
- (2) The Company has not accounted for invoices related to various works awarded in respect of Bangalore Sub Urban Railway Project amounting to ₹ 1,96,88,770/-. Non-creation of the liability towards the above bills has resulted in understatement of capital work-in-progress and creditors by ₹ 1,96,88,770/-.
- (3) The Company has accounted forfeiture of EMD, labour cess-admin charges, liquidity damages, other miscellaneous services-tender and RTI fees amounting to ₹ 4,78,678/- and accounted as Revenue from operations instead of Other Income. Inclusion of the same under Revenue from operation has resulted in overstatement of revenue from operation and understatement of other income by ₹ 4,78,678/-.
- (4) The Company has shown total dues to Micro Small and Medium Enterprises at ₹ 2,45,91,221/-. In the absence of MSME certificate from Voestalpine VAE VKN India Private Limited, due to that a sum of ₹ 2,22,44,344/- has been overstated as dues to MSME.
- (5) The Company has reimbursed the 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 the employees. The amounts reimbursed are capitalized by the Company which they claim as policy of the Company. As per the provisions of Law, the assets should be held in the name of the Company and our observation in our earlier audit also been ignored and overlooked. The policy of the company is not within the framework of the law and thereby violating the provisions of Accounting Standard 10.
- (6) The Company has erred in reporting of Current Ratio, Debt service coverage ratio, Return on Equity Ratio (ROE) and Net Capital Turnover ratio. Further, the Company has not provided for explanation in change in ratio by more than 25% in case of debt equity ratio and trade payables turnover ratio.
- (7) Under Note 20.1 Contingent liabilities and Commitments (to the extent not provided for) Commitments regarding estimated amount of contracts remaining to be executed on capital account and not provided for are indicated as Nil which is not in order. As the Company has awarded works related to Bangalore Suburban Rail Project (BSRP), non-disclosure of same is not in line with Accounting Standard 29.
- (8) Whereas, for the purpose of execution of Bangalore Suburban Rail Project (BSRP), a special purpose vehicle BRIDE (Bengaluru Integrated Rail Infrastructure Development Enterprise Limited) has been incorporated. But the above project had been executed in KRIDE, by obtaining the contract in KRIDE. This action of the Company to establish the (Bengaluru Integrated Rail Infrastructure Development Enterprise Limited (BRIDE) and related investment in establishing and maintaining the BRIDE was not necessary and could have been avoided by the Management. The ratification of the above decision in the Board meeting will not mitigate the additional expenses spent by the Company. Thereby, there is an escalation of the cost of the project.

- (9) Allocation of Common Expenditure to the Projects and loss of GST Input Tax Credit to the tune of ₹ 23,79,000/-.
- (i) The Company is acting as an implementing agency to South Western Railway (SWR) for two Doubling Projects along with the Bangalore Suburban Rail Project (BSRP). Loss of GST input tax we observe the following:
 - (ii) Because of the decision not to implement the Bangalore Suburban Rail Project (BSRP) in BRIDE, the common expenditure Rent and Legal fee incurred by KRIDE which has been bifurcated and allocated to the BSRP project to the tune of ₹ 1,33,05,332/- and GST input tax pertaining to the above bifurcated/allocated expenses to the tune of ₹ 23,79,000/- the same could not claimed as deduction as GST Input tax credit from the total GST payable. The above sum of ₹ 23,79,000/- is loss to the Company and the same cannot be ratified in the Board of Directors Meeting. Because of this the cost of the project has been overrun to that extent.
 - (iii) Similarly, in other common expenses allocated to BSRP to the tune of ₹ 12,56,93,697/-, the GST input tax credit could not be claimed (the same could not be quantified since the same has been not accounted separately) and has included in the respective expenses. As such we are unable to quantify the exact amount of loss of input of GST since the records are not maintained properly.
- (10) Reference is drawn to payment made to cab agencies for transportation and conveyance services. The cab agencies have not maintained / attached individual trip Sheets along with the invoices. Since because of non-availability of individual trip Sheets we are not able to comment on the actual amount spent on Transport / Conveyance expenses.
- (11) The matter reported for the F.Y 2020-21 pertaining to the payment of fee for increase in the authorized share capital and its irregularity in filing has been reported. This irregularity is still persisting. The regular filing fee for SH-7 is ₹ 60,00,000/- and the company had paid penalty / additional fee of ₹ 11,09,033/-. The penalty / additional fee paid for delay in filing form SH-7 which was due to negligence of the concerned and such additional fee for not acting on time. Further such irregularity cannot be ratified in the meeting of the Board of Directors..
- (12) During the audit the audit observations are communicated to the company and the replies given are vague and not convincing.

Sl. No.	Date	Particulars	Amount ₹	Remarks
1	April 2021 to March 2022	Rent and Common Area Maintenance Paid to KRDC (Land Lord)	1,53,24,272.00	The Company (KRIDE) is sharing the office space with two other companies BRIDE and HMRDC. The Rent from other two companies is not recovered and it is loss to the company
2	April 2021 to March 2022	Electricity Charges	13,99,749.00	KRIDE is sharing the office space with two other companies BRIDE and HMRDC. The electricity charges are not collected from other two companies.
3	13.08.2021	Furniture & Fixtures	2,94,000.00	Paid to V2 Modular Furnitures towards office workstation and tender room used by HMRDC as work station and tender room are procured for the use of HMRDC. The same should be recovered from HMRDC.
4	April 2021 to March 2022	Charge Allowance	259,560.00	Charge allowance paid to Shri. Amit Garg towards holding additional charge as CEO of HMRDC. The same should be recovered from HMRDC.
5	April 2021 to March 2022	Unclaimed ITC	1,38,09,345.16	GST Input tax credit available as per the books of accounts are not utilised by the company at the time of filing GSTR-3B amounting to ₹ 1,37,80,545.16/-. The company has paid the GST without deducting the input tax credit. It may be noted that the company has paid output GST of ₹ 4,13,68,805/- for the month of March 2022. The same input if timely availed in GSTR-3B could be utilised towards payment of such output liability. The funds of the Company has been utilised without claiming Input tax credit.
6	20.09.2021	Davangere Harihar UDA Payable	37,09,236.00	Unspent Amount received from Davangere Harihar Urban Development Authority, steps to be taken to return the amount back to IDD, Government of Karnataka. This amount has not been returned back.

Sl. No.	Date	Particulars	Amount ₹	Remarks
7	24.03.2022	Steel Authority of India Ltd	2,10,35,599.00	Paid towards supplies of free rails without deducting TDS under provisions of section 194Q of the Income Tax Act, 1961.
8	April 2021 to March 2022	Reimbursement of Conveyance Expenses	1,58,89,928.00	Conveyance Expenses reimbursed to employees on monthly basis without deducting TDS as per the provisions of Income Tax Act. This is clear violation of the provisions of section 192B of Income Tax Act, 1961.
9	May-Jul 2021	Veros Beverages	87,784.00	Paid towards composite contract towards supply of tea and coffee vending machines. Tax is deducted u/s 194la instead of 194C.
10	12.08.2021	Capricot Technologies Pvt Ltd	23,28,854.00	An amount paid ₹ 20,07,632/- without deducting TDS as per the provisions of section 194J of the Income Tax, 1961. The party in his bill has mentioned SAC code 997331 which for licensing services for the right to use computer software and data base. The same attracts provisions of section 194J of the Act. The Company has defaulted in deduction TDS at 10%.
11	06.09.2021	Asst Executive Engineer BESCOM E1	59,226.00	Amount paid towards supervision charges to BESCOM ₹ 59,227/-. TDS of ₹ 5,019/- is belatedly deducted on 31.12.2021. Also TDS is still recoverable from BESCOM.
12	31.03.2022	Vineela Enterprises	3,27,27,585.00	GST TDS of ₹ 5,84,421/- is wrongly paid as IGST instead of CGST & SGST
13	06.12.2021	Labour Cess Admin Charges		1% Admin Charges accrued in the month of July, August and September. Invoice raised in December and GST is remitted in the month of December 2021. To be declared in the subsequent months in which the amount is due
14	12.07.2021	Miscellaneous Expenses	54,500.00	Paid towards payment of PA to ACS IDD, car repair expenses of official vehicle of Shri Kapil Mohan ACS to GOK/IDD. Includes ₹ 7000 towards mask purchase. Personal expenses paid from KRIDE
15	04.12.2021	Royalty Mineral Foundation Trust	2,05,440.00	The Company has deducted and paid ₹ 2,05,440/- towards royalty from RA bill of RMNILBIDPL (JV) and remitted the same to the exchequer. Later on it is found that royalty is not payable and hence refunded to the party. However the same is still pending as receivable in the books of the company.

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

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

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

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

Management's Responsibility for the Financial Statements

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

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

Board of directors is also responsible for overseeing the company's financial reporting process.

Auditors' Responsibility for the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SA's 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 SA's, 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.
 - a) 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.
 - b) Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the financial statements. We remain solely responsible for our audit opinion

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.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("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 Auditor General of India.
3. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) 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, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2022, 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
Firm Reg. No. 008242S

Date : 20.09.2022
Place : Bangalore
UDIN : 22202768ATKDHL3538

CA K Pandurang Shenoy
Partner
M.No.: 202768

ANNEXURE-A

Annexure referred to in paragraph I under the heading Report on other Legal & regulatory requirements 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, 2022

- i. (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
(B) The Company has maintained proper records showing full particulars of Intangible 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;
- ii. (a) The Company has no inventories and accordingly, provisions of Clause 3 (ii) of the Order are not applicable to the Company.
- (b) The Company has not been sanctioned any working capital limits from banks or financial institutions on the basis of security of current assets during the financial year.
- iii. (a) In our opinion and according to the information provided to us the company has made investments as specified below:

(A) To Subsidiaries, Joint Ventures, Associates:

Nature	Balance outstanding as on 31.03.2022
Bengaluru Integrate Rail Infrastructure Development Enterprises Limited (Wholly owned subsidiary)	10,00,000/-

In our opinion and according to the information provided to us the company has not provided any guarantee or granted unsecured loans or advances in the nature of loans.

- iv. Based on the information and explanations given to us, the Company has not granted any loans or guarantees as referred in the provisions of section 185 and 186 of the Act.
- v. The Company has not accepted any deposits or amount which is deemed to be deposits from the public.
- vi. As per explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company
- vii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including provident fund, GST and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities except NPS contribution amounting to ₹ 3,12,315/- in respect of two employees which are outstanding for a period of more than six months from the date they became payable.
- viii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has properly recorded all the transactions as required under Income Tax Act 1961
- ix. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not borrowed any money from either banks or financial institutions; hence this clause is not applicable
- x. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer during the year.
- (b) The Company has not made any preferential allotment or private allotment of shares or convertible debentures during the financial year.
- xi. (a) According to the information and explanations given to us, no material fraud on or by the company by its officers or employees has been reported during the course of our Audit.
- (b) No report under sub section (12) of section 143 of the Companies Act has been filed by the Auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules 2014 with the Central Government; hence this clause is not applicable.
- (c) According to the information and explanations given to us, the Company has not received any whistle blower complaints during the year.
- xii. The Company is not a Nidhi Company; hence this clause is not applicable
- xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, all transactions with related parties are in compliance of sections 177 and 188 of the Companies Act where applicable and details have been disclosed in the financial statements etc, as required by the applicable accounting standards.
- xiv. The Central Government has not prescribed to appoint internal auditor under section 138 of the Act; hence this clause is not applicable
- xv. According to the information and explanations given to us, the Company has not entered in to non-cash transactions with directors or persons concerned with him as restricted in section 192 of the Companies Act, 2013, hence this clause is not applicable
- xvi. The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act 1934; hence this clause is not applicable
- xvii. According to the Information and explanations given to us and based on our examination of the records of the Company, the Company has not incurred cash losses in the financial year.
- xviii. There is no resignation of statutory auditors during the year, hence this clause is not applicable
- xix. According to the Information and explanations given to us and based on our examination of the records of the Company, the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements the auditors knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the Audit Report and the Company is able to meet its liabilities existing as on the date of balance sheet as and when they fall due.
- xx. The Company is not covered under the provisions of CSR activities; hence this clause is not applicable
- xxi. In our opinion and according to the information and explanations given to us, There are no qualifications or adverse remarks given by the respective auditors in the Companies (Auditor's Report) Order, 2020 (CARO) reports of the companies included in the consolidated financial statements, hence this clause is not applicable to the Company.

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

Date : 20.09.2022
Place : Bangalore
UDIN : 22202768ATKDHL3538

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 2022.

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. The entries in the tally 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. Further we are also found that repeated correction of entries in the accounting software. Hence, we would like to qualify that the transactions through IT system are not safe .
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. The Company has not maintained any financial data project wise and 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-I 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.

Comments: Reported in Annexure-I.

- 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. The same was suggested in our earlier audit report. But the Company has never taken any action to maintain records 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 few parties. 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
Firm Reg. No. 008242S

Date : 20.09.2022
Place : Bangalore
UDIN : 22202768ATKDHL3538

CA K Pandurang Shenoy
Partner
M.No.: 202768

ANNEXURE - 1

Sl.No	Items in Check list	Remarks
1	Whether all Banks Accounts/Fixed Deposits have been opened with banks/ proper authorization and approvals as per the aforesaid delegation of powers?	Yes, we have obtained necessary confirmations from Bank
2	Whether there was a periodical system of preparation of Bank reconciliation statement and whether they were produced for verification to audit?	Yes
3	Whether Bank reconciliation of the Main account and all subsidiary bank accounts were done?	Yes
4	Was the authorisation to operate the bank accounts were given to a single signatory?	We have visited the Bank/branch and have taken oral confirmation.
5	Whether the interest for the entire duration of Fixed Deposits was accounted in the books of accounts?	Yes
6	Whether physical verification of cash has taken place periodically?	The company officers had verified on following dates 30.06.2021, 30.09.2021, 31.12.2021 & 31.03.2022
7	Whether the cash in hand as shown in the Balance Sheet tallies with the certificate of physical verification of cash?	Yes
8	Is there a register of Fixed Deposits showing amounts, maturity dates, rates of interest and dates for payment of interest?	Yes
9	Is there a follow-up system to ensure that interest on Fixed Deposits is received on due dates?	Yes
10	Is there a follow-up system to ensure that transfer of matured amount of Fixed Deposits is done without any delay?	Yes
11	Whether bank confirmation statements are obtained periodically from the banks for all accounts: SB accounts, Current Accounts and Fixed deposits?	Latest confirmation Statements are obtained at the end of the year as on 31.03.2022.
12	Whether confirmations of balances in respect of all bank balances tally with the Bank statements?	Yes
13	Whether Fixed Deposits and interests as per Fixed Deposits Register tally with the confirmation/certificate issued by the bank?	Yes
14	Whether the confirmation statements received from banks are authenticated and in the letter head by the bank?	Computer generated statements.
15	In case of any difference observed in the above check, whether the same was adjusted in the subsequent year?	No such cases
16	Whether external confirmations were obtained from Banks in the test checked cases, if so details thereof with.	Yes
17	Whether any of the aforesaid lapses were brought out in the Report of the Internal Financial controls by the Statutory Auditor, if not, whether Audit Enquiry was issued?	The above are our comments

"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, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the 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, 2022, 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.

Date : 20.09.2022
Place : Bangalore
UDIN : 22202768ATKDHL3538

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

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 2022.

The preparation of financial statements of **Rail Infrastructure Development Company (Karnataka) Limited, Bengaluru** for the year ended **31 March 2022** 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 Revised Audit Report dated **20th September 2022** which supersedes their earlier Audit Report dated **30th July 2022**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the of the financial statements of **Rail Infrastructure Development Company (Karnataka) Limited, Bengaluru** for the year ended **31 March 2022** under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

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

Place : Bengaluru
Date : 27th September 2022

**(Shanthi Priya S)
Principal Accountant General (Audit-II)
Karnataka, Bengaluru**

Management's Replies to the Observations of the Statutory Auditor on the Standalone Financial Statement of K-RIDE for the year ended 31-March-2022

ANNEXURE - 2

Sl. No.	Basis of Qualified Opinion	Management Replies				
1	The Company has not provided for arrears of rent and common area maintenance of ₹ 4,39,639/- payable to Karnataka Road Development Limited for the period May 2021 to November 2021. Non-provision of the above escalated amount has resulted in understatement of expenditure and overstatement of profit by ₹ 4,39,639/-	K-RIDE has entered into Rent agreement with KRDCL on 28.01.2020 being rent start date from May 2020, though the office was physically occupied by K-RIDE from the month of December 2020 due to unavoidable circumstances during Covid pandemic. As K-RIDE occupied the property in the month of December 2020 the issue of escalation from the period May 2021 to Nov 2021 was under discussion with KRDCL and K-RIDE requested KRDCL for extension of gestation period up to 30.11.2020 since the date of occupancy and rent start date was 01.12.2020. KRDCL has communicated to pay the escalated amount time and again. Further, KRDCL raised GST invoice for arrears only in the FY 2022-2023. After several discussions with KRDCL, it was decided to pay the escalation from May 2021 to November 2021 in the FY 2022-23 and hence the expenditure has been booked during the FY 2022-2023. . Supporting Communication are placed on records. However, K-RIDE further communicated to waive off escalation during gestation period from May-2021 to November-2021 and adjust with future rent payable.				
2	The Company has not accounted for invoices related to various works awarded in respect of Bangalore Sub Urban Railway Project amounting to ₹ 1,96,88,770/-. Non-creation of liability towards the above bills has resulted in understatement of capital work-in-progress and creditors by ₹1,96,88,770/-	As and when the work is completed by the Contractors/Consultants, K-RIDE Executing Department after duly certifying the work as per Contract terms & conditions submits the bills to Finance Department for payment/provisions. Further, as per similar practice in other Metros, K-RIDE will create the liability / make provision in its books of Account only when the work is completed to the satisfaction of the engineer as per work requirement, duly scrutinized, certified & recommended as per the contract conditions by the Engineer Concerned/ Head of the department. Due to non-completion of work by the respective contractors/consultants as per contract terms & conditions, the Finance department has not received due certificates from the concerned engineer in-charge, hence no liability is created as on 31.03.2022 due to which the provision for the same have not be made as on 31.03.2022 in the Books of Accounts.				
3	The Company has accounted forfeiture of EMD, labour cess-admin charge, liquidity damages, other miscellaneous services-tender and RTI fees amounting to ₹ 4,78,678/- and accounted as Revenue from operations insted of Other Income. Inclusion of the same under Revenue from Operation has resulted in overstatement of revenue from operations and understatement of other income by ₹ 4,78,678/-.	<p>K-RIDE is executing two Doubling projects and BSRP. Doubling projects are being handed over to South Western Railway once completed and BSRP will be executed by K-RIDE. EMD forfeiture pertains to two doubling contracts awarded to M/s. S.Rajendran. The contract was terminated on grounds of non-submission of PBG by Contractor.</p> <p>Further Liquidated damages amounting to ₹ 4,983/- pertains to contractor M/s. Cascade Systems & Communication Pvt Ltd against terms and conditions of Purchase order.</p> <p>It is understood that if no contract was awarded for the project execution, then there would be no EMD forfeiture, liquidated damages.</p> <p>Hence, the EMD & Liquidated damages are taken as directly related to Doubling Projects as the funds received are used for execution of Doubling project specifically.</p> <p>Labour cess admin charges, other miscellaneous services-tender and RTI fees should have been shown under the head "Other Income" amounting to ₹ 23,399/-. The same is disclosed as under :</p> <table><tr><td>Revenue from Operations</td><td>₹ 55,76,51,497/-</td></tr><tr><td>Other Income</td><td>₹ 7,69,31,512/-</td></tr></table>	Revenue from Operations	₹ 55,76,51,497/-	Other Income	₹ 7,69,31,512/-
Revenue from Operations	₹ 55,76,51,497/-					
Other Income	₹ 7,69,31,512/-					
4	The Company has shown total dues to Micro Small and Medium Enterprises at ₹ 2,45,91,221/-. In the absence of MSME certificate from Voestalpine VAE VKN India Private Limited, due to that sum of ₹ 2,22,44,344/- has been overstated as dues to MSME.	<p>"MSME certificate from Voestalpine VAE VKN India Pvt. Ltd. is not available. Hence, the amount with respect to the same will be reclassified in Trade payable ageing schedule as Total outstanding dues of creditors other than micro enterprises & small enterprises.</p> <p>The same is disclosed as under :</p> <table><tr><td>Total outstanding dues of Micro Small and Medium Enterprises</td><td>₹ 23,46,877/-</td></tr><tr><td>Total outstanding dues of creditors other than Micro Small and Medium Enterprises</td><td>₹ 7,66,52,331/-</td></tr></table>	Total outstanding dues of Micro Small and Medium Enterprises	₹ 23,46,877/-	Total outstanding dues of creditors other than Micro Small and Medium Enterprises	₹ 7,66,52,331/-
Total outstanding dues of Micro Small and Medium Enterprises	₹ 23,46,877/-					
Total outstanding dues of creditors other than Micro Small and Medium Enterprises	₹ 7,66,52,331/-					

Sl. No.	Basis of Qualified Opinion	Management Replies									
5	Company has reimbursed the 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 the employees. The amounts reimbursed are capitalized by the Company which they claim as policy of the Company. But as per the provisions of Law, the assets should be held in the name of the Company and our observation in our earlier audit also been ignored and overlooked. The policy of the company is not within the framework of law and thereby violating the provisions of Accounting Standard 10.	In all the cases except few in the beginning, the bills are in the name of the Company. Few cases where the bills are in the name of employees in the initial stages of reimbursement, K-RIDE has obtained a declaration from the employees duly transferring the said asset in favour of the Company as per policy.									
6	The Company has erred in reporting of Current ratio, Debt service coverage ratio, return on Equity (ROE) and Net Capital Turnover Ratio. Further, the Company has not provided for explanation in change in ratio by more than 25% in case of debt equity ratio and trade payables turnover ratio.	Noted. This clerical error is corrected and disclosed as Annexure-1.									
7	Under Note 20.1 Contingent liabilities and Commitments (to the extent not provided for) Commitments regarding estimated amount of contracts remaining to be executed on Capital Account and not provided for are indicated as 'Nil' which is not in order. As the company has awarded works related to BSRP, non disclosure of same is not in line with Accounting Standard 29.	<p>Noted.</p> <p>Contingent Liabilities and Commitments (to the extent not provided for) is disclosed as under:</p> <p>Estimated amount of contracts remaining to be executed on capital account and not provided for:</p> <table> <tr> <td></td><td align="center"><u>As at</u> <u>31-03-2022</u></td><td align="center"><u>As at</u> <u>31-03-2021</u></td></tr> <tr> <td>a. Tangible Assets (awarded contracts only)</td><td align="right">218.30 Crore</td><td align="right">20.76 Crore</td></tr> <tr> <td>b. Intangible Assets</td><td align="center">Nil</td><td align="center">Nil</td></tr> </table>		<u>As at</u> <u>31-03-2022</u>	<u>As at</u> <u>31-03-2021</u>	a. Tangible Assets (awarded contracts only)	218.30 Crore	20.76 Crore	b. Intangible Assets	Nil	Nil
	<u>As at</u> <u>31-03-2022</u>	<u>As at</u> <u>31-03-2021</u>									
a. Tangible Assets (awarded contracts only)	218.30 Crore	20.76 Crore									
b. Intangible Assets	Nil	Nil									
8	Whereas, for the purpose of execution of Bangalore Suburban Rail Project (BSRP), a special purpose vehicle BRIDE (Bengaluru Integrated Rail Infrastructure Development Enterprise Limited) has been incorporated. But the above project had been executed in KRIDE, by awarding the contract in KRIDE. This action of the company to establish the (Bengaluru Integrated Rail Infrastructure Development Enterprise Limited (BRIDE) and related investment in establishing and maintaining the BRIDE was not necessary and could have been avoided by the Management. The ratification of the above decision in the Board meeting will not mitigate the additional expenses spent by the company. Thereby, there is an escalation of the cost of the project.	It may be noted that there is no additional expenses in creating Special Purpose Vehicle (B-RIDE) as the same is created as per Sanction Order of GOK & MOR. Further it may be noted that there is no cost escalation as B-RIDE was incorporated as per the suburban rail policy with broad objectives of GOI.									
9	Allocation of Common Expenditure to the Projects and loss of GST Input Tax Credit to the tune of ₹ 23,79,000	As explained above, the decision of executing BSRP project in B-RIDE is under the consideration of the management. As per provisions of section 17(5)(c) of CGST Act, 2017, Input Tax Credit (ITC) is not available for Works contract services when supplied for construction of an immovable property (other than plant and machinery) except where it is an input service for further supply of works contract service.									

Sl. No.	Basis of Qualified Opinion	Management Replies
	<p>(i) The Company is acting as an implementing agency to South Western Railway (SWR) for two Doubling Projects along with the Bangalore Suburban Rail Project (BSRP). Loss of GST input tax we observe the following:</p> <p>(ii) Because of the decision not to implement the Bangalore Suburban Rail Project (BSRP) in BRIDE, the common expenditure Rent and Legal fee incurred by KRIDE which has bifurcated and allocated to the BSRP project to the tune of ₹ 1,33,05,332/- and GST input tax pertaining to the above bifurcated/allocated expenses to the tune of ₹ 23,79,000/-, the same could not be claimed as deduction as GST Input tax credit from the total GST payable. The above sum of ₹ 23,79,000/- is loss to the Company and the same cannot be ratified in the Board of Directors Meeting. Because of this the cost of the project has been overrun to that extent.</p> <p>(iii) Similarly, in other common expenses allocated to BSRP to the tune of ₹12,56,93,697/-, the GST input tax credit could not be claimed (the same could not be quantified since the same has been not accounted separately) and has included in the respective expenses. As such we are unable to quantify the exact amount of loss of input of GST since the records are not maintained properly."</p>	<p>As per provisions of section 17(5)(d) of CGST Act, 2017, ITC is not available for goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.</p> <p>As per provisions of section 16(3) of CGST Act, 2017, Where the registered person has claimed depreciation on the tax component of the cost of capital goods and plant and machinery under the provisions of the Income-tax Act, 1961, the input tax credit on the said tax component shall not be allowed.</p> <p>On the basis of above provisions, GST input related to BSRP will be blocked and hence no ITC will be available. Hence, same has been charged to Capital WIP & depreciation will be claimed on the same as per provisions Income-tax Act, 1961 when assets are ready for its intended use.</p> <p>Out of ₹ 23,79,000/- GST input, ₹ 23,37,600/- is related to rent paid. Majority (approx.72%) of floor space is occupied by employees working on BSRP project, with respect to which ITC is blocked & cannot be claimed. As it is already suggested by Statutory Auditor during finalisation of Audit for FY 2020-21, to avoid further litigation under GST with respect to bifurcation of common input which may be disallowed by department (Further interest may be charged by department), it has been suggested not to claim GST inputs on common expenses.</p> <p>K-RIDE has claimed GST input specifically related to Doubling project and inputs related to BSRP project are not claimed as ITC is blocked u/s 17(5) of CGST Act, 2017.</p> <p>With respect to common expenses allocated to BSRP to the tune of ₹ 12.60 Crore/-(which includes Employee related expenses of ₹ 8 Crore/- & Depreciation of ₹ 1.74Crore/- on which no ITC is available), the GST input tax credit will not be available to K-RIDE as the same is blocked as per provisions of section 17(5) of CGST Act, 2017 and hence, the same has been included in the Capital WIP.</p> <p>Thus, to such extent there is no loss of GST input & Depreciation will be claimed as per provisions of section 16(3) on the same as per provisions Income-tax Act, 1961 when the asset is ready for its intended use.</p>
10	Reference is drawn to payment made to cab agencies for transportation and conveyance services. The cab agencies have not maintained / attached individual trip Sheets along with the invoices. Since because of non-availability of individual trip Sheets we are not able to comment on the actual amount spent on Transport / Conveyance expenses.	Based on similar audit observation last year i.e. FY 2020-2021, KRIDE has made payment for current year i.e. FY 2021-2022 only after taking trip sheet for all the transportation and conveyance service invoice and the vouchers along with trip sheet were provided for verification at the time of audit. The same can again be provided for verification if required by the Auditor.
11	The matter reported for the F.Y 2020-21 pertaining to the payment of fee for increase in the authorized share capital and its irregularity in filing has been reported. This irregularity is still persisting. The regular filing fee for SH-7 is ₹ 60,00,000/- and the company had paid penalty / additional fee of ₹ 11,09,033/-. The penalty / additional fee paid for delay in filing form SH-7 which was due to negligence of the concerned and such additional fee for not acting on time. Further such irregularity cannot be ratified in the meeting of the Board of Directors.	It may be noted that the matter pertains to previous year (FY 2020-21) and detailed replies of management were furnished in last year's annual report. However, K-RIDE reiterates that 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.
12	During the audit the audit observations are communicated to the company and the replies given are vague and not convincing.	

Sl.No.	Date	Particulars	Amount (₹)	Audit Observations	Management's Reply
1	April 2021 to March 2022	Rent and Common Area Maintenance Paid to KRDCL	1,53,24,272.00	The Company (KRIDE) is sharing the office space with two other Companies BRIDE & HMRDC. The rent from other two companies not recovered and it is loss to the Company	The agreement of lease of office space has been entered into by KRIDE wherein a provision has been made to house the offices of associate companies like HMRDC and B-RIDE. Since the staff of HMRDC is also doing the works of KRIDE as resolved in the 81st Board meeting held on 05.10.2020 & is as much as there is no separate payment being paid to staff of HMRDC from KRIDE. Likewise, there is no agreement so far to charge any rent for the space used by HMRDC, since they are also doing the works of K-RIDE. As far as BRIDE is concerned BRIDE is subsidiary of KRIDE and currently there is no operations started in BRIDE and there is no separate staff has been appointed and only for statutory purpose the address of KRIDE has been given.
2	April 2021 to March 2022	Electricity Charges	13,99,749.00	KRIDE is sharing the office space with two other companies BRIDE and HMRDC. The electricity charges are not collected from other two companies.	Based on above, there is no sharing of rent & common area maintenance / Electricity between K-RIDE, B-RIDE & HMRDC.
3	13.08.2021	Furniture & Fixtures	2,94,000.00	Paid to V2 Modular Furnitures towards office workstation and tender room used by HMRDC as workstation and tender room are procured for the use of HMRDC. The same should be recovered from HMRDC.	Office workstation & tender room are part of K-RIDE assets. Furniture & Fixtures are used by KRIDE only and not by HMRDC. As already mentioned in replies to Sl.no. 1 & 2, the staff of HMRDC is also doing the works of KRIDE as resolved in the 81 st Board meeting held on 05.10.2020.
4	April 2021 to March 2022	Charge Allowance	2,59,560.00	Charge allowance paid to Shri. Amit Garg towards holding additional charge as CEO of HMRDC. The same should be recovered from HMRDC.	The MD/KRIDE is holding substantive post in KRIDE and all the drawls and disbursement of salary etc. shall be done KRIDE only. As resolved by HMRDC board and approved by ACS/IDD (administrative department which is common to both KRIDE & HMRDC) (copy enclosed), the MD/KRIDE shall also hold additional charge of CEO/HMRDC. Since MD/ KRIDE is holding substantive post in KRIDE as per the procedure the charge allowance shall be drawn only by KRIDE where he is holding the post in substantive capacity & in as much as the holding of post CEO/HMRDC is co-terminous with his deputation to K-RIDE as MD. However, as pointed out by Auditor, Debit note has been raised to HMRDC.
5	April 2021 to March 2022	Unclaimed ITC	1,38,09,345.16	GST Input tax credit available as per the books of accounts are not utilised by the company at the time of filing GSTR-3B amounting to ₹ 1,37,80,545.16. The company has paid the GST without deducting the Input Tax credit. It may be noted that the company has paid output GST of ₹ 4,13,68,805/- for the month of March 2022. The same input if timely availed in GSTR-3B could be utilised towards payment of such output liability. The funds of the company has been utilised without claiming Input Tax Credit.	As per the rule 36(4) of the Central Goods and Service Tax Rules, a taxpayer filing GSTR-3B can claim input tax credit only to the extent of the eligible credit available in GSTR-2B. Since few vendors has filed the GSTR-1 after the due date ie. after 11th April 2022 (even after sending several remainders, copy attached), the same will not be reflected in the GSTR-2B of K-RIDE to claim the Input during the month of March-2022 & if claimed KRIDE would be liable for interest. It may be noted that K-RIDE has claimed the unclaimed inputs during further period (2022-23) as & when it is reflected in GSTR-2B after regular follow-up with the vendors.
6	20.09.2021	Davangere Harihar UDA Payable	37,09,236.00	Un spent Amount received from Davangere Harihar Urban Development Authority, steps to be taken to return the amount back to IDD, Government of Karnataka. This amount has not been returned back.	K-RIDE has already communicated vide letter no.K-RIDE/F&A/IDD/Const. of RoBs/RuBs dated 20.09.2021 to IDD, reply is yet to be received by KRIDE. KRIDE has asked for the bank details in order to transfer this amount to GOK. Reminder has been sent to IDD on 08.07.2022.

Sl.No.	Date	Particulars	Amount (₹)	Audit Observations	Management's Reply
7	24.03.2022	Steel Authority of India Ltd	2,10,35,599.00	Paid towards supplies of free rails without deducting TDS under provisions of sec 194Q of the Income Tax Act, 1961.	This being pure supply of materials (rails) & Turnover of K-RIDE during previous FY 2020-21 is below 10Crore, Hence, TDS is not applicable.
8	April 2021 to March 2022	Reimbursement of Conveyance Expenses	1,58,89,928.00	Conveyance Expenses reimbursed to employees on monthly basis without deducting TDS as per the provisions of Income Tax Act. This is clear violation of provisions of section 192B of Income tax Act, 1961.	It is reimbursement to employees on official works and hence TDS is not applicable. Similar practice is being followed by other metros.
9	May-Jul	Veros Beverage	87,784.00	Paid towards composite contract towards supply of tea and coffee vending machines. Tax is deducted u/s 1941a instead of 194C.	Machine was taken on rent for trail/temporary purpose. Materials & machine value are mentioned separately in the invoice and hence TDS was deducted only rental charges of machine. The machine is no more available with KRIDE.
10	12.08.2021	Capricot Technologies Pvt. Ltd	23,28,854.00	An amount paid Rs.20,07,632/- without deducting TDS as per the provisions of section 194J of the Income Tax Act, 1961. The party in this bill has mentioned SAC 797331 which is for licensing services for the right to use computer software and database. The same attracts provisions of sec 194J of the Act. the company has defaulted in deduction TDS at 10%.	Income Tax Declaration has been received from the vendor (in the Tax invoice) stating that "software supplied vide this invoice is transferred without any modifications & tax has been deducted by our supplier u/s 195. Hence no TDS is to be deducted on this invoice as per notification no. 21/2012. Invoice copy is shown to Auditor and placed on file.
11	06.09.2021	Asst Executive Engineer BESCO E1	59,226.00	Amount paid towards supervision charges to BESCO ₹ 59,227/-. TDS of ₹5,019/- is belatedly deducted on 31.12.2021. Also TDS is still recoverable from BESCO.	We are following up with BESCO for the same and it will be recovered in next bill from the same zone. It is requested to drop the point as BESCO is a Government of Karnataka organisation.
12	31.03.2022	Vineela Enterprises	3,27,27,585.00	GST TDS of ₹ 5,84,421/- is wrongly paid as IGST instead of CGST & SGST	Vineela Enterprises has issued IGST invoice during the month of march for making year end provision & IGST TDS was deducted & deposited. Same has been accepted & claimed by the vendor. Later on while processing the bill it was noticed that it was an intra state bill & communicated to vendor to reject the GST TDS, but it was confirmed from vendor that they have claimed IGST TDS GST TDS certificate being accepted and claimed by vendor is placed on record.
13	06.12.2021	Labour Cess - Admin Charges		1% Admin Charges accrued in the month of July, August and September. Invoice raised in December and GST is remitted in the month of December 2021. To be declared in the subsequent months in which the amount is due	Noted. The same has been disclosed in the month of December 2021 and liability thereon has been discharged. (The value of admin charges is ₹ 9,480/-).
14	12.07.2021	Miscellaneous Expenses	54,500.00	Paid towards payment of PA to ACS IDD, car repair expenses of official vehicle of Shri Kapil Mohan ACS to GOK/IDD. Includes ₹ 7000 towards mask purchase. Personal expenses paid from KRIDE.	IDD is our parent department where K-RIDE's senior officials (Board of Director's) are working and official request has been received to reimburse the same. It may be noted that providing mask in covid times is office/staff expenditure and not personal expenditure.
15	04.12.2021	Royalty Mineral Foundation Trust	2,05,440.00	The Company has deducted and paid ₹2,05,440/- towards royalty from RA bill of RMNIL-BIDPL (JV) and remitted the same to the exchequer. Later on it is found that royalty is not payable and hence refunded to the party. However the same is still pending as receivable in the books of the company.	Noted. It has been adjusted in FY 2022-23 while discharging Royalty liability.

Management's Replies to the Observations of the Statutory Auditor on the Standalone Financial Statement of K-RIDE for the year ended 31-March-2022

Sl. No.	Annexure B to the Independent Auditor's Report Directions under section 143(5) of Companies Act,2013	Auditor Comments	Management's Reply
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 maintained all its accounting transactions in Tally Accounting software. The entries in the tally 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. Further we are also found that repeated correction of entries in the accounting software. Hence, we would like to qualify that the transactions through IT system are not safe..	Transactions in Tally Software including corrections if any, will be made only with the prior approval of the authorized signatory. User wise login are already been created to ensure accountability and trail of entries in Tally software. K-RIDE is ensuring the same by enabling Tally audit feature.
3	Whether funds received/ receivable for specific schemes from Central/ State agencies are properly accounted for/ utilized as per the terms and conditions? List the cases of deviation.	The fund received are properly accounted. The Company has not maintained any financial data project wise and 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)	The Company has maintained project wise financial data and utilization certificates are submitted to DULT and GoK at regular intervals which are placed on record.
Sl. No.	Annexure B to the Independent Auditor's Report Additional Sub-Directions	Auditor Comments	Management's Reply
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-a-vis the milestones stipulated in the agreement. The same was suggested in our earlier audit report. But the Company has never taken any action to maintain records and hence we are not in a position to comment on the same.	Company has maintained the concerned records for execution of works vis-a-vis the milestone as stipulated in the agreement. In addition to that review meetings are being done with all HODs under the Chairmanship of Managing Director to review the progress of the work at regular intervals. (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 few parties. 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 audit report.	Letter for confirmation of balances has been sent to all the creditors before the start of audit 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.

Annexure - 1

Ratio Analysis: Note: 26		2021-22	%	2020-21	%
(a) Current Ratio,	Current Assets	8,12,07,16,680	5.26	5,20,30,41,710	5.22
	Current Liabilities	1,54,31,45,655		99,73,16,085	
(c) Debt Service Coverage Ratio,	EBITDA - Capex	98,45,633	0.00	14,45,243	0.00
	Interest + Principal	6,60,00,00,000		4,00,00,00,000	
(d) Return on Equity Ratio, (ROE)	Net Income	89,27,474	0.03	12,44,736	0.01
	Average Shareholders' Equity	30,00,00,000		20,00,00,000	
(h) Net capital turnover ratio,	Net Sales	55,71,96,218	0.10	9,17,58,246	0.04
	Average working capital	5,39,16,48,325		2,19,08,12,500	

Ratio

(b) Debt-Equity Ratio,

(d) Return on Equity Ratio, (ROE)

(g) Trade payables turnover ratio,

(h) Net capital turnover ratio,

Explanation for change in ratio by more than 25% as compared to the preceding year:

Company has received Rs.260Crore funds for BSRP project which is Interest Free Subordinate Debt from GOK. However, no equity contribution has been received during the year.

Due to increase in project revenue during the FY 2021-22.

During the FY 2021-22, there is substantial increase in the on account purchases so as to achieve the targets for completion of the doubling project which inturn affected the Trade payable turnover ratio.

Due to increase in project revenue during the FY 2021-22.

RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED
BALANCE SHEET AS AT 31ST MARCH 2022

Particulars	Note No.	As at 31 st March 2022 (₹)	As at 31 st March 2021 (₹)
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	30,00,00,000	30,00,00,000
(b) Reserves and Surplus	4	10,68,34,850	9,79,07,376
(2) Non - Current Liabilities			
(a) Long term Borrowings	5	6,60,00,00,000	4,00,00,00,000
(b) Deferred Tax Liabilities (Net)	-	-	-
(c) Long-term provisions	6	40,61,553	-
(3) Current Liabilities			
(a) Trade payables			
Total outstanding dues of micro enterprises & small enterprises		2,45,91,221	3,000
Total outstanding dues of creditors other than micro enterprises & small enterprises	7	5,44,07,987	6,74,92,778
(b) Other Current Liabilities	8	1,45,84,15,103	92,71,13,589
(c) Short-term provisions	9	57,31,344	27,06,718
TOTAL		8,55,40,42,058	5,39,52,23,461
II. ASSETS			
(1) Non - Current Assets			
(a) Property, Plant and Equipment and Intangible Assets			
(i) Property, Plant and Equipment	10(i)	3,49,27,201	4,35,51,166
(ii) Intangible Assets	10(ii)	17,71,000	6,59,636
(iii) Capital work-in-progress	11	37,56,27,177	12,69,70,949
(b) Non-Current investments	12	2,10,00,000	2,10,00,000
(2) Current Assets			
(a) Cash and Cash Equivalents	13	85,70,54,176	3,91,73,62,118
(b) Other Current Assets	14	7,26,36,62,505	1,28,56,79,592
TOTAL		8,55,40,42,058	5,39,52,23,461
The accompanying Notes are an integral part of the financial statements.	01-28		

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 : 30-07-2022

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

Gaurav Gupta
Director
DIN: 02184763

S.N. Srinivasa
Company Secretary
FCS: 2197

Place : Bangalore
Date : 18-07-2022

**RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED
STATEMENT OF PROFIT AND LOSS THE YEAR ENDED 31ST MARCH 2022**

Particulars	Note No.	As at 31 st March 2022 (₹)	As at 31 st March 2021 (₹)
I Revenue from Operations	15	55,76,74,896	9,17,58,246
II Other Income	16	7,69,08,113	2,01,35,756
III Total Revenue (I+II)		63,45,83,009	11,18,94,002
IV Expenses:			
Operating Expenses	17	53,03,04,642	8,75,27,768
Employee benefit expenses	18	6,12,39,265	1,08,13,089
Financial Costs	-	-	-
Depreciation and amortisation expenses	10	9,18,159	2,00,507
Other Expenses	19	3,31,93,469	1,21,07,902
Total Expenses		62,56,55,534	11,06,49,266
V Profit before exceptional and extraordinary items and tax (III - IV)		89,27,474	12,44,736
VI Exceptional Items - Prior Period Items		-	-
VII Profit before extraordinary items and tax (V - VI)		89,27,474	12,44,736
VIII Extraordinary Items		-	-
IX Profit before tax (VII - VIII)		89,27,474	12,44,736
X Tax Expenses:			
(1) Current Tax		-	-
(2) Deferred Tax		-	-
XI Profit (Loss) for the year from continuing operations (IX-X)		89,27,474	12,44,736
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)		89,27,474	12,44,736
XVI Earning per equity share	21.3		
(1) Basic		0.30	0.12
(2) Diluted		0.30	0.12
The accompanying Notes are an integral part of the financial statements.	01-28		

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 : 30-07-2022

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

Gaurav Gupta
Director
DIN: 02184763

S.N. Srinivasa
Company Secretary
FCS: 2197

Place : Bangalore
Date : 18-07-2022

RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED
CASH FLOW STATEMENT (INDIRECT METHOD) FOR THE YEAR ENDED 31ST MARCH 2022

Particulars	As at 31 st March 2022 (₹)	As at 31 st March 2021 (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before tax	89,27,474	12,44,736
-Amount written back	-	(4,90,823)
Adjustments for Non- Operating matters:		
-Depreciation/ Amortisation	9,18,159	2,00,507
-Interest Income	(7,68,61,920)	(1,96,23,420)
-Loss/(Profit) on Sale of fixed assets	-	-
Operating profit before working capital changes	(6,70,16,287)	(1,86,69,000)
Adjustments for :		
- Decrease/ (increase) in Other Current Assets	(5,97,79,82,913)	(1,22,02,05,233)
-(Decrease) / increase in Trade Payables	1,15,03,430	6,74,95,778
-(Decrease) / increase in Other Current Liabilities	53,13,01,514	67,11,10,256
-(Decrease) / increase in Short-Term Provisions	30,24,626	27,06,718
-(Decrease) / increase in Other Non Current Liabilities	40,61,553	-
Cash generated from operations	(5,49,51,08,076)	(49,75,61,481)
-Direct taxes paid	-	-
Net cash from/(used in) operating activities (A)	(5,49,51,08,076)	(49,75,61,481)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets including CWIP and capital advances (Net)	(24,21,22,202)	(17,01,28,169)
Sale of fixed assets	60,417	-
Investment in Subsidiary company	-	(10,10,000)
Interest received on fixed deposits and Current Account	7,68,61,920	1,96,23,420
Net cash from/(used in) investing activities (B)	(16,51,99,865)	(15,15,14,749)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of share capital	-	20,00,00,000
Proceeds From Long-Term Borrowings & Grant	2,60,00,00,000	4,00,00,00,000
Net cash from/(used in) financing activities (C)	2,60,00,00,000	4,20,00,00,000
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	(3,06,03,07,942)	3,55,09,23,770
Cash and cash equivalents (opening balance)	3,91,73,62,118	36,64,38,349
Cash and cash equivalents (closing balance)	85,70,54,176	3,91,73,62,118
Components of Cash and Cash Equivalents		
a) Cash on Hand	17,882	5,492
b) Balances with Banks:		
In Current Account & Savings Accounts	85,70,36,293	3,89,78,10,429
In Deposit Account	-	1,95,46,197
Cheques/Draft in Hand	-	-
	85,70,54,176	3,91,73,62,118
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	Gaurav Gupta Director DIN: 02184763
	Awadhesh Mehta GM (Finance) & CFO	S.N. Srinivasa Company Secretary FCS: 2197
Place : Bangalore Date : 30-07-2022	Place : Bangalore Date : 18-07-2022	

RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2022

Note No.	Particulars	As at 31 st March 2022 (₹)	As at 31 st March 2021 (₹)	
3	Share Capital			
	(A) Authorised :			
	10,00,00,000 Equity Shares of Rs.10 each	1,00,00,00,000	1,00,00,00,000	
	Issued and Subscribed :			
	3,00,00,000 Equity shares of ₹10/- each	30,00,00,000	30,00,00,000	
	Paid up :			
	3,00,00,000 Equity shares of ₹10/- each	30,00,00,000	30,00,00,000	
	(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	3,00,00,000	1,00,00,000	
	Add:- Number of Right shares allotted during the year		2,00,00,000	
	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	3,00,00,000	
	(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. <u>Governor of Karnataka / Govt of Karnataka:</u>				
No.of Shares	1,52,99,995	1,52,99,995		
Percentage of Holding	50.99998%	50.99998%		
2. <u>Ministry of Railways/President of India :</u>				
No.of Shares	1,47,00,000	1,47,00,000		
Percentage of Holding	49.00000%	49.00000%		
3. <u>Others :*</u>				
No.of Shares	5	5		
Percentage of Holding	0.00002%	0.00002%		
*Note : As per records of the Company, including its Register of Members and other declarations received from them regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares representing GoK.				
Shares held by promoters at the end of the year				
Sl.No	Promoter name	No. of Shares	%of total shares	% Change during the year
1	Governor of Karnataka / Govt of Karnataka	1,52,99,995	51.00%	-
2	Ministry of Railways/President of India	1,47,00,000	49.00%	-
3	Shri.B H Anil Kumar	1#	0.00%	-
4	Shri.Amit Garg	1#	0.00%	-
5	Shri.N.S.Sridhara Murthy	1#	0.00%	-
6	Shri.S.Shankar	1#	0.00%	-
7	Smt.Kalavathi	1#	0.00%	-
	Total	3,00,00,000	100.00%	-
	#Note : denotes the shares held on behalf of Govt. of Karnataka			

RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2022

Note No.	Particulars	As at 31 st March 2022 (₹)	As at 31 st March 2021 (₹)
4	Reserves and Surplus <u>Surplus in Statement of Profit and Loss</u> Opening Balance Add : Prior Period Adjustments Add : Profit for the Current Year Closing balance	 9,79,07,376 - 89,27,474 10,68,34,850	 9,66,62,640 - 12,44,736 9,79,07,376
5	Long term Borrowings Interest Free Subordinate Debt from GOK Advance from GOK - BSRP Project-Land Acquisition	 6,60,00,00,000 6,60,00,00,000	 4,00,00,00,000 4,00,00,00,000
6	Long-term provisions Non - Current Leave Encashment	 40,61,553 40,61,553	 - -
7	Trade payables Total outstanding dues of micro enterprises & small enterprises Total outstanding dues of creditors other than micro enterprises & small enterprises	 2,45,91,221 5,44,07,987 7,89,99,208	 3,000 6,74,92,778 6,74,95,778
	Trade Payables ageing schedule		
	As on 31 March 2022:		
	Particulars	Outstanding for following periods from due date of payment	
		Less than 6 months	6 months - 1 year
	(i) MSME	2,45,91,221	-
	(ii) Others	4,75,39,369	68,68,618
	As on 31 March 2021:		
	Particulars	Outstanding for following periods from due date of payment	
		Less than 6 months	6 months - 1 year
	(i) MSME	3,000	-
	(ii) Others	6,74,92,778	-
8	Other Current Liabilities EMD Security Deposit Employee Related Payables Retention Payable Advance from GoK - Doubling Project Advance from MoR - Doubling Project Davangere-Harihar UDA Payable Withheld Amounts Other Payables: <u>Statutory Remittances:</u> TDS Payable GST Payable GST TDS Payable Labour Cess Others	 18,48,589 5,34,12,695 19,62,986 16,19,832 1,00,00,00,000 32,34,88,598 37,09,236 76,42,950 80,25,444 4,13,75,971 50,84,466 24,32,852 78,11,484 1,45,84,15,103	 91,10,845 89,16,264 8,95,389 5,27,015 89,72,30,764 - - - 32,60,208 1,22,338 15,56,858 7,21,373 47,72,535 92,71,13,589

RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2022

Note No.	Particulars	As at 31 st March 2022 (₹)	As at 31 st March 2021 (₹)
9	Short-term provisions		
	Provision for employee benefits	57,31,344	27,06,718
		57,31,344	27,06,718
12	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) Bi-RIDE (100% Subsidiary of K-Ride) [1,00,000 Equity Shares of Rs.10/- each]	10,00,000	10,00,000
		2,10,00,000	2,10,00,000
13	Cash and Cash Equivalents		
	<u>Balances with Scheduled Banks:</u>		
	-In Current account	85,70,36,293	3,89,78,10,429
	-In Deposit accounts	-	1,95,46,197
	Cash on Hand	17,882	5,492
		85,70,54,176	3,91,73,62,118
14	Other Current Assets		
	<u>Loans & Advances (Asset)</u>		
	Advance - KIADB	62,39,00,000	-
	Advance for Sleepers	18,36,66,806	-
	Dharward Belagam New Line Project*	36,51,124	25,46,658
	Open Rail Designer Software Advance - Bently System	-	4,78,850
	Prepaid Expenses	3,46,623	18,18,652
	Income Tax - Refundable	1,56,24,822	8,98,442
	TDS Credit C/f - IRFC	71,56,583	-
	GST - Electronic Credit Ledger	-	17,827
	Interest accrued on Bank deposits	6,57,91,198	43,42,372
	GST Paid on Advance	3,46,59,493	-
	Security Deposits	22,939	22,939
	Rent Deposit	1,05,08,880	97,34,880
	B-RIDE Receivable	10,000	10,000
	Unclaimed GST Input	1,38,09,345	2,14,919
	Royalty Paid - Advance	2,05,440	-
	Other Receivable	43,09,252	1,90,901
	Fixed Deposit with Banks	6,30,00,00,000	1,26,54,03,152
		7,26,36,62,505	1,28,56,79,592
	*The advance relating to Dharward Belagam New Line is towards Final Location Survey (FLS) and preperation of DPR by M/s. RITES Limited.		

RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Note No.	Particulars	As at 31 st March 2022 (₹)	As at 31 st March 2021 (₹)
15	Revenue from Operations		
	Construction Revenue - Doubling (BYPL-HSRA)	52,63,93,176	8,91,23,815
	Construction Revenue - Doubling (YPR-CSDR)	3,08,03,042	26,34,431
	Other Miscellaneous Income	4,78,678	-
	Total	55,76,74,896	9,17,58,246
16	Other Income		
	a) Interest Income		
	Bank Deposits	7,68,61,920	1,96,23,420
	b) Other Non-Operating Income		
	Interest on Income Tax Refund	45,193	14,226
	Miscellaneous Income	1,000	4,98,110
	[for FY 2020-21 includes written back amount of Rs.4,90,823/- on account of Preliminary expenses & Project study expenses]		
	Total	7,69,08,113	2,01,35,756
17	Operating Expenses		
	Construction expenses - Doubling (BYPL-HSRA)	50,07,31,001	8,50,14,796
	Construction expenses - Doubling (YPR-CSDR)	2,95,73,641	25,12,972
	Total	53,03,04,642	8,75,27,768
18	Employee benefit expenses		
	Salaries, wages and allowances	5,85,29,455	1,04,14,974
	Contribution to PF and other funds	21,08,412	3,50,090
	Staff welfare expenses	6,01,398	48,025
	Total	6,12,39,265	1,08,13,089
19	Other Expenses:		
	Audit Fees	25,000	25,000
	Advertisement	14,13,108	3,98,032
	Bank Charges	475	6,129
	Books & Periodicals	23,442	4,572
	Directors Sitting Fees	66,080	1,40,520
	Electricity Charges	3,95,889	62,773
	Insurance Charges	5,93,978	70,721
	Membership Fees paid	6,54,722	-
	Office Maintenance Expenses	23,65,276	6,78,598
	Printing & Stationery	5,16,973	1,51,714
	Professional and Consultancy Services	2,19,637	1,60,483
	Rates and Taxes	4,42,218	9,57,934
	Rent & Common Area Maintenance	43,34,138	6,82,319
	Retainer Fee	34,75,177	4,74,000
	ROC Filing Fees	500	71,73,923
	Software Expenses	46,508	-
	Telephone & Internet Charges	4,41,995	87,500
	Travel and Conveyance Expenses	1,81,78,353	10,33,684
	Total	3,31,93,469	1,21,07,902

"Expenditure pertaining to projects(ie. 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 39% for BSRP & 61% 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, etc.) have been bifurcated in the ratio of 39:61 (i.e. 39% for BSRP & 61% 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 28:71 being employee ratio (i.e. 28 for Doubling and 71 for BSRP)."

RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

10. FIXED ASSETS

(Amount in ₹)

Note No.	Particulars	Gross Block				Depreciation (WDV)			Net Block	
		As at 01.04.2021	Additions during the year	Sale/ deletions	As at 31.03.2022	As at 01.04.2021	Accumulated Depreciation Reversed/ Adjusted	Depreciation for the Year *	As at 31.03.2022	As at 31.03.2021
(i)	Tangible Assets:									
	Office equipment	45,61,162	10,35,668	-	55,96,830	3,24,350	-	21,77,689	25,02,039	30,94,791
	Mobile	2,20,571	10,57,845	55,999	12,22,417	12,937	29,196	4,85,181	4,68,922	7,53,495
	Office Interiors	2,93,91,847	13,78,075	-	3,07,69,922	24,60,074	-	71,33,866	95,93,940	2,11,75,982
	Furniture & Fixtures	63,23,433	12,46,833	-	75,70,266	3,40,564	-	18,19,139	21,59,703	54,10,563
	Computers	53,51,013	31,87,990	1,00,000	84,39,003	2,38,753	66,386	48,17,891	49,90,258	34,48,745
	Servers and networks	11,71,997	4,90,000	-	16,61,997	92,179	-	5,26,193	6,18,372	10,43,625
	Total Tangible Assets	4,70,20,023	83,96,411	1,55,999	5,52,60,435	34,68,857	95,582	1,69,59,959	2,03,33,234	3,49,27,201
(ii)	Intangible Assets:									
	Computer Software	13,38,264	25,14,581	-	38,52,845	6,78,628	-	14,03,217	20,81,845	17,71,000
	Total Intangible Assets	13,38,264	25,14,581	-	38,52,845	6,78,628	-	14,03,217	20,81,845	17,71,000
	Grand Total (i)+(ii)	4,83,58,287	1,09,10,992	1,55,999	5,91,13,280	41,47,485	95,582	1,83,63,176	2,24,15,079	3,66,98,201
	Previous Year (2020-21)	13,91,432	4,69,66,855	-	4,83,58,287	1,37,343	-	40,10,142	41,47,485	4,42,10,802
										12,54,089

*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 Rs. 1,83,63,176 being Rs.9,18,159 has been charged to Statement of Profit & Loss and Balance 95% of Rs.1,83,63,176 being Rs.1,74,45,017 has been shown under Capital work-in-progress.

11. Capital Work in Progress

(Amount in ₹)

Note No.	Particulars	Gross Block			
		As at 01.04.2021	Additions during the year	Transfers/ deletions	As at 31.03.2022
	Capital Work in Progress:				
	Bangalore Suburban Projects	11,32,60,480	15,38,02,642	-	26,70,63,122
	General Charges & Contingencies	16,81,675	2,90,405	-	19,72,080
	Land R&R	1,08,79,600	9,29,04,699	-	10,37,84,299
	Station Buildings	29,29,852	7,48,87,992	-	7,78,17,844
	Utilities & Road Works	-	6,13,600	-	6,13,600
	Traction & Power Supply incl. OHE, ASS etc	-	1,28,35,498	-	1,28,35,498
	Geotechnical Investigation & Civil Work	(17,80,658)	(8,66,78,608)	-	(8,84,59,266)
	Interest Income - BSRP				
	Total	12,69,70,949	24,86,56,228	-	37,56,27,177

CWIP aging schedule		Amount in CWIP for a period of				
Sl. No.	CWP	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
1	Projects in progress Bangalore Suburban Rail Project	24,86,56,228	12,69,70,949	-	-	37,56,27,177
2	Projects temporarily suspended	-	-	-	-	-
		24,86,56,228	12,69,70,949	-	-	37,56,27,177

RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022

Note 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.

Note 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 is 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	10
Employee Mobile handset costing more than ₹ 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 Capital Work-in-Progress:

- Expenditure directly pertaining to BSRP projects are accounted under the head Capital Work-in-Progress.
- Interest Income from BSRP funds are reduced from the value of Capital Work-in-Progress.
- Administrative & general overheads directly attributable to BSRP project are charged to Capital Work-in-Progress & Common expenditures pertaining to the Doubling & BSRP projects have been bifurcated in the ratio of expenditure incurred for particular project.

2.12 Foreign Currency Transactions:

- Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of transaction.
- Monetary items denominated in foreign currencies are translated at exchange rates as at the reporting date.
- 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.

2.13 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.

2.14 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.

2.15 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 an initial investment in the paid-up share capital of ₹ 10,00,000 (Rupees Ten Lakh Only) divided into ₹ 1,00,000 equity share of ₹ 10/- each, to undertake Bengaluru Sub-urban Rail Project.
- The Company has invested ₹ 2 Crore 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).

2.16 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.

2.17 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.

2.18 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 Standalone Financial Statements.

2.19 Employee Benefits:**A) Defined Contribution plans:**

Contribution paid/ payable to defined contribution plan comprising of Provident Fund is recognized as expense and charged to Statement of Profit and Loss on accrual basis. The Company has no obligation, other than the contribution payable to such Funds.

B) Defined Benefits plans:**► Leave Encashment:**

In case of deputationists, leave salary contribution is remitted to the concerned Parent Department as per the terms of deputation. In case of contract employees, earned leave encashable at the rate of 15 days in a calendar year and/or earned leave at credit at the time of termination of the contract being eligible for encashment, as per the contract terms, is provided for based on the actuarial valuation as per the Projected Unit Credit Method, carried out by an independent actuary.

► Gratuity:

Provisions will be made as and when it is applicable.

► Deputed Employees:

Retirement benefits to employees on deputation from the Government/other organizations are governed by the service rules of the respective parent organization and amount accrued towards retirement benefit contribution, is recognized based on the terms and conditions of deputation.

20. Additional Information to the Standalone Financial Statements:

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

Particulars	As at 31st March 202	As at 31st March 2021
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	Nil	Nil
Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
a. Tangible Assets (awarded contracts only)	Nil	Nil
b. Intangible Assets	Nil	Nil

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

Sl.No.	Particulars	2021-22	2020-21
1	Amount remaining unpaid to any supplier:		
	a) Principal Amount	₹ 2,45,91,221	₹ 3,000
	b) Interest due there on	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

20.3 Activity in Foreign Currency [on Accrual Basis]:

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

21. Disclosures under Accounting Standards:

21.1 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.

21.2 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 Bengaluru Integrated Rail Infrastructure Development Enterprises Limited (B-RIDE)	Wholly Owned Subsidiary Company	100.00%
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	Director (BD&F)
Shri. Neeraj Agrawal (upto 31-Dec-2021)	Director (P&P)
Shri. S.N.Srinivasa	Company Secretary
Shri. Awadhesh Mehta	Chief Financial Officer

I. Remuneration to Directors & Key Managerial Personnel:

SI No.	Particulars of Remuneration	Name of Managing Director / Whole time Director		
		Amit Garg	Harendra Pandey	Neeraj Agrawa (upto 31-Dec-2021)
1	FY 2021-22 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	47,81,367 -	46,82,252 -	38,59,326 -
2	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	43,42,138 -	14,31,878* -	10,15,047** -

*From 02.12.2020

**From 15.01.2021

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

Particulars of Remuneration		FY 2021-22	FY 2020-21
Fees for attending board / committee meetings:			
Shri. T.M. Vijay Bhaskar	Director	-	10,000
Shri. B.H. Anil Kumar	Director	6,000	-
Shri. I.S.N Prasad	Director	12,000	10,000
Shri. Kapil Mohan	Director	6,000	26,000
Shri. Rakesh Singh	Director	8,000	18,000
Shri.P.S. Gupta	Director	2,000	-
Shri. O.P Singh	Director	-	8,000
Shri. A.K. Singhal	Director	-	2,000
Shri. R K Singh	Director	14,000	26,000
Shri. Gil Ashfaq Mohammed	Director	8,000	12,000
Total		56,000	1,12,000

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

SI No.	Particulars of Remuneration	Key Managerial Personnel	
		Awadhesh Mehta (CFO)	S.N.Srinivasa (CS)
1	Gross Salary: FY 2021-22 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	24,55,500 -	36,75,967 -
2	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** -

* From 01.10.2020

** From 01.06.2020

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

Particulars	2021-22	2020-21
Net Profit for the Year	89,27,474	12,44,736
Less: Preference share dividend	-	-
Amount available for equity shareholders	89,27,474	12,44,736
Weighted average number of shares	3,00,00,000	1,00,54,795
Earnings per Share – Basic & Diluted	0.30	0.12
Face value per equity share	10	10

21.4 Insurance Claims:

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

21.5 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.

21.6 Prepaid Items:

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

21.7 Subordinate Debt:

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

In the EGM held on Dt.19th February 2022, the Shareholders have approved the increase in borrowing limit upto Rs.10,809 Crores which is beyond the paid up capital & free reserves of the company.

21.8 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.

22. 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.

23. Events occurring after the date of Balance Sheet:

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

24. 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.

25. Dividend:

The Company has not declared any dividend for the financial year ended 2021-22.

Note: 26

Ratio Analysis:

		2021-22	%	2020-21	%
(a) Current Ratio,	Current Assets	8,12,07,16,680	5.37	5,20,30,41,710	5.23
	Current Liabilities	1,51,28,23,090		99,46,06,367	
(b) Debt-Equity Ratio,	Total Debt	6,60,00,00,000	22.00	4,00,00,00,000	13.33
	Shareholders Equity	30,00,00,000		30,00,00,000	
(c) Debt Service Coverage Ratio,	EBITDA - Capex	98,45,633	0.00	27,22,804	0.00
	Interest + Principal	6,60,00,00,000		4,00,00,00,000	
(d) Return on Equity Ratio, (ROE)	Net Income	89,27,474	0.03	85,95,328	0.04
	Average Shareholders' Equity	30,00,00,000		20,00,00,000	
(e) Inventory turnover ratio,	COGS	-	-	-	-
	Avg Inventory	-		-	
(f) Trade Receivables turnover ratio,	Net Credit Sales	55,71,96,218	-	9,17,58,246	-
	Average Accounts Receivable	-		-	
(g) Trade payables turnover ratio,	Net Credit Purchases	53,03,04,642	7.24	8,75,27,768	2.59
	Average Accounts Payable	7,32,47,493		3,37,47,889	
(h) Net capital turnover ratio,	Net Sales	55,71,96,218	0.10	9,17,58,246	0.04
	Average working capital	5,40,81,64,467		2,19,21,67,359	
(i) Net profit ratio,	Net Profit	89,27,474	0.02	12,44,736	0.01
	Sales	55,76,74,896		9,17,58,246	
(j) Return on Capital employed,	EBIT	89,27,474	0.00	12,44,736	0.00
	Capital Employed	7,00,68,34,850		4,39,79,07,376	
(k) Return on investment.	Return (Benefit)	89,27,474	0.03	12,44,736	0.00
	Investment (Cost)	30,00,00,000		30,00,00,000	

27. 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.

28. Previous year's figures have been recast / restated, wherever necessary, to conform to the current year's classification.

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

CA K Pandurang Shenoy
Partner
M.No.: 202768

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

Amit Garg
Managing Director
DIN: 08212610

Gaurav Gupta
Director
DIN: 02184763

Awadhesh Mehta
GM (Finance) & CFO

S.N. Srinivasa
Company Secretary
FCS: 2197

Place : Bangalore
Date : 30-07-2022

Place : Bangalore
Date : 18-07-2022

RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated Financial Statements of Rail Infrastructure Development Company (Karnataka) Limited, ("the Holding Company"), and its subsidiary (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31st 2022, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (herein referred to as "the consolidated financial statements"). On completion of Audit of Accounts of the Company, we have rendered our Audit Report on 30th July 2022. Subsequently, the audit report has gone revision in the light of the observations of the Comptroller and Auditor General of India. This supersedes our earlier report dated 30th July 2022.

We did not audit the financial statements / financial information of one subsidiary, whose financial statements / financial information reflect total assets of ₹ 9.57 lakhs as at 31st March, 2022, total revenues of Nil and net cash flows amounting to ₹ -0.42 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ -0.68 lakhs for the year ended 31st March, 2022, as considered in the consolidated financial statements, in respect of one subsidiary, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

"Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management."

Except the above, In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act"), in the manner so required and give a true and fair, except the issues and matters reported below, view in conformity with the accounting principles generally accepted in India:

- (a) in case of the consolidated Balance sheet, of the state of affairs of the Company as at March 31, 2022; and
- (b) in the case of the consolidated Statement of profit and Loss, of the consolidated Profit for the year ended on that date.
- (c) in the case of consolidated cash flow statements, the consolidated cash flow for the year ended on that date.

Basis for Qualified Opinion

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

Matter giving rise to Qualified Opinion

- (1) The Company has not provided for arrears of rent and common area maintenance of ₹ 4,39,639/- payable to Karnataka Road Development Corporation Limited for the period May 2021 to November 2021. Non- provision of the above escalated amount has resulted in understatement of expenditure and overstatement of profit by ₹ 4,39,639/-.
- (2) The Company has not accounted for invoices related to various works awarded in respect of Bangalore Sub Urban Railway Project amounting to ₹ 1,96,88,770/-. Non- creation of the liability towards the above bills has resulted in understatement of capital work-in-progress and creditors by ₹ 1,96,88,770/-.
- (3) The Company has accounted forfeiture of EMD, labour cess-admin charges, liquidity damages, other miscellaneous services-tender and RTI fees amounting to ₹ 4,78,678/- and accounted as Revenue from operations instead of Other Income. Inclusion of the same under Revenue from operation has resulted in overstatement of revenue from operation and understatement of other income by ₹ 4,78,678/-.
- (4) The Company has shown total dues to Micro Small and Medium Enterprises at ₹ 2,45,91,221/-. In the absence of MSME certificate from Voestalpine VAE VKN India Private Limited, due to that a sum of ₹ 2,22,44,344/- has been overstated as dues to MSME.
- (5) The Company has reimbursed the 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 the employees. The amounts reimbursed are capitalized by the Company which they claim as policy of the Company. As per the provisions of Law, the assets should be held in the name of the Company and our observation in our earlier audit also been ignored and overlooked. The policy of the company is not within the framework of the law and thereby violating the provisions of Accounting Standard 10.
- (6) The Company has erred in reporting of Current Ratio, Debt service coverage ratio, Return on Equity Ratio (ROE) and Net Capital Turnover ratio. Further, the Company has not provided for explanation in change in ratio by more than 25% in case of debt equity ratio and trade payables turnover ratio.
- (7) Under Note 20.1 Contingent liabilities and Commitments (to the extent not provided for) Commitments regarding estimated amount of contracts remaining to be executed on capital account and not provided for are indicated as Nil which is not in order. As the Company has awarded works related to Bangalore Suburban Rail Project (BSRP), non-disclosure of same is not in line with Accounting Standard 29.
- (8) Whereas, for the purpose of execution of Bangalore Suburban Rail Project (BSRP), a special purpose vehicle BRIDE (Bengaluru Integrated Rail Infrastructure Development Enterprise Limited) has been incorporated. But the above project

had been executed in KRIDE, by obtaining the contract in KRIDE. This action of the Company to establish the (Bengaluru Integrated Rail Infrastructure Development Enterprise Limited (BRIDE) and related investment in establishing and maintaining the BRIDE was not necessary and could have been avoided by the Management. The ratification of the above decision in the Board meeting will not mitigate the additional expenses spent by the Company. Thereby, there is an escalation of the cost of the project.

- (9) Allocation of Common Expenditure to the Projects and loss of GST Input Tax Credit to the tune of ₹ 23,79,000.
- The Company is acting as an implementing agency to South Western Railway (SWR) for two Doubling Projects along with the Bangalore Suburban Rail Project (BSRP). Loss of GST input tax we observe the following:
 - Because of the decision not to implement the Bangalore Suburban Rail Project (BSRP) in BRIDE, the common expenditure Rent and Legal fee incurred by KRIDE which has been bifurcated and allocated to the BSRP project to the tune of ₹ 1,33,05,332/- and GST input tax pertaining to the above bifurcated/allocated expenses to the tune of ₹ 23,79,000/-, the same could not be claimed as deduction as GST Input tax credit from the total GST payable. The above sum of ₹ 23,79,000/- is loss to the Company and the same cannot be ratified in the Board of Directors Meeting. Because of this the cost of the project has been overrun to that extent.
 - Similarly, in other common expenses allocated to BSRP to the tune of ₹ 12,56,93,697/-, the GST input tax credit could not be claimed (the same could not be quantified since the same has been not accounted separately) and has included in the respective expenses. As such we are unable to quantify the exact amount of loss of input of GST since the records are not maintained properly.
- (10) Reference is drawn to payment made to cab agencies for transportation and conveyance services. The cab agencies have not maintained / attached individual trip Sheets along with the invoices. Since because of non-availability of individual trip Sheets we are not able to comment on the actual amount spent on Transport / Conveyance expenses.
- (11) The matter reported for the FY 2020-21 pertaining to the payment of fee for increase in the authorized share capital and its irregularity in filing has been reported. This irregularity is still persisting. The regular filing fee for SH-7 is ₹ 60,00,000/- and the company had paid penalty / additional fee of ₹ 11,09,033/-. The penalty / additional fee paid for delay in filing form SH-7 which was due to negligence of the concerned and such additional fee for not acting on time. Further such irregularity cannot be ratified in the meeting of the Board of Directors.
- (12) During the audit the audit observations are communicated to the company and the replies given are vague and not convincing.

Sl. No.	Date	Particulars	Amount ₹	Remarks
1	April 2021 to March 2022	Rent and Common Area Maintenance Paid to KRDC (Land Lord)	1,53,24,272.00	The Company (KRIDE) is sharing the office space with two other companies BRIDE and HMRDC. The Rent from other two companies is not recovered and it is loss to the company
2	April 2021 to March 2022	Electricity Charges	13,99,749.00	KRIDE is sharing the office space with two other companies BRIDE and HMRDC. The electricity charges are not collected from other two companies.
3	13.08.2021	Furniture Fixtures	2,94,000.00	Paid to V2 Modular Furnitures towards office workstation and tender room used by HMRDC as work station and tender room are procured for the use of HMRDC. The same should be recovered from HMRDC.
4	April 2021 to March 2022	Charge Allowance	259,560.00	Charge allowance paid to Shri. Amit Garg towards holding additional charge as CEO of HMRDC. The same should be recovered from HMRDC.
5	April 2021 to March 2022	Unclaimed ITC	1,38,09,345.16	GST Input tax credit available as per the books of accounts are not utilised by the company at the time of filing GSTR-3B amounting to Rs. 1,37,80,545.16 The company has paid the GST without deducting the input tax credit. It may be noted that the company has paid output GST of Rs. 4,13,68,805/- for the month of March 2022. The same input if timely availed in GSTR-3B could be utilised towards payment of such output liability. The funds of the Company has been utilised without claiming Input tax credit.
6	20.09.2021	Davangere Harihar UDA Payable	37,09,236.00	Un spent Amount received from Davangere Harihar Urban Development Authority, steps to be taken to return the amount back to IDD, Government of Karnataka. This amount has not been returned back.

Sl. No.	Date	Particulars	Amount ₹	Remarks
7	24.03.2022	Steel Authority of India Ltd	2,10,35,599.00	Paid towards supplies of free rails without deducting TDS under provisions of section 194Q of the Income Tax Act, 1961.
8	April 2021 to March 2022	Reimbursement of Conveyance Expenses	1,58,89,928.00	Conveyance Expenses reimbursed to employees on monthly basis without deducting TDS as per the provisions of Income Tax Act. This is clear violation of the provisions of section 192B of Income Tax Act, 1961.
9	May-Jul 2021	Veros Beverages	87,784.00	Paid towards composite contract towards supply of tea and coffee vending machines. Tax is deducted u/s 194la instead of 194C
10	12.08.2021	Capricot Technologies Pvt Ltd	23,28,854.00	An amount paid ₹ 20,07,632/- without deducting TDS as per the provisions of section 194J of the Income Tax, 1961. The party in his bill has mentioned SAC code 997331 which for licensing services for the right to use computer software and data base. The same attracts provisions of section 194J of the Act. The Company has defaulted in deduction TDS at 10%.
11	06.09.2021	Asst Executive Engineer BESCO E1	59,226.00	Amount paid towards supervision charges to BESCO ₹ 59,227/-. TDS of ₹ 5,019/- is belately deducted on 31.12.2021. Also TDS is still recoverable from BESCO.
12	31.03.2022	Vineela Enterprises	3,27,27,585.00	GST TDS of ₹ 5,84,421/- is wrongly paid as IGST instead of CGST & SGST.
13	06.12.2021	Labour Cess Admin Charges		1% Admin Charges accrued in the month of July, August and September. Invoice raised in December and GST is remitted in the month of December 2021. To be declared in the subsequent months in which the amount is due.
14	12.07.2021	Miscellaneous Expenses	54,500.00	Paid towards payment of PA to ACS IDD, car repair expenses of official vehicle of Shri Kapil Mohan ACS to GOK/IDD. Includes ₹ 7,000/- towards mask purchase. Personal expenses paid from KRIDE.
15	04.12.2021	Royalty Mineral Foundation Trust	2,05,440.00	The Company has deducted and paid ₹ 2,05,440/- towards royalty from RA bill of RMNIBIDPL (JV) and remitted the same to the exchequer. Later on it is found that royalty is not payable and hence refunded to the party. However the same is still pending as receivable in the books of the company.

- (13) As per Accounting Standard (AS)-21 Consolidated Financial Statements (Transitional provisions), "On the first occasion of presenting the consolidated financial statements, comparative figures for the previous period need not be presented". However, Company has presented previous year figures, even though the subsidiary company's financials are presented for the first time (for the period 06-01-2021 to 31-03-2022). The same is not in line with Accounting Standard 21.

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 Holding Company's Board of Directors is 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 the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge is obtained in the audit or otherwise appears to be materially misstated.

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

Management's Responsibility for the Financial Statements

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

In preparing the consolidated 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.

The respective Board of directors of the Companies include in the Group are responsible for overseeing the financial reporting process of each Company.

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 SA's 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 SA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other companies included in the consolidated financial statements of which we are independent auditors 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 consolidated communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("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 Auditor General of India.
3. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion proper books of account as required by law have been kept by the Group so far as appears from our examination of those books.
 - c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on 31st March, 2022, taken on record by the Board of Directors of Holding Company and the reports of statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group Company and its subsidiary incorporated in India is disqualified as on 31st March, 2022, 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, 2020, in our opinion to the best of our information and according to the explanations given to us:
 - I. The Group does not have any pending litigations which would impact its financial position.
 - II. The Group 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.

Date : 20.09.2022
Place : Bangalore
UDIN : 22202768ATKFGI7787

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

CA K Pandurang Shenoy
Partner
M.No.: 202768

Annexure-A

Annexure A to the Independent Auditors Report on the Consolidated Financial Statement of Rail Infrastructure Development Company (Karnataka) Limited for the year ended 31st March, 2022

In our opinion and according to the information and explanations given to us the following companies incorporated in India and included in the Consolidated financial statements, have unfavorable remarks, qualifications or adverse remarks given by the respective auditors in their reports under the Companies (Auditor's Report) Order, 2020 (CARO).

Sl.No	Name	CIN	Holding Company/ Subsidiary/Associate/ Joint Venture	Clause number of the CARO report which is qualified or adverse
1	Rail Infrastructure Development Company (Karnataka) Limited	U60100KA2000SGC028171	Holding Company	Clause (vii)

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

Date : 20.09.2022
Place : Bangalore
UDIN : 22202768ATKFGI7787

CA K Pandurang Shenoy
Partner
M.No.: 202768

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our Independent Auditors' Report on the Consolidated Financial Statements of Rail Infrastructure Development Company (Karnataka) Limited (the Company) for the year ended 31st March 2022.

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. The entries in the tally, 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. Further we are also found that repeated correction of entries in the accounting software. Hence, we would like to qualify that the transactions through IT system are not safe .
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. The Company has not maintained any financial data project wise and 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).

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

Date : 20.09.2022
Place : Bangalore
UDIN : 22202768ATKFGI7787

CA K Pandurang Shenoy
Partner
M.No.: 202768

"ANNEXURE C" TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED FOR THE YEAR ENDED 31ST MARCH 2022

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 Holding Company') as of March 31, 2022 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The respective Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective 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 internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the 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 Holding Company and all its subsidiary company, have 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, 2022, 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. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company, which is company incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

CA K Pandurang Shenoy
Partner
M.No.: 202768

Date : 20.09.2022
Place : Bangalore
UDIN : 22202768ATKFGI7787

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2022.

The preparation of consolidated financial statements of **Rail Infrastructure Development Company (Karnataka) Limited, Bengaluru** for the year ended **31 March 2022** 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) read with section 129(4) 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 Revised Audit Report dated **20th September 2022** which supersedes their earlier Audit Report dated **30th July 2022**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of **Rail Infrastructure Development Company (Karnataka) Limited, Bengaluru** for the year ended **31 March 2022** under section 143(6)(a) read with section 129(4) of the Act. We have conducted the supplementary audit of the financial statements of subsidiary-BRIDE for the year ended **31 March 2022**. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is Limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

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

Place : Bengaluru
Date : 27th September 2022

**(Shanthi Priya S)
Principal Accountant General (Audit-II)
Karnataka, Bengaluru**

Management's Replies to the Observations of the Statutory Auditor on the Consolidated Financial Statement of K-RIDE for the year ended 31-March-2022

ANNEXURE - 2A

Sl. No.	Basis of Qualified Opinion	Management Replies				
1	The Company has not provided for arrears of rent and common area maintenance of ₹ 4,39,639/- payable to Karnataka Road Development Limited for the period May 2021 to November 2021. Non-provision of the above escalated amount has resulted in understatement of expenditure and overstatement of profit by ₹ 4,39,639/-	K-RIDE has entered into Rent agreement with KRDCL on 28.01.2020 being rent start date from May 2020, though the office was physically occupied by K-RIDE from the month of December 2020 due to unavoidable circumstances during Covid pandemic. As K-RIDE occupied the property in the month of December 2020 the issue of escalation from the period May 2021 to Nov 2021 was under discussion with KRDCL and K-RIDE requested KRDCL for extension of gestation period up to 30.11.2020 since the date of occupancy and rent start date was 01.12.2020. KRDCL has communicated to pay the escalated amount time and again. Further, KRDCL raised GST invoice for arrears only in the FY 2022-2023. After several discussions with KRDCL, it was decided to pay the escalation from May 2021 to November 2021 in the FY 2022-23 and hence the expenditure has been booked during the FY 2022-2023. . Supporting Communication are placed on records. However, K-RIDE further communicated to waive off escalation during gestation period from May-2021 to November-2021 and adjust with future rent payable.				
2	The Company has not accounted for invoices related to various works awarded in respect of Bangalore Sub Urban Railway Project amounting to ₹ 1,96,88,770/-. Non-creation of liability towards the above bills has resulted in understatement of capital work-in-progress and creditors by ₹ 1,96,88,770/-.	As and when the work is completed by the Contractors/Consultants, K-RIDE Executing Department after duly certifying the work as per Contract terms & conditions submits the bills to Finance Department for payment/provisions. Further, as per similar practice in other Metros, K-RIDE will create the liability / make provision in its books of Account only when the work is completed to the satisfaction of the engineer as per work requirement, duly scrutinized, certified & recommended as per the contract conditions by the Engineer Concerned/ Head of the department. Due to non-completion of work by the respective contractors/consultants as per contract terms & conditions, the Finance department has not received due certificates from the concerned engineer in-charge, hence no liability is created as on 31.03.2022 due to which the provision for the same have not be made as on 31.03.2022 in the Books of Accounts.				
3	The Company has accounted forfeiture of EMD, labour cess-admin charge, liquidity damages, other miscellaneous services-tender and RTI fees amounting to ₹ 4,78,678/- and accounted as Revenue from operations instead of Other Income. Inclusion of the same under Revenue from Operation has resulted in overstatement of revenue from operations and understatement of other income by ₹ 4,78,678/-.	<p>K-RIDE is executing two Doubling projects and BSRP. Doubling projects are being handed over to South Western Railway once completed and BSRP will be executed by K-RIDE. EMD forfeiture pertains to two doubling contracts awarded to M/s. S.Rajendran. The contract was terminated on grounds of non-submission of PBG by Contractor.</p> <p>Further Liquidated damages amounting to ₹ 4,983/-pertains to contractor M/s. Cascade Systems & Communication Pvt Ltd against terms and conditions of Purchase order.</p> <p>It is understood that if no contract was awarded for the project execution, then there would be no EMD forfeiture, liquidated damages.</p> <p>Hence, the EMD & Liquidated damages are taken as directly related to Doubling Projects as the funds received are used for execution of Doubling project specifically.</p> <p>Labour cess admin charges, other miscellaneous services-tender and RTI fees should have been shown under the head "Other Income" amounting to Rs.23,399/-. The same is disclosed as under :</p> <table><tr><td>Revenue from Operations</td><td>₹ 55,76,51,497/-</td></tr><tr><td>Other Income</td><td>₹ 7,69,31,512/-</td></tr></table>	Revenue from Operations	₹ 55,76,51,497/-	Other Income	₹ 7,69,31,512/-
Revenue from Operations	₹ 55,76,51,497/-					
Other Income	₹ 7,69,31,512/-					
4	The Company has shown total dues to Micro Small and Medium Enterprises at ₹ 2,45,91,221/-. In the absence of MSME certificate from Voestalpine VAE VKN India Private Limited, due to that sum of ₹ 2,22,44,344/- has been overstated as dues to MSME.	<p>MSME certificate from Voestalpine VAE VKN India Pvt. Ltd. is not available. Hence, the amount with respect to the same will be reclassified in Trade payable ageing schedule as Total outstanding dues of creditors other than micro enterprises & small enterprises.</p> <p>The same is disclosed as under :</p> <table><tr><td>Total outstanding dues of Micro Small and Medium Enterprises</td><td>₹ 23,46,877/-</td></tr><tr><td>Total outstanding dues of creditors other than Micro Small and Medium Enterprises</td><td>₹ 7,66,52,331/-</td></tr></table>	Total outstanding dues of Micro Small and Medium Enterprises	₹ 23,46,877/-	Total outstanding dues of creditors other than Micro Small and Medium Enterprises	₹ 7,66,52,331/-
Total outstanding dues of Micro Small and Medium Enterprises	₹ 23,46,877/-					
Total outstanding dues of creditors other than Micro Small and Medium Enterprises	₹ 7,66,52,331/-					

Sl. No.	Basis of Qualified Opinion	Management Replies									
5	Company has reimbursed the 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 the employees. The amounts reimbursed are capitalized by the Company which they claim as policy of the Company. But as per the provisions of Law, the assets should be held in the name of the Company and our observation in our earlier audit also been ignored and overlooked. The policy of the company is not within the framework of law and thereby violating the provisions of Accounting Standard 10.	In all the cases except few in the beginning, the bills are in the name of the Company. Few cases where the bills are in the name of employees in the initial stages of reimbursement, K-RIDE has obtained a declaration from the employees duly transferring the said asset in favour of the Company as per policy.									
6	The Company has erred in reporting of Current ratio, Debt service coverage ratio, return on Equity (ROE) and Net Capital Turnover Ratio. Further, the Company has not provided for explanation in change in ratio by more than 25% in case of debt equity ratio and trade payables turnover ratio.	Noted. This clerical error is corrected and disclosed as Annexure-1.									
7	Under Note 20.1 Contingent liabilities and Commitments (to the extent not provided for) Commitments regarding estimated amount of contracts remaining to be executed on Capital Account and not provided for are indicated as 'Nil' which is not in order. As the company has awarded works related to BSRP, non disclosure of same is not in line with Accounting Standard 29.	<p>"Noted.</p> <p>Contingent Liabilities and Commitments (to the extent not provided for) is disclosed as under:</p> <p>Estimated amount of contracts remaining to be executed on capital account and not provided for:</p> <table> <tr> <td></td><td style="text-align: center;">As at 31-03-2022</td><td style="text-align: center;">As at 31-03-2021</td></tr> <tr> <td>a. Tangible Assets (awarded contracts only)</td><td style="text-align: right;">218.30 Crore</td><td style="text-align: right;">20.76 Crore</td></tr> <tr> <td>b. Intangible Assets</td><td style="text-align: center;">Nil</td><td style="text-align: center;">Nil</td></tr> </table>		As at 31-03-2022	As at 31-03-2021	a. Tangible Assets (awarded contracts only)	218.30 Crore	20.76 Crore	b. Intangible Assets	Nil	Nil
	As at 31-03-2022	As at 31-03-2021									
a. Tangible Assets (awarded contracts only)	218.30 Crore	20.76 Crore									
b. Intangible Assets	Nil	Nil									
8	Whereas, for the purpose of execution of Bangalore Suburban Rail Project (BSRP), a special purpose vehicle BRIDE (Bengaluru Integrated Rail Infrastructure Development Enterprise Limited) has been incorporated. But the above project had been executed in KRIDE, by awarding the contract in KRIDE. This action of the company to establish the (Bengaluru Integrated Rail Infrastructure Development Enterprise Limited (BRIDE) and related investment in establishing and maintaining the BRIDE was not necessary and could have been avoided by the Management. The ratification of the above decision in the Board meeting will not mitigate the additional expenses spent by the company. Thereby, there is an escalation of the cost of the project.	It may be noted that there is no additional expenses in creating Special Purpose Vehicle (B-RIDE) as the same is created as per Sanction Order of GOK & MOR. Further it may be noted that there is no cost escalation as B-RIDE was incorporated as per the suburban rail policy with broad objectives of GOI.									
9	<p>Allocation of Common Expenditure to the Projects and loss of GST Input Tax Credit to the tune of ₹ 23,79,000/-</p> <p>(i) The Company is acting as an implementing agency to South Western Railway (SWR) for two Doubling Projects along with the Bangalore Suburban Rail Project (BSRP). Loss of GST input tax we observe the following:</p>	<p>"As explained above, the decision of executing BSRP project in B-RIDE is under the consideration of the management.</p> <p>As per provisions of section 17(5)(c) of CGST Act, 2017, Input Tax Credit (ITC) is not available for Works contract services when supplied for construction of an immovable property (other than plant and machinery) except where it is an input service for further supply of works contract service. As per provisions of section 17(5)(d) of CGST Act, 2017, ITC is not available for goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.</p>									

Sl. No.	Basis of Qualified Opinion	Management Replies
	<p>(ii) Because of the decision not to implement the Bangalore Suburban Rail Project (BSRP) in BRIDE, the common expenditure Rent and Legal fee incurred by KRIDE which has bifurcated and allocated to the BSRP project to the tune of ₹ 1,33,05,332/- and GST input tax pertaining to the above bifurcated/allocated expenses to the tune of ₹ 23,79,000/-, the same could not be claimed as deduction as GST Input tax credit from the total GST payable. The above sum of ₹ 23,79,000/- is loss to the Company and the same cannot be ratified in the Board of Directors Meeting. Because of this the cost of the project has been overrun to that extent.</p> <p>(iii) Similarly, in other common expenses allocated to BSRP to the tune of ₹12,56,93,697/-, the GST input tax credit could not be claimed (the same could not be quantified since the same has been not accounted separately) and has included in the respective expenses. As such we are unable to quantify the exact amount of loss of input of GST since the records are not maintained properly."</p>	<p>As per provisions of section 16(3) of CGST Act,2017, Where the registered person has claimed depreciation on the tax component of the cost of capital goods and plant and machinery under the provisions of the Income-tax Act, 1961, the input tax credit on the said tax component shall not be allowed.</p> <p>On the basis of above provisions, GST input related to BSRP will be blocked and hence no ITC will be available. Hence, same has been charged to Capital WIP & depreciation will be claimed on the same as per provisions Income-tax Act, 1961 when assets are ready for its intended use.</p> <p>Out of ₹ 23,79,000/- GST input, ₹ 23,37,600/- is related to rent paid. Majority (approx.72%) of floor space is occupied by employees working on BSRP project, with respect to which ITC is blocked & cannot be claimed. As it is already suggested by Statutory Auditor during finalisation of Audit for FY 2020-21, to avoid further litigation under GST with respect to bifurcation of common input which may be disallowed by department (Further interest may be charged by department), it has been suggested not to claim GST inputs on common expenses.</p> <p>K-RIDE has claimed GST input specifically related to Doubling project and inputs related to BSRP project are not claimed as ITC is blocked u/s 17(5) of CGST Act,2017.</p> <p>With respect to common expenses allocated to BSRP to the tune of ₹ 12.60 Crore/-(which includes Employee related expenses of ₹ 8 Crore/- & Depreciation of ₹ 1.74Crore/- on which no ITC is available), the GST input tax credit will not be available to K-RIDE as the same is blocked as per provisions of section 17(5) of CGST Act,2017 and hence, the same has been included in the Capital WIP.</p> <p>Thus, to such extent there is no loss of GST input & Depreciation will be claimed as per provisions of section 16(3) on the same as per provisions Income-tax Act, 1961 when the asset is ready for its intended use."</p> <p>However, inputs related to common expenditure are not claimed as Majority of common expenditure (approx 75%) is related to BSRP with respect to which ITC is blocked u/s 17(5).</p>
10	Reference is drawn to payment made to cab agencies for transportation and conveyance services. The cab agencies have not maintained / attached individual trip Sheets along with the invoices. Since because of non-availability of individual trip Sheets we are not able to comment on the actual amount spent on Transport / Conveyance expenses.	Based on similar audit observation last year i.e. FY 2020-2021, KRIDE has made payment for current year i.e. FY 2021-2022 only after taking trip sheet for all the transportation and conveyance service invoice and the vouchers along with trip sheet were provided for verification at the time of audit. The same can again be provided for verification if required by the Auditor.
11	The matter reported for the F.Y 2020-21 pertaining to the payment of fee for increase in the authorized share capital and its irregularity in filing has been reported. This irregularity is still persisting. The regular filing fee for SH-7 is ₹ 60,00,000/- and the company had paid penalty / additional fee of ₹ 11,09,033/-. The penalty / additional fee paid for delay in filing form SH-07 which was due to negligence of the concerned and such additional fee for not acting on time. Further such irregularity cannot be ratified in the meeting of the Board of Directors.	It may be noted that the matter pertains to previous year (FY 2020-21) and detailed replies of management were furnished in last year's annual report. However, K-RIDE reiterates that 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.
12	During the audit the audit observations are communicated to the company and the replies given are vague and not convincing.	

Sl.No.	Date	Particulars	Amount (₹)	Audit Observations	Management's Reply
1	April 2021 to March 2022	Rent and Common Area Maintenance Paid to KRDCL	1,53,24,272.00	The Company (KRIDE) is sharing the office space with two other Companies BRIDE & HMRDC. The rent from other two companies not recovered and it is loss to the Company	"The agreement of lease of office space has been entered into by KRIDE wherein a provision has been made to house the offices of associate companies like HMRDC and B-RIDE. Since the staff of HMRDC is also doing the works of KRIDE as resolved in the 81st Board meeting held on 05.10.2020 & is as much as there is no separate payment being paid to staff of HMRDC from KRIDE. Likewise, there is no agreement so far to charge any rent for the space used by HMRDC, since they are also doing the works of K-RIDE. As far as BRIDE is concerned BRIDE is subsidiary of KRIDE and currently there is no operations started in BRIDE and there is no separate staff has been appointed and only for statutory purpose the address of KRIDE has been given.
2	April 2021 to March 2022	Electricity Charges	13,99,749.00	KRIDE is sharing the office space with two other companies BRIDE and HMRDC. The electricity charges are not collected from other two companies.	Based on above, there is no sharing of rent & common area maintenance / Electricity between K-RIDE, B-RIDE & HMRDC.
3	13.08.2021	Furniture & Fixtures	2,94,000.00	Paid to V2 Modular Furnitures towards office workstation and tender room used by HMRDC as workstation and tender room are procured for the use of HMRDC. The same should be recovered from HMRDC.	Office workstation & tender room are part of K-RIDE assets. Furniture & Fixtures are used by KRIDE only and not by HMRDC. As already mentioned in replies to Sl.no. 1 & 2, the staff of HMRDC is also doing the works of KRIDE as resolved in the 81 st Board meeting held on 05.10.2020.
4	April 2021 to March 2022	Charge Allowance	2,59,560.00	Charge allowance paid to Shri. Amit Garg towards holding additional charge as CEO of HMRDC. The same should be recovered from HMRDC.	The MD/KRIDE is holding substantive post in KRIDE and all the drawls and disbursement of salary etc. shall be done KRIDE only. As resolved by HMRDC board and approved by ACS/IDD (administrative department which is common to both KRIDE & HMRDC) (copy enclosed), the MD/KRIDE shall also hold additional charge of CEO/HMRDC. Since MD/ KRIDE is holding substantive post in KRIDE as per the procedure the charge allowance shall be drawn only by KRIDE where he is holding the post in substantive capacity & in as much as the holding of post CEO/HMRDC is co-terminous with his deputation to K-RIDE as MD. However, as pointed out by Auditor, Debit note has been raised to HMRDC.
5	April 2021 to March 2022	Unclaimed ITC	1,38,09,345.16	GST Input tax credit available as per the books of accounts are not utilised by the company at the time of filing GSTR-3B amounting to ₹1,37,80,545.16. The company has paid the GST without deducting the Input Tax credit. It may be noted that the company has paid output GST of ₹4,13,68,805/- for the month of March 2022. The same input if timely availed in GSTR-3B could be utilised towards payment of such output liability. The funds of the company has been utilised without claiming Input Tax Credit.	As per the rule 36(4) of the Central Goods and Service Tax Rules, a taxpayer filing GSTR-3B can claim input tax credit only to the extent of the eligible credit available in GSTR-2B. Since few vendors has filed the GSTR-1 after the due date ie. after 11 th April 2022 (even after sending several remainders, copy attached), the same will not be reflected in the GSTR-2B of K-RIDE to claim the Input during the month of March-2022 & if claimed KRIDE would be liable for interest. It may be noted that K-RIDE has claimed the unclaimed inputs during further period (2022-23) as & when it is reflected in GSTR-2B after regular follow-up with the vendors.
6	20.09.2021	Davangere Harihar UDA Payable	37,09,236.00	Un spent Amount received from Davangere Harihar Urban Development Authority, steps to be taken to return the amount back to IDD, Government of Karnataka. This amount has not been returned back.	K-RIDE has already communicated vide letter no.K-RIDE/F&A/IDD/Const. of RoBs/RuBs dated 20.09.2021 to IDD, reply is yet to be received by KRIDE. KRIDE has asked for the bank details in order to transfer this amount to GOK. Reminder has been sent to IDD on 08.07.2022.

Sl.No.	Date	Particulars	Amount (₹)	Audit Observations	Management's Reply
7	24.03.2022	Steel Authority of India Ltd	2,10,35,599.00	Paid towards supplies of free rails without deducting TDS under provisions of sec 194Q of the Income Tax Act, 1961.	This being pure supply of materials (rails) & Turnover of K-RIDE during previous FY 2020-21 is below 10Crore, Hence, TDS is not applicable.
8	April 2021 to March 2022	Reimbursement of Conveyance Expenses	1,58,89,928.00	Conveyance Expenses reimbursed to employees on monthly basis without deducting TDS as per the provisions of Income Tax Act. This is clear violation of provisions of section 192B of Income tax Act, 1961.	It is reimbursement to employees on official works and hence TDS is not applicable. Similar practice is being followed by other metros.
9	May-Jul	Veros Beverage	87,784.00	Paid towards composite contract towards supply of tea and coffee vending machines. Tax is deducted u/s 194la instead of 194C.	Machine was taken on rent for trail/temporary purpose. Materials & machine value are mentioned separately in the invoice and hence TDS was deducted only rental charges of machine. The machine is no more available with KRIDE.
10	12.08.2021	Capricot Technologies Pvt. Ltd	23,28,854.00	An amount paid ₹ 20,07,632/- without deducting TDS as per the provisions of section 194J of the Income Tax Act, 1961. The party in this bill has mentioned SAC 797331 which is for licensing services for the right to use computer software and database. The same attracts provisions of sec 194J of the Act. the company has defaulted in deduction TDS at 10%.	Income Tax Declaration has been received from the vendor (in the Tax invoice) stating that "software supplied vide this invoice is transferred without any modifications & tax has been deducted by our supplier u/s 195. Hence no TDS is to be deducted on this invoice as per notification no. 21/2012. Invoice copy is shown to Auditor and placed on file.
11	06.09.2021	Asst Executive Engineer BESCO E1	59,226.00	Amount paid towards supervision charges to BESCO ₹ 59,227/-. TDS of ₹5,019/- is belatedly deducted on 31.12.2021. Also TDS is still recoverable from BESCO.	We are following up with BESCO for the same and it will be recovered in next bill from the same zone. It is requested to drop the point as BESCO is a Government of Karnataka organisation.
12	31.03.2022	Vineela Enterprises	3,27,27,585.00	GST TDS of ₹ 5,84,421/- is wrongly paid as IGST instead of CGST & SGST	Vineela Enterprises has issued IGST invoice during the month of march for making year end provision & IGST TDS was deducted & deposited. Same has been accepted & claimed by the vendor. Later on while processing the bill it was noticed that it was an intra state bill & communicated to vendor to reject the GST TDS, but it was confirmed from vendor that they have claimed IGST TDS GST TDS certificate being accepted and claimed by vendor is placed on record.
13	06.12.2021	Labour Cess - Admin Charges		1% Admin Charges accrued in the month of July, August and September. Invoice raised in December and GST is remitted in the month of December 2021. To be declared in the subsequent months in which the amount is due	Noted. The same has been disclosed in the month of December 2021 and liability thereon has been discharged. (The value of admin charges is Rs.9,480/-).
14	12.07.2021	Miscellaneous Expenses	54,500.00	Paid towards payment of PA to ACS IDD, car repair expenses of official vehicle of Shri Kapil Mohan ACS to GOK/IDD. Includes ₹ 7000 towards mask purchase. Personal expenses paid from KRIDE.	IDD is our parent department where K-RIDE's senior officials (Board of Director's) are working and official request has been received to reimburse the same. It may be noted that providing mask in covid times is office/staff expenditure and not personal expenditure.
15	04.12.2021	Royalty Mineral Foundation Trust	2,05,440.00	The Company has deducted and paid ₹2,05,440/- towards royalty from RA bill of RMNIL-BIDPL (JV) and remitted the same to the exchequer. Later on it is found that royalty is not payable and hence refunded to the party. However the same is still pending as receivable in the books of the company.	Noted. It has been adjusted in FY 2022-23 while discharging Royalty liability.

13.	As per Accounting Standard (AS)-21 Consolidated Financial Statements (Transitional provisions), "On the first occasion of presenting the consolidated financial statements, comparative figures for the previous period need not be presented". However, Company has presented previous year figures, even though the subsidiary company's financials are presented for the first time (for the period 06-01-2021 to 31-03-2022). The same is not in line with Accounting Standard 21.	Noted. Financials are prepared in accordance with Accounting Standard 21. However, previous year column details are additional information which is not mandatory as per provisions of Accounting Standard 21.
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Management's Replies to the Observations of the Statutory Auditor on the Consolidated Financial Statement of K-RIDE for the year ended 31-March-2022

Sl. No.	Annexure B to the Independent Auditor's Report Directions under section 143(5) of Companies Act, 2013	Auditor Comments	Management's Reply
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 maintained all its accounting transactions in Tally Accounting software. The entries in the tally 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. Further we are also found that repeated correction of entries in the accounting software. Hence, we would like to qualify that the transactions through IT system are not safe..	"Transactions in Tally Software including corrections if any, will be made only with the prior approval of the authorized signatory. User wise login are already been created to ensure accountability and trail of entries in Tally software. K-RIDE is ensuring the same by enabling Tally audit feature."
3	Whether funds received/ receivable for specific schemes from Central/ State agencies are properly accounted for/ utilized as per the terms and conditions? List the cases of deviation.	The fund received are properly accounted. The Company has not maintained any financial data project wise and 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)	The Company has maintained project wise financial data and utilization certificates are submitted to DULT and GoK at regular intervals which are placed on record.

Annexure - 1

Ratio Analysis: Note: 26		2021-22	%	2020-21	%
(a) Current Ratio,	Current Assets	8,12,16,63,895	5.26	5,20,40,02,163	5.22
	Current Liabilities	1,54,31,61,615		99,73,18,650	
(c) Debt Service Coverage Ratio,	EBITDA - Capex	98,19,000	0.00	14,03,131	0.00
	Interest + Principal	6,60,00,00,000		4,00,00,00,000	
(d) Return on Equity Ratio, (ROE)	Net Income	89,00,841	0.03	12,02,624	0.01
	Average Shareholders' Equity	30,00,00,000		20,00,00,000	
(h) Net capital turnover ratio,	Net Sales	55,71,96,218	0.10	9,17,58,246	0.04
	Average working capital	5,39,25,92,897		2,19,12,91,444	
Ratio	Explanation for change in ratio by more than 25% as compared to the preceding year:				
(b) Debt-Equity Ratio,	Company has received ₹ 260 Crore funds for BSRP project which is Interest Free Subordinate Debt from GOK. However, no equity contribution has been received during the year.				
(d) Return on Equity Ratio, (ROE)	Due to increase in project revenue during the FY 2021-22.				
(g) Trade payables turnover ratio,	During the FY 2021-22, there is substantial increase in the on account purchases so as to achieve the targets for completion of the doubling project which inturn affected the Trade payable turnover ratio.				
(h) Net capital turnover ratio,	Due to increase in project revenue during the FY 2021-22.				

RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2022

Particulars	Note No.	As at 31 st March 2022 (₹)	As at 31 st March 2021 (₹)
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	30,00,00,000	30,00,00,000
(b) Reserves and Surplus	4	10,67,66,105	9,78,65,264
(2) Non - Current Liabilities			
(a) Long term Borrowings	5	6,60,00,00,000	4,00,00,00,000
(b) Deferred Tax Liabilities (Net)		-	-
(c) Long-term provisions	6	40,61,553	-
(3) Current Liabilities			
(a) Trade payables			
Total outstanding dues of micro enterprises & small enterprises		2,45,91,221	3,000
Total outstanding dues of creditors other than micro enterprises & small enterprises	7	5,44,07,987	6,74,92,778
(b) Other Current Liabilities	8	1,45,84,31,063	92,71,16,154
(c) Short-term provisions	9	57,31,344	27,06,718
TOTAL		8,55,39,89,273	5,39,51,83,914
II. ASSETS			
(1) Non - Current Assets			
(a) Property, Plant and Equipment and Intangible Assets			
(i) Property, Plant and Equipment	10(i)	3,49,27,201	4,35,51,166
(ii) Intangible Assets	10(ii)	17,71,000	6,59,636
(iii) Capital work-in-progress	11	37,56,27,177	12,69,70,949
(b) Non-Current investments	12	2,00,00,000	2,00,00,000
(2) Current Assets			
(a) Cash and Cash Equivalents	13	85,80,11,391	3,91,83,32,571
(b) Other Current Assets	14	7,26,36,52,505	1,28,56,69,592
TOTAL		8,55,39,89,273	5,39,51,83,914
The accompanying Notes are an integral part of the financial statements.	01-28		

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 : 30-07-2022

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

Gaurav Gupta
Director
DIN: 02184763

S.N. Srinivasa
Company Secretary
FCS: 2197

Place : Bangalore
Date : 18-07-2022

RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS THE YEAR ENDED 31ST MARCH 2022

Particulars	Note No.	As at 31 st March 2022 (₹)	As at 31 st March 2021 (₹)
I Revenue from Operations	15	55,76,74,896	9,17,58,246
II Other Income	16	7,69,08,113	2,01,35,756
III Total Revenue (I+II)		63,45,83,009	11,18,94,002
IV Expenses:			
Operating Expenses	17	53,03,04,642	8,75,27,768
Employee benefit expenses	18	6,12,39,265	1,08,13,089
Financial Costs	-	-	-
Depreciation and amortisation expenses	10	9,18,159	2,00,507
Other Expenses	19	3,32,20,102	1,21,50,014
Total Expenses		62,56,82,167	11,06,91,378
V Profit before exceptional and extraordinary items and tax (III - IV)		89,00,841	12,02,624
VI Exceptional Items - Prior Period Items		-	-
VII Profit before extraordinary items and tax (V - VI)		89,00,841	12,02,624
VIII Extraordinary Items		-	-
IX Profit before tax (VII - VIII)		89,00,841	12,02,624
X Tax Expenses:			
(1) Current Tax		-	-
(2) Deferred Tax		-	-
XI Profit (Loss) for the year from continuing operations (IX-X)		89,00,841	12,02,624
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)		89,00,841	12,02,624
XVI Earning per equity share	21.3		
(1) Basic		0.30	0.12
(2) Diluted		0.30	0.12
The accompanying Notes are an integral part of the financial statements.	01-28		

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 : 30-07-2022

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

Amit Garg
Managing Director
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Director
DIN: 02184763

S.N. Srinivasa
Company Secretary
FCS: 2197

Place : Bangalore
Date : 18-07-2022

RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED
CONSOLIDATED CASH FLOW STATEMENT (INDIRECT METHOD) FOR THE YEAR ENDED 31ST MARCH 2022

Particulars	As at 31 st March 2022 (₹)	As at 31 st March 2021 (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before tax	89,00,841	12,02,624
-Amount written back	-	(4,90,823)
Adjustments for Non-Operating matters:		
-Depreciation/ Amortisation	9,18,159	2,00,507
-Interest Income	(7,68,61,920)	(1,96,23,420)
-Loss/(Profit) on Sale of fixed assets	-	-
Operating profit before working capital changes	(6,70,42,920)	(1,87,11,112)
Adjustments for :		
- Decrease/ (increase) in Other Current Assets	(5,97,79,82,913)	(1,22,02,15,233)
-(Decrease) / increase in Trade Payables	1,15,03,430	6,74,95,778
-(Decrease) / increase in Other Current Liabilities	53,13,14,909	67,11,22,821
-(Decrease) / increase in Short-Term Provisions	30,24,626	27,06,718
-(Decrease) / increase in Other Non Current Liabilities	40,61,553	-
Cash generated from operations	(5,49,51,21,314)	(49,76,01,028)
-Direct taxes paid	-	-
Net cash from/(used in) operating activities (A)	(5,49,51,21,314)	(49,76,01,028)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets including CWIP and capital advances (Net)	(24,21,22,202)	(17,01,28,169)
Sale of fixed assets	60,417	-
Interest received on fixed deposits and Current Account	7,68,61,920	1,96,23,420
Net cash from/(used in) investing activities (B)	(16,51,99,865)	(15,05,04,749)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of share capital	-	20,00,00,000
Proceeds From Long-Term Borrowings & Grant	2,60,00,00,000	4,00,00,00,000
Net cash from/(used in) financing activities (C)	2,60,00,00,000	4,20,00,00,000
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	(3,06,03,21,180)	3,55,18,94,222
Cash and cash equivalents (opening balance)	3,91,83,32,571	36,64,38,349
Cash and cash equivalents (closing balance)	85,80,11,391	3,91,83,32,571
Components of Cash and Cash Equivalents		
a) Cash on Hand	17,882	5,492
b) Balances with Banks:		
In Current Account & Savings Accounts	85,79,93,508	3,89,87,80,882
In Deposit Account	-	1,95,46,197
Cheques/Draft in Hand	-	-
	85,80,11,391	3,91,83,32,571
<div style="display: flex; justify-content: space-between;"> <div> <p>In terms of our report attached For Pandurang Shenoy & Co., Chartered Accountants Firm Reg. No. 008242S</p> <p>CA K Pandurang Shenoy Partner M.No.: 202768</p> <p>Place : Bangalore Date : 30-07-2022</p> </div> <div> <p>For and on Behalf of Board of Directors of Rail Infrastructure Development Company (Karnataka) Limited</p> <div style="display: flex; justify-content: space-between;"> <div> <p>Amit Garg Managing Director DIN: 08212610</p> <p>Awadhesh Mehta GM (Finance) & CFO</p> </div> <div> <p>Gaurav Gupta Director DIN: 02184763</p> <p>S.N. Srinivasa Company Secretary FCS: 2197</p> </div> </div> <p>Place : Bangalore Date : 18-07-2022</p> </div> </div>		

RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Note No.	Particulars	As at 31 st March 2022 (₹)	As at 31 st March 2021 (₹)	
3	Share Capital			
	(A) Authorised : 10,00,00,000 Equity Shares of Rs.10 each	1,00,00,00,000	1,00,00,00,000	
	Issued and Subscribed : 3,00,00,000 Equity shares of ₹10/- each	30,00,00,000	30,00,00,000	
	Paid up : 3,00,00,000 Equity shares of ₹10/- each	30,00,00,000	30,00,00,000	
	(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	3,00,00,000	1,00,00,000	
	Add:- Number of Right shares allotted during the year		2,00,00,000	
	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	3,00,00,000	
	(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:			
	<u>Equity Shares with Voting Rights:</u>			
	1. <u>Governor of Karnataka / Govt of Karnataka:</u> No.of Shares Percentage of Holding	1,52,99,995 50.99998%	1,52,99,995 50.99998%	
	2. <u>Ministry of Railways/President of India :</u> No.of Shares Percentage of Holding	1,47,00,000 49.00000%	1,47,00,000 49.00000%	
3. <u>Others :*</u> No.of Shares Percentage of Holding	5 0.00002%	5 0.00002%		
	*Note : As per records of the Company, including its Register of Members and other declarations received from them regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares representing GoK.			
	Shares held by promoters at the end of the year			
Sl.No	Promoter name	No. of Shares	%of total shares	% Change during the year
1	Governor of Karnataka / Govt of Karnataka	1,52,99,995	51.00%	-
2	Ministry of Railways/President of India	1,47,00,000	49.00%	-
3	Shri.B H Anil Kumar	1#	0.00%	-
4	Shri.Amit Garg	1#	0.00%	-
5	Shri.N.S.Sridhara Murthy	1#	0.00%	-
6	Shri.S.Shankar	1#	0.00%	-
7	Smt.Kalavathi	1#	0.00%	-
	Total	3,00,00,000	100.00%	-
	#Note : denotes the shares held on behalf of Govt. of Karnataka			

RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Note No.	Particulars	As at 31 st March 2022 (₹)	As at 31 st March 2021 (₹)
4	Reserves and Surplus <u>Surplus in Statement of Profit and Loss</u> Opening Balance Add : Prior Period Adjustments Add : Profit for the Current Year Closing balance	 9,78,65,264 - 89,00,841 10,67,66,105	 9,66,62,640 - 12,02,624 9,78,65,264
5	Long term Borrowings Interest Free Subordinate Debt from GOK Advance from GOK - BSRP Project-Land Acquisition	 6,60,00,00,000 6,60,00,00,000	 4,00,00,00,000 4,00,00,00,000
6	Long-term provisions Non - Current Leave Encashment	 40,61,553 40,61,553	 - -
7	Trade payables Total outstanding dues of micro enterprises & small enterprises Total outstanding dues of creditors other than micro enterprises & small enterprises	 2,45,91,221 5,44,07,987 7,89,99,208	 3,000 6,74,92,778 6,74,95,778
	Trade Payables ageing schedule		
	As on 31 March 2022:		
	Particulars	Outstanding for following periods from due date of payment	
		Less than 6 months	6 months - 1 year
	(i) MSME	2,45,91,221	-
	(ii) Others	4,75,39,369	68,68,618
	As on 31 March 2021:		
	Particulars	Outstanding for following periods from due date of payment	
		Less than 6 months	6 months - 1 year
	(i) MSME	3,000	-
	(ii) Others	6,74,92,778	-
8	Other Current Liabilities EMD Security Deposit Employee Related Payables Retention Payable Advance from GoK - Doubling Project Advance from MoR - Doubling Project Davangere-Harihar UDA Payable Withheld Amounts Other Payables: Statutory Remittances: TDS Payable GST Payable GST TDS Payable Labour Cess Others	 18,48,589 5,34,12,695 19,62,986 16,19,832 1,00,00,00,000 32,34,88,598 37,09,236 76,42,950 80,25,644 4,13,75,971 50,84,466 24,32,852 78,25,084 1,45,84,31,063	 91,10,845 89,16,264 8,95,389 5,27,015 89,72,30,764 - - - 32,62,773 1,22,338 15,56,858 7,21,373 47,72,535 92,71,16,154

RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Note No.	Particulars	As at 31 st March 2022 (₹)	As at 31 st March 2021 (₹)
9	Short-term provisions		
	Provision for employee benefits	57,31,344	27,06,718
		57,31,344	27,06,718
12	Non-Current investments		
	Investments in Equity Instruments of Associate Companies:		
	(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
		2,00,00,000	2,00,00,000
13	Cash and Cash Equivalents		
	Balances with Scheduled Banks:		
	-In Current account	85,79,93,508	3,89,87,80,882
	-In Deposit accounts	-	1,95,46,197
	Cash on Hand	17,882	5,492
		85,80,11,391	3,91,83,32,571
14	Other Current Assets		
	Loans & Advances (Asset)		
	Advance - KIADB	62,39,00,000	-
	Advance for Sleepers	18,36,66,806	-
	Dharward Belagam New Line Project*	36,51,124	25,46,658
	Open Rail Designer Software Advance - Bently System	-	4,78,850
	Prepaid Expenses	3,46,623	18,18,652
	Income Tax - Refundable	1,56,24,822	8,98,442
	TDS Credit C/f - IRFC	71,56,583	-
	GST - Electronic Credit Ledger	-	17,827
	Interest accrued on Bank deposits	6,57,91,198	43,42,372
	GST Paid on Advance	3,46,59,493	-
	Security Deposits	22,939	22,939
	Rent Deposit	1,05,08,880	97,34,880
	Unclaimed GST Input	1,38,09,345	2,14,919
	Royalty Paid - Advance	2,05,440	-
	Other Receivable	43,09,252	1,90,901
	Fixed Deposit with Banks	6,30,00,00,000	1,26,54,03,152
		7,26,36,52,505	1,28,56,69,592
	*The advance relating to Dharward Belagam New Line is towards Final Location Survey (FLS) and preperation of DPR by M/s. RITES Limited.		

RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Note No.	Particulars	As at 31 st March 2022 (₹)	As at 31 st March 2021 (₹)
15	Revenue from Operations		
	Construction Revenue - Doubling (BYPL-HSRA)	52,63,93,176	8,91,23,815
	Construction Revenue - Doubling (YPR-CSDR)	3,08,03,042	26,34,431
	Other Miscellaneous Income	4,78,678	-
	Total	55,76,74,896	9,17,58,246
16	Other Income		
	a) Interest Income		
	Bank Deposits	7,68,61,920	1,96,23,420
	b) Other Non-Operating Income		
	Interest on Income Tax Refund	45,193	14,226
	Miscellaneous Income	1,000	4,98,110
	[for FY 2020-21 includes written back amount of Rs.4,90,823/- on account of Preliminary expenses & Project study expenses]		
	Total	7,69,08,113	2,01,35,756
17	Operating Expenses		
	Construction expenses - Doubling (BYPL-HSRA)	50,07,31,001	8,50,14,796
	Construction expenses - Doubling (YPR-CSDR)	2,95,73,641	25,12,972
	Total	53,03,04,642	8,75,27,768
18	Employee benefit expenses		
	Salaries, wages and allowances	5,85,29,455	1,04,14,974
	Contribution to PF and other funds	21,08,412	3,50,090
	Staff welfare expenses	6,01,398	48,025
	Total	6,12,39,265	1,08,13,089
19	Other Expenses:		
	Audit Fees	36,800	25,000
	Advertisement	14,13,108	3,98,032
	Bank Charges	1,133	7,719
	Books & Periodicals	23,442	4,572
	Directors Sitting Fees	80,240	1,40,520
	Electricity Charges	3,95,889	62,773
	Insurance Charges	5,93,978	70,721
	Membership Fees paid	6,54,722	-
	Office Maintenance Expenses	23,65,276	6,78,598
	Printing & Stationery	5,16,973	1,51,714
	Professional and Consultancy Services	2,19,637	1,95,543
	Rates and Taxes	4,42,233	9,58,045
	Rent & Common Area Maintenance	43,34,138	6,82,319
	Retainer Fee	34,75,177	4,74,000
	ROC Filing Fees	500	71,79,274
	Software Expenses	46,508	-
	Telephone & Internet Charges	4,41,995	87,500
	Travel and Conveyance Expenses	1,81,78,353	10,33,684
	Total	3,32,20,102	1,21,50,014

"Expenditure pertaining to projects(ie. 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 39% for BSRP & 61% 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, etc.) have been bifurcated in the ratio of 39:61 (i.e. 39% for BSRP & 61% 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 28:71 being employee ratio (i.e. 28 for Doubling and 71 for BSRP)."

RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2022

10. FIXED ASSETS

(Amount in ₹)

Note No.	Particulars	Gross Block			Depreciation (WDV)			Net Block	
		As at 01.04.2021	Additions during the year	Sale/ deletions	As at 31.03.2022	As at 01.04.2021	Accumulated Depreciation Reversed/ Adjusted	As at 31.03.2022	As at 31.03.2021
(i)	Tangible Assets:								
	Office equipment	45,61,162	10,35,668	-	55,96,830	3,24,350	-	25,02,039	42,36,812
	Mobile	2,20,571	10,57,845	55,999	12,22,417	12,937	29,196	4,68,922	2,07,634
	Office Interiors	2,93,91,847	13,78,075	-	3,07,69,922	24,60,074	-	95,93,940	2,69,31,773
	Furniture & Fixtures	63,23,433	12,46,833	-	75,70,266	3,40,564	-	21,59,703	59,82,869
	Computers	53,51,013	31,87,990	1,00,000	84,39,003	2,38,753	66,386	49,90,258	51,12,260
	Servers and networks	11,71,997	4,90,000	-	16,61,997	92,179	-	6,18,372	10,79,818
	Total Tangible Assets	4,70,20,023	83,96,411	1,55,999	5,52,60,435	34,68,857	95,582	2,03,33,234	4,35,51,166
(ii)	Intangible Assets:								
	Computer Software	13,38,264	25,14,581	-	38,52,845	6,78,628	-	20,81,845	6,59,636
	Total Intangible Assets	13,38,264	25,14,581	-	38,52,845	6,78,628	-	20,81,845	6,59,636
	Grand Total (i)+(ii)	4,83,58,287	1,09,10,992	1,55,999	5,91,13,280	41,47,485	95,582	2,24,15,079	4,42,10,802
	Previous Year (2020-21)	13,91,432	4,69,66,855	-	4,83,58,287	1,37,343	-	41,47,485	12,54,089

*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 Rs. 1,83,63,176 being Rs.9,18,159 has been charged to Statement of Profit & Loss and Balance 95% of Rs.1,83,63,176 being Rs.1,74,45,017 has been shown under Capital work-in-progress.

11. Capital Work in Progress

(Amount in ₹)

Note No.	Particulars	Gross Block		
		As at 01.04.2021	Additions during the year	Transfers/ deletions
	Capital Work in Progress:			
	Bangalore Suburban Projects	11,32,60,480	15,38,02,642	-
	General Charges & Contingencies	16,81,675	2,90,405	-
	Land R&R	1,08,79,600	9,29,04,699	-
	Station Buildings	29,29,852	7,48,87,992	-
	Utilities & Road Works	-	6,13,600	-
	Traction & Power Supply incl. OHE, ASS etc	-	1,28,35,498	-
	Geotechnical Investigation & Civil Work	(17,80,658)	(8,66,78,608)	-
	Interest Income - BSRP	12,69,70,949	24,86,56,228	-
	Total	12,69,70,949	24,86,56,228	37,56,27,177

CWIP aging schedule				
Amount in CWIP for a period of				
Sl. No.	CWIP	Less than 1 year	1-2 years	2-3 years
1	Projects in progress Bangalore Suburban Rail Project	24,86,56,228	12,69,70,949	-
2	Projects temporarily suspended	-	-	-
		24,86,56,228	12,69,70,949	37,56,27,177

RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022****Note 1 : Corporate Information:**

The Consolidated Financial Statements comprise of "Rail Infrastructure Development Company (Karnataka) Limited" ('referred to as "the Holding Company" or "the Company" or "K-RIDE") & its Subsidiary Bengaluru Integrated Rail Infrastructure Development Enterprise Limited ('referred to as "the Subsidiary Company" or "B-RIDE") for the year ended 31st March 2022.

The Holding Company is incorporated under the Companies Act, 1956, in the State of Karnataka, India (CIN No. U60100KA2000SGC028171). The registered office of the Company is situated in Bangalore. The Holding Company is 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.

The Subsidiary Company is incorporated under the Companies Act, 2013, in the State of Karnataka, India (CIN No. U60230KA2021SGC142876). The registered office of the Company is situated in Bangalore. The Company is a wholly – owned subsidiary of "Rail Infrastructure Development Company (Karnataka) Limited - K-RIDE". The Company is formed as SPV by K-RIDE (Nodal Agency) to undertake Bengaluru Sub-urban Rail Project in Bangalore, Karnataka.

Note 2 : Significant Accounting Policies:**2.1 Functional and Presentation Currency:**

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

2.2 Basis of Accounting and Preparation of Consolidated Financial Statements:

The Consolidated 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 and Accounting Standards (AS) 21 on Consolidated Financial Statement. The Consolidated Financial Statements are prepared on going concern basis.

Principles of Consolidation:

The consolidated financial statements relate to K-RIDE and its wholly owned subsidiary company B-RIDE. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses.
- All inter-company assets, liabilities, income, expenses and unrealized profits/ losses on inter-company transactions are eliminated on consolidation in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statements".
- Elimination of carrying amount of the parent's investment in subsidiary and the parent's portion of equity of each subsidiary.
- The results of subsidiary are included in the consolidated financial statements from the effective date of acquisition.
- The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's Standalone Financial Statements.

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 Consolidated 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:

- 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.
- Contract revenue is determined by adding the aggregate cost-plus proportionate margin (Direction & General Charges) based on fixed percentage as agreed upon.
- Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- 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 is 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	10
Employee Mobile handset costing more than ₹ 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 Capital Work-in-Progress:

- Expenditure directly pertaining to BSRP projects are accounted under the head Capital Work-in-Progress.
- Interest Income from BSRP funds are reduced from the value of Capital Work-in-Progress.
- Administrative & general overheads directly attributable to BSRP project are charged to Capital Work-in-Progress & Common expenditures pertaining to the Doubling & BSRP projects have been bifurcated in the ratio of expenditure incurred for particular project.

2.12 Foreign Currency Transactions:

- Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of transaction.
- Monetary items denominated in foreign currencies are translated at exchange rates as at the reporting date.
- 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.

2.13 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.

2.14 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.

2.15 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 an initial investment in the paid-up share capital of ₹ 10,00,000 (Rupees Ten Lakh Only) divided into ₹ 1,00,000 equity share of ₹ 10/- each, to undertake Bengaluru Sub-urban Rail Project.
- The Company has invested ₹ 2 Crore 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).

2.16 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.

2.17 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.

2.18 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 Consolidated Financial Statements.

2.19 Employee Benefits:

A) Defined Contribution plans:

Contribution paid/ payable to defined contribution plan comprising of Provident Fund is recognized as expense and charged to Statement of Profit and Loss on accrual basis. The Company has no obligation, other than the contribution payable to such Funds.

B) Defined Benefits plans:

► Leave Encashment:

In case of deputationists, leave salary contribution is remitted to the concerned Parent Department as per the terms of deputation. In case of contract employees, earned leave encashable at the rate of 15 days in a calendar year and/or earned leave at credit at the time of termination of the contract being eligible for encashment, as per the contract terms, is provided for based on the actuarial valuation as per the Projected Unit Credit Method, carried out by an independent actuary.

► Gratuity:

Provisions will be made as and when it is applicable.

► Deputed Employees:

Retirement benefits to employees on deputation from the Government/other organizations are governed by the service rules of the respective parent organization and amount accrued towards retirement benefit contribution, is recognized based on the terms and conditions of deputation.

20. Additional Information to the Consolidated Financial Statements:

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

Particulars	As at 31st March 202	As at 31st March 2021
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	Nil	Nil
Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
a. Tangible Assets (awarded contracts only)	Nil	Nil
b. Intangible Assets	Nil	Nil

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

Sl.No.	Particulars	2021-22	2020-21
1	Amount remaining unpaid to any supplier:		
	a) Principal Amount	₹ 2,45,91,221	₹ 3000
	b) Interest due there on	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

20.3 Activity in Foreign Currency [on Accrual Basis]:

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

21. Disclosures under Accounting Standards:

21.1 Segment Reporting

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 Consolidated Financial Statements are related to the company's single business segment.

21.2 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 Bengaluru Integrated Rail Infrastructure Development Enterprises Limited (B-RIDE)	Wholly Owned Subsidiary Company	100.00%
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	Director (BD&F)
Shri. Neeraj Agrawal (upto 31-Dec-2021)	Director (P&P)
Shri. S.N.Srinivasa	Company Secretary
Shri. Awadhesh Mehta	Chief Financial Officer

I. Remuneration to Directors & Key Managerial Personnel:

SI No.	Particulars of Remuneration	Name of Managing Director / Whole time Director		
		Amit Garg	Harendra Pandey	Neeraj Agrawa (upto 31-Dec-2021)
1	FY 2021-22 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	47,81,367 -	46,82,252 -	38,59,326 -
2	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	43,42,138 -	14,31,878* -	10,15,047** -

*From 02.12.2020

**From 15.01.2021

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

Particulars of Remuneration		FY 2021-22	FY 2020-21
Fees for attending board / committee meetings:			
Shri. T.M. Vijay Bhaskar	Director	-	10,000
Shri. B.H. Anil Kumar	Director	8,000	-
Shri. I.S.N Prasad	Director	12,000	10,000
Shri. Kapil Mohan	Director	6,000	26,000
Shri. Rakesh Singh	Director	8,000	18,000
Shri.P.S. Gupta	Director	4,000	-
Shri. O.P Singh	Director	-	8,000
Shri. A.K. Singhal	Director	-	2,000
Shri. R K Singh	Director	18,000	26,000
Shri. Gil Ashfaq Mohamammed	Director	10,000	12,000
Shri. Nitish K	Director	2,000	-
Total		68,000	1,12,000

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

SI No.	Particulars of Remuneration	Key Managerial Personnel	
		Awadhesh Mehta (CFO)	S.N.Srinivasa (CS)
1	Gross Salary: FY 2021-22 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	24,55,500 -	36,75,967 -
2	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** -

* From 01.10.2020

** From 01.06.2020

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

Particulars	2021-22	2020-21
Net Profit for the Year	89,00,841	12,02,624
Less: Preference share dividend	-	-
Amount available for equity shareholders	89,00,841	12,02,624
Weighted average number of shares	3,00,00,000	1,00,54,795
Earnings per Share – Basic & Diluted	0.30	0.12
Face value per equity share	10	10

21.4 Insurance Claims:

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

21.5 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.

21.6 Prepaid Items:

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

21.7 Subordinate Debt:

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

In the EGM held on dated 19th February 2022, the Shareholders have approved the increase in borrowing limit upto ₹ 10,809 Crores which is beyond the paid up capital & free reserves of the company.

21.8 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.

22. 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.

23. Events occurring after the date of Balance Sheet:

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

24. 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.

25. Dividend:

The Company has not declared any dividend for the financial year ended 2021-22.

Note: 26

Ratio Analysis:

		2021-22	%	2020-21	%
(a) Current Ratio,	Current Assets	8,12,16,63,895	5.37	5,20,40,02,163	5.23
	Current Liabilities	1,51,28,39,050		99,46,08,932	
(b) Debt-Equity Ratio,	Total Debt	6,60,00,00,000	22.00	4,00,00,00,000	13.33
	Shareholders Equity	30,00,00,000		30,00,00,000	
(c) Debt Service Coverage Ratio,	EBITDA - Capex	98,19,000	0.00	26,80,692	0.00
	Interest + Principal	6,60,00,00,000		4,00,00,00,000	
(d) Return on Equity Ratio, (ROE)	Net Income	89,00,841	0.03	86,21,961	0.04
	Average Shareholders' Equity	30,00,00,000		20,00,00,000	
(e) Inventory turnover ratio,	COGS	-	-	-	-
	Avg Inventory	-		-	
(f) Trade Receivables turnover ratio,	Net Credit Sales	55,71,96,218	-	9,17,58,246	-
	Average Accounts Receivable	-		-	
(g) Trade payables turnover ratio,	Net Credit Purchases	53,03,04,642	7.24	8,75,27,768	2.59
	Average Accounts Payable	7,32,47,493		3,37,47,889	
(h) Net capital turnover ratio,	Net Sales	55,71,96,218	0.10	9,17,58,246	0.04
	Average working capital	5,40,91,09,038		2,19,26,46,303	
(i) Net profit ratio,	Net Profit	89,00,841	0.02	12,02,624	0.01
	Sales	55,76,74,896		9,17,58,246	
(j) Return on Capital employed,	EBIT	89,00,841	0.00	12,02,624	0.00
	Capital Employed	7,00,67,66,105		4,39,78,65,264	
(k) Return on investment.	Return (Benefit)	89,00,841	0.03	12,02,624	0.00
	Investment (Cost)	30,00,00,000		30,00,00,000	

27. 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.

28. Previous year's figures have been recast / restated, wherever necessary, to conform to the current year's classification.

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

CA K Pandurang Shenoy
Partner
M.No.: 202768

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

Amit Garg
Managing Director
DIN: 08212610

Gaurav Gupta
Director
DIN: 02184763

Awadhesh Mehta
GM (Finance) & CFO

S.N. Srinivasa
Company Secretary
FCS: 2197

Place : Bangalore
Date : 30-07-2022

Place : Bangalore
Date : 18-07-2022

Map not to scale

Corridor	Route
CDR 1	KSR Bengaluru - Devanahalli
CDR 2	Benniganahalli - Chikkabanavara
CDR 3	Kengeri - Cantonment - Whitefield
CDR 4	Heelalige - Rajankunte

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

**Registered Office : Samparka Soudha, 1st Floor, Survey No. 8, (B.E.P. Premises) Opp. Orion Mall, Dr. Rajkumar Road,
Rajajinagar 1st Block, Bangalore - 560 010 | www.kride.in**