

Karnataka Road Development Corporation Limited
CIN: U45209KA1999SGC025497
Balance Sheet as at 31st March 2017

Amount in Rs.

Particulars	Note No.	As at 31st March 2017	As at 31st March 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	3,10,00,00,000	3,10,00,00,000
Reserves and surplus	3	(1,30,40,66,407)	(1,15,82,81,062)
		1,79,59,33,593	1,94,17,18,938
Non-current liabilities			
Long-term borrowings	4	1,21,16,00,000	1,46,17,45,000
Deferred tax liabilities (net)	22D	36,96,19,235	35,80,70,025
Long-term provisions	5	2,52,41,839	1,93,85,477
		1,60,64,61,074	1,83,92,00,502
Current liabilities			
Trade payables	6	91,98,29,521	78,42,25,059
Other current liabilities	7	13,71,89,78,403	13,57,75,61,055
Short-term provisions	8	6,31,82,937	25,01,23,889
		14,70,19,90,861	14,61,19,10,002
TOTAL		18,10,43,85,528	18,39,28,29,442
ASSETS			
Non-current assets			
Property, plant & equipments			
(i) Tangible assets	9	2,85,44,61,927	2,38,06,22,245
(ii) Intangible assets	9	41,344	56,342
(iii) Capital work-in-progress	9	82,42,09,188	99,33,53,070
		3,67,87,12,459	3,37,40,31,657
Long-term loans and advances	10	61,14,97,715	42,84,01,529
Other non-current assets	11	1,14,50,967	1,14,50,967
		4,30,16,61,142	3,81,38,84,153
Current assets			
Trade receivables	12	86,987	-
Cash and cash equivalents	13	3,51,78,00,845	3,17,26,18,489
Short-term loans and advances	14	38,44,56,074	41,33,46,366
Other current assets	15	9,90,03,80,480	10,99,29,80,434
		13,80,27,24,386	14,57,89,45,289
TOTAL		18,10,43,85,528	18,39,28,29,442
Significant accounting policies	1		
See accompanying notes forming part of the financial statements			

As per our report of even date
For BVC & Co.,
Chartered Accountants
Firm Registration No.008154S

For and on behalf of Board of Directors
Karnataka Road Development Corporation Limited

CA. Chandrashekara Shetty
Partner
Membership No.216516

B.Lakshmikanth
Manager - Finance & Accounts

T.D.Nanjundappa
Chief Engineer (I/C)

Place : Bangalore
Date : 18-08-2017

K.S.Krishna Reddy
Managing Director
(DIN: 06722607)

R.Jaiprasad
Director
(DIN: 02394530)

Karnataka Road Development Corporation Limited
CIN: U45209KA1999SGC025497
Statement of Profit and Loss for the year ended 31st March, 2017

Amount in Rs.

Particulars		Note No.	For the year ended 31st March 2017	For the year ended 31st March 2016
I.	Revenue from operations	16	20,81,08,181	20,06,20,037
II.	Other income	17	8,65,53,769	5,20,82,944
III.	Total revenue (I+II)		29,46,61,950	25,27,02,981
IV.	Expenses			
	Employee benefits expense	18	4,00,38,917	4,57,99,980
	Finance costs	19	19,58,80,100	19,74,51,670
	Depreciation and amortisation expense	9	16,17,56,813	12,06,02,228
	Other expenses	20	3,12,22,256	4,89,80,027
	Total expenses		42,88,98,086	41,28,33,905
V.	Profit / (Loss) before exceptional and extraordinary items and tax (III - IV)		(13,42,36,135)	(16,01,30,924)
VI.	Exceptional items		-	-
VII.	Profit / (Loss) before extraordinary items and tax (V - VI)		(13,42,36,135)	(16,01,30,924)
VIII.	Extraordinary items		-	-
IX.	Profit / (Loss) before tax (VII - VIII)		(13,42,36,135)	(16,01,30,924)
X	Tax expense:			
	Current tax expense for current year		-	-
	Less: MAT credit entitlement		-	-
	Net current tax expense		-	-
	Deferred tax (expense)/income	22D	(1,15,49,210)	(7,63,439)
			(1,15,49,210)	(7,63,439)
XI.	Profit / (Loss) from continuing operations (IX - X)		(14,57,85,345)	(16,08,94,363)
XII.	Discontinuing operations			
	Profit / (Loss) from discontinuing operations (before tax)		-	-
	Add / (Less): Tax expense of discontinuing operations		-	-
	Profit / (Loss) from discontinuing operations		-	-
	Profit / (Loss) for the year (XI + XII)		(14,57,85,345)	(16,08,94,363)
	Earnings per equity share (Face Value of Rs 1,000/- per share)			
	Basic		(47.03)	(51.90)
	Diluted		(47.03)	(51.90)
	See accompanying notes forming part of the financial statements			

As per our report of even date
For BVC & Co.,
Chartered Accountants
Firm Registration No.008154S

For and on behalf of Board of Directors
Karnataka Road Development Corporation Limited

CA. Chandrashekara Shetty
Partner
Membership No.216516

B.Lakshmikanth
Manager - Finance & Accounts

T.D.Nanjundappa
Chief Engineer (I/C)

Place : Bangalore
Date : 18-08-2017

K.S.Krishna Reddy
Managing Director
(DIN: 06722607)

R.Jaiprasad
Director
(DIN: 02394530)

Karnataka Road Development Corporation Limited

CIN: U45209KA1999SGC025497

Cash Flow Statement for the year ended 31st March, 2017

Amount in Rs.

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Cash flows from operating activities		
General grants received from Government of Karnataka	2,32,00,00,000	1,72,93,00,000
Specific grants received from Government of Karnataka & other agencies	2,12,28,50,000	76,72,70,999
Grant for payment of annuity to Concessionaires	-	58,07,00,000
Toll charges collected & other incomes	75,55,430	71,11,896
Payments to contractors, suppliers and employees (including bridge)	(3,38,38,66,647)	(3,36,31,15,393)
Payment of annuity to concessionaires	(67,10,53,848)	(58,07,00,000)
<i>Net Cash from operations</i>	39,54,84,935	(85,94,32,498)
Cash flows from investing activities		
Purchase of fixed assets (excluding bridges & roads capitalised)	(63,38,718)	(13,22,842)
Proceeds from sale of fixed assets	40,000	-
Interest received	2,96,72,759	3,77,21,317
Cash generated from investing activities	2,33,74,041	3,63,98,475
Income tax paid	-	-
<i>Net Cash from investing activities</i>	2,33,74,041	3,63,98,475
Cash flows from financing activities		
Share application money received pending allotment of shares from Government of Karnataka	45,17,70,000	61,32,95,000
Proceeds from long term loans from HUDCO	1,00,00,000	57,00,00,000
Recoveries from Cement Companies	56,04,042	2,01,48,376
Repayment of long term loans to HUDCO	(36,18,94,000)	(43,60,93,000)
Interest paid & loan processing fees	(17,91,56,661)	(17,72,04,817)
<i>Net Cash from financing activities</i>	(7,36,76,619)	59,01,45,559
Net increase / (decrease) in cash & cash equivalents	34,51,82,356	(23,28,88,464)
Cash & cash equivalents at the beginning of the year	3,17,26,18,489	3,40,55,06,953
Cash & cash equivalents at the end of the year	3,51,78,00,845	3,17,26,18,489
Notes:		
1. The above cash flow statement has been prepared under the direct method set out in Accounting Standard 3 (AS-3) on Cash Flow Statement notified under the Companies (Accounting Standards) Rules, 2006.		
2. Cash and cash equivalents comprise of:		
Cash on hand	5,421	5,212
Balances with banks		
In current accounts	2,25,33,69,694	1,25,70,47,214
In deposit accounts in Corporation's name	1,26,00,00,000	1,77,01,33,333
Cheques on hand	44,25,730	14,54,32,730
	<u>3,51,78,00,845</u>	<u>3,17,26,18,489</u>

As per our report of even date
For BVC & Co.,
Chartered Accountants
Firm Registration No.008154S

For and on behalf of Board of Directors
Karnataka Road Development Corporation Limited

CA. Chandrashekara Shetty
Partner
Membership No.216516

B.Lakshmikanth
Manager - Finance & Accounts

T.D.Nanjundappa
Chief Engineer (I/C)

Place : Bangalore
Date : 18-08-2017

K.S.Krishna Reddy
Managing Director
(DIN: 06722607)

R.Jaiprasad
Director
(DIN: 02394530)

Note 2: Share capital

Amount in Rs.

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares	Amount	Number of shares	Amount
Authorised Equity shares of Rs.1,000 each	51,00,000	5,10,00,00,000	51,00,000	5,10,00,00,000
Issued, Subscribed & fully Paid up Equity shares of Rs.1,000 each	31,00,000	3,10,00,00,000	31,00,000	3,10,00,00,000

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Amount in Rs.

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs.1,000 each Opening Balance	31,00,000	3,10,00,00,000	31,00,000	3,10,00,00,000
Add: Allotments during the year	-	-	-	-
Bonus issues during the year	-	-	-	-
Closing Balance	31,00,000	3,10,00,00,000	31,00,000	3,10,00,00,000

Details of shares held by each shareholder holding more than 5% shares:

Amount in Rs.

Name of shareholder	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares held	% holding	Number of shares held	% holding
Equity shares of Rs.1,000 each				
Governor of Karnataka	25,99,990	83.87%	25,99,990	83.87%
Mysore Minerals Limited	5,00,000	16.13%	5,00,000	16.13%
Total	30,99,990	99.9997%	30,99,990	99.9997%

Note 3: Reserves & surplus

Amount in Rs.

Particulars	As at 31st March, 2017	As at 31st March, 2016
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(1,15,82,81,062)	(99,73,86,699)
Add: Profit / (Loss) for the year	(14,57,85,345)	(16,08,94,363)
Closing balance	(1,30,40,66,407)	(1,15,82,81,062)

Note 4: Long term borrowings

Amount in Rs.

Particulars	As at 31st March, 2017	As at 31st March, 2016
Term loans		
From other parties		
Unsecured		
Loan from Housing & Urban Development Corporation (Against guarantee of Government of Karnataka)	1,21,16,00,000	1,46,17,45,000
	1,21,16,00,000	1,46,17,45,000

Amount in Rs.

4.1 The terms and conditions of the loan availed by the Corporation under various schemes of HUDCO are as follows:

Scheme Number / Repayment Period in ye	Rate of interest	Long term borrowings	Current maturities	Amount outstanding as on 31st March, 2017
18228 / 13.75	10.75%	-	9,50,22,000	9,50,22,000
18271 / 13.50	10.75%	-	6,01,23,000	6,01,23,000
19954 / 12.00	10.75%	1,21,16,00,000	10,50,00,000	1,31,66,00,000
		1,21,16,00,000	26,01,45,000	1,47,17,45,000

Note 5: Long-term provisions

Amount in Rs.

Particulars	As at 31st March, 2017	As at 31st March, 2016
Provision for Pension	2,17,89,917	1,74,87,374
Provision for Gratuity	34,51,922	18,98,103
	2,52,41,839	1,93,85,477

Note 6: Trade payable

Amount in Rs.

Particulars	As at 31st March, 2017	As at 31st March, 2016
Sundry Creditors for expenses	1,06,66,304	1,09,89,623
Sundry Creditors for contract works - bridges	30,94,699	63,60,699
Sundry Creditors for contract works - others	89,67,94,567	75,49,54,133
Consultancy fee payable	92,73,951	1,19,20,604
	91,98,29,521	78,42,25,059

Note 7: Other current liabilities

Amount in Rs.

Particulars	As at 31st March, 2017	As at 31st March, 2016
Current maturities of long term borrowings from HUDCO Under scheme 18228, 18271 & 19954	26,01,45,000	36,18,94,000
Amount withheld from contractor bills	5,74,08,566	5,71,16,169
Statutory remittances	17,31,85,650	2,01,61,391
Security deposits from contractors	42,64,44,725	35,37,92,327
Interest accrued but not due - HUDCO loan	1,20,20,738	1,17,51,252
Guarantee commission payable to Government of Karnataka	1,64,31,470	3,34,24,868
CBF Payable	-	55,36,095
Unutilized grants from government and government agencies - General	1,00,00,00,000	26,84,206
Unutilized revenue grants from government - HUDCO loan interest payment	-	37,73,217
Unutilized grants from government and government agencies - Specific (See Note 7.1)	2,89,56,90,692	3,41,35,00,054
Employee Recoveries	6,26,460	8,09,374
Share application money pending allotment (See Note 7.3) Government of Karnataka (See Note 7.2)	8,87,70,25,102	9,31,31,18,102
	13,71,89,78,403	13,57,75,61,055

- 7.1 Unutilised Grants from Government and Government Agencies - Specific include Rs.79,91,33,234 (Previous year Rs.166,10,64,998) as "Grants - PPP". In the G.O. No. 'PWD 01 EAP 2009 Bangalore dated 07.03.2009 and 31.03.2009, GoK approved establishment of a Corpus Fund for taking up PPP Projects and sanctioned opening a Deposit Account in the name & style of "Karnataka Road Fund" in the Public Account of the State under head of account 8449-00-120-9-36 and sanctioned Rs. 250 crore to the KRDCCL with direction that the amount credited to "Head of Account 8449-00-120-9-36 Deposit Account of Karnataka Road Fund in the Public Account of the State". As per the approval of the GoK, Rs. 250 crores was withdrawn from the Public Deposit Account for meeting PPP expenses and payments to Infrastructure Development Corporation Karnataka Limited towards PPP Project Advisory services.

7.2 GoK vide G.O. No. PWD/81/EAP/2001/Bangalore dated 07.11.2001 has instructed the Corporation to issue shares from time to time for the budgetary support received for servicing and repayment of loans availed from the Housing & Urban Development Corporation for implementation of the projects. Such budgetary support aggregating to Rs. 887.70 crore (Previous year Rs. 931.31 crore) received upto 31.03.2015 is accounted under 'Share Application Money Pending Allotment'. During the year "The Office of the Principal Accountant General (A&E) Karnataka vide letter no. TM/T4/2017-18/186, in view of change in accounting policy by GoK to the effect that the amount paid towards repayment of principal portion of the loan payable to HUDCO having been treated as an expense in their books, the Corporation has discontinued the earlier practice of accounting the releases as credit to advance against equity. Corporation has submitted proposal to the GoK to set off above releases against project 'expenditure incurred and grouped under 'Amount Receivable from GoK', which is under "Other Current Assets".

7.3 Share application money received by the corporation is in excess of issued capital of the corporation. In view of requirement of clause 6 G (g) of Schedule III to Companies Act, 2013, as the share application money is in excess of the authorized capital such excess amount is considered as current liabilities. Details regarding the number of shares proposed to be issued, premium amount if any, period before which shares shall be allotted and other terms and conditions of issue are not determined.

Note 8: Short-term provisions

Particulars	<i>Amount in Rs.</i>	
	As at 31st March, 2017	As at 31st March, 2016
Provision for Income Tax :		
Provision for Income Tax FY 12-13	75,45,304	75,45,304
Provision for Income Tax FY 13-14	1,83,74,801	1,83,74,801
Provision for employee benefits:		
Provision for Leave Salary	2,53,44,270	2,25,06,975
Provision for Gratuity	1,93,240	1,20,800
Provision - Others:		
Provision for completed bridges	-	19,21,98,937
Provision for Service Tax :		
Provision for service tax on administration charges	1,17,25,322	93,77,072
	6,31,82,937	25,01,23,889

Note 10: Long-term loans and advances*Amount in Rs.*

Particulars	As at 31st March, 2017	As at 31st March, 2016
Security deposits	25,85,501	25,85,501
Due from Contractors -Mobilization Advance towards construction of (other than bridges ca	30,37,29,340	15,44,92,847
Balances with Government authorities		
(i) Advance income tax - disputed AY 2011-12	3,23,30,753	3,23,30,753
(ii) Advance income tax - disputed AY 2012-13	5,00,00,000	5,00,00,000
(iii) Advance income tax - disputed AY 2013-14	2,22,00,000	-
(iv) Advance income tax - disputed AY 2014-15	1,28,800	-
(v) TDS on interest income earned	17,41,55,423	16,26,64,443
(vi) TDS-KSIIDC	4,07,880	4,07,880
(vii) Tax collected at source	39,913	-
(viii) MAT credit entitlement FY 2012-13	75,45,304	75,45,304
(ix) MAT credit entitlement FY 2013-14	1,83,74,801	1,83,74,801
<i>(All the above are unsecured and considered good)</i>		
	61,14,97,715	42,84,01,529

Note 11: Other non-current assets*Amount in Rs.*

Particulars	As at 31st March, 2017	As at 31st March, 2016
Deposits held jointly in the name Corporation and Contractors (Refer Notes 11.1 to 11.2) (investment of further security deposit withheld)	1,14,50,967	1,14,50,967
	1,14,50,967	1,14,50,967

11.1 Earnest Money Deposit (EMD) and Further Security Deposit (FSD) received/recovered from State Highway Maintenance contractors and deployed in Fixed Deposits in the joint name of the Corporation & Contractor as per the agreement and is shown under 'Cash & Bank Balances - Deposits accounts' and the corresponding liability under 'Other Liabilities - Security Deposit from contractors'.

11.2 Interest on these deposits is not recognized in the books as the same accrues to the contractors.

Note 12: Trade receivable

Particulars	<i>Amount in Rs.</i>	
	As at 31st March, 2017	As at 31st March, 2016
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	-	-
Unsecured, considered good	-	-
Doubtful	-	-
	-	-
Less: Provision for doubtful trade receivables	-	-
Total - A	-	-
Other Trade receivables		
Secured, considered good	86,987	-
Unsecured, considered good	-	-
Doubtful	-	-
	86,987	-
Less: Provision for doubtful trade receivables	-	-
Total - B	86,987	-
Total - A + B	86,987	-
Above trade receivables include debts due from:		
Directors	-	-
Other officers of the Company	-	-
Firms in which any director is a partner	-	-
Private companies in which any director is a director or member	-	-
	-	-

Note 13: Cash & cash equivalents

Particulars	<i>Amount in Rs.</i>	
	As at 31st March, 2017	As at 31st March, 2016
Cash on hand	5,421	5,212
Balances with banks		
In current accounts	2,25,33,69,694	1,25,70,47,214
In deposit accounts		
i) In term deposits	1,26,00,00,000	1,77,01,33,333
Cheques on hand	44,25,730	14,54,32,730
	3,51,78,00,845	3,17,26,18,489

Note 14: Short-term loans and advances

Particulars	<i>Amount in Rs.</i>	
	As at 31st March, 2017	As at 31st March, 2016
Unsecured and considered good		
Advances towards land acquisition (Refer Note 14.1)	37,76,56,766	38,73,68,259
Loans and advances to employees (Refer Note 14.2)	5,69,183	16,87,138
Other Advances	50,16,188	2,30,72,350
Capital Advance	-	3,97,725
Prepaid expenses - Unsecured, considered good	5,18,267	1,25,225
Due from Contractors -Other Advances	6,95,670	6,95,670
	38,44,56,074	41,33,46,366

14.1 Advances towards land acquisition include Rs. 37.77 crore (Previous year Rs 38.74 crores) deposited with Different Special Land Acquisition Officers pertaining to the period from 2001-02 to 2016-17 for disbursement of compensation towards land acquisition pending submission of utilization certificate/rendering accounts by the said Special Land Acquisition Officer.

14.2 Loans & Advances to employees include Rs. 3.56 lakh in the name of a former Director of the Corporation for the advances paid to him during the years 2000 & 2001 for foreign tours as part of the official delegation, which is pending settlement, for which no provision is made.

Note 15: Other current assets*Amount in Rs.*

Particulars	As at	As at
	31st March, 2017	31st March, 2016
Interest accrued on term deposits	33,57,551	67,17,971
Interest accrued on mobilisation advance	1,02,75,410	26,67,223
Earned Leave recoverable from government departments (in respect of employees on deputat	98,45,315	80,97,680
Amount receivable from cement companies	15,13,040	71,17,082
Advertisement charges recoverable	2,04,977	4,84,903
Amount recoverable from Government of Karnataka (See Note 7.2 & 15.1 to 15.2)	9,87,51,84,187	10,96,78,95,575
	9,90,03,80,480	10,99,29,80,434

15.1 This represents amount allocated as recoverable from GoK relating to bridges costing less than 25 lakhs and other road works. Bridges costing more than 25 lakhs, including self financed projects are not considered as amount receivable from Gok but the same is capitalized as and when the works are completed. The amount spent over and above grants are met out of Loans availed from HUDCO.

15.2 Grants from GOK were apportioned between bridges and roads on the basis of action plan at the beginning of the year for various projects, on pro rata basis up to financial year 2011-12. Excess of grants over the expenditure incurred were grouped under 'Unutilized Grants' shown as part of Current Liabilities. Excess of expenditure incurred over grants apportioned are grouped under 'Advance Recoverable from GOK' under Current Assets. From the financial year 2012-13 the grants are allocated on the basis of expenditure incurred during the year. Excess of grants apportioned to certain works and continued to be shown as unutilized have been re-allocated to other works in respect of which expenses were incurred in excess of grants and balance as Receivable from GOK.

Note 16: Revenue from operations*Amount in Rs.*

Particulars	For the year ended	For the year ended
	31st March, 2017	31st March, 2016
a) Sale of services (Refer Note 16.1)		
- Toll charges collected	71,03,945	-
b) Other operating income		
- Revenue grants received from Gok (See Note 19.2)	17,13,85,568	18,12,66,124
- Interest earned on mobilization advance (See Note 16.2)	1,39,63,660	1,31,52,565
- Administration charges collected	1,56,55,008	62,01,348
	20,81,08,181	20,06,20,037

16.1 Toll charges represents Toll fee collected from users of Sandur Hospete (SH 49) road built under Self-financed scheme.

16.2 Interest earned on mobilization advance given to contractors towards Hubli Dharwad BRTS works is recognized as income vide letter No.DULT/38/HDBRTS/Works-MTL/2014-15 issued by Directorate of Urban Land Transport Urban Development Department dated 01-09-2014. (Refer para 1.6 in Note 1 - Significant accounting policies)

Note 17: Other income*Amount in Rs.*

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Interest income on short term deposits	3,17,27,831	3,80,02,376
Other non-operating income		
- Guarantee commission no longer payable written back	3,34,25,000	-
- RFQ processing fee	20,000	65,99,300
- Grants no longer payable written back	14,49,748	-
- Other non operating income	21,43,619	9,76,587
- Road cutting charges received	1,58,32,816	-
Prior period income (Refer Note (i) below)	19,54,756	65,04,681
	8,65,53,769	5,20,82,944
Note (i):		
Prior period income includes -		
Leave encashment payable	13,97,610	-
Leave encashment recoverable from deputed dept	-	28,01,524
LWF	1,82,811	-
Other prior period income	1,28,740	-
Provision for service tax on admin charges	-	22,69,293
Royalty others	2,45,595	-
World bank assisted co-financing scheme	-	14,33,864
	19,54,756	65,04,681

Note 18: Employee benefits expense*Amount in Rs.*

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Salaries and wages		
Salaries & wages - employees	3,00,77,401	3,46,75,913
Leave encashment and LTC	24,18,942	44,84,817
Managing director remuneration	11,50,494	9,76,122
Contributions to provident and other funds		
Provident fund	8,97,028	8,13,785
Pension	20,19,321	22,58,330
Gratuity	16,78,261	4,12,770
Medical reimbursement	10,05,377	14,88,837
Staff welfare	7,92,093	6,89,406
	4,00,38,917	4,57,99,980

Note 19: Finance costs*Amount in Rs.*

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Interest expense on:		
Borrowings from HUDCO (See Note 19.1 & 19.2)	17,94,48,498	18,12,66,124
Guarantee commission to Gok	1,64,31,602	1,61,85,546
	19,58,80,100	19,74,51,670

19.1

The Corporation receives budgetary support by way of grants from GoK for repayment of principal and payment of interest on loans borrowed from HUDCO. Upto 31.03.2011 these were released by way of Capital Grants. From 01.04.2011, the grants towards repayment of principal was released by Gok as capital grants and the same were accounted as "Share Application Money Pending Allotment of Shares".

19.2

During the current year the budgetary support for interest payments have been received by way of revenue grants which is included as part of 'Revenue from Operations' - Note 16(b). In view of interest expense reimbursed by GoK by way of Revenue Grants allocation of interest expenditure to Capital WIP undertaken on behalf of GoK is discontinued with effect from 01.04.2011.

Note 20: Other expenses

Amount in Rs.

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Audit fee	3,05,500	3,63,500
Bank charges	12,259	18,520
Chairman & Vice Chairman honorarium (Refer Note (i) below)	14,95,524	6,52,500
Chairman & Vice Chairman office expenses (Refer Note (ii) below)	15,73,777	5,33,687
Communication	9,40,916	8,26,458
Directors sitting fees	3,96,750	1,58,560
General body, board & other meetings	5,40,053	6,45,740
General insurance	1,85,653	1,70,577
House keeping & office maintenance	1,90,257	2,85,860
Legal and professional	34,60,064	23,36,563
Loss on sale of fixed assets	23,107	-
Miscellaneous expenses	2,33,045	12,44,140
Printing and stationery	17,85,187	14,58,747
Prior period expenses (Refer Note (iv) below)	1,63,208	2,05,16,083
Publication of notices and advertisements	7,71,882	16,23,826
Rates and taxes	60,850	35,180
Rent	36,14,352	38,06,185
Repairs and maintenance - computers	4,28,095	1,81,452
Repairs and maintenance - others	1,49,078	93,306
Service tax on administration charges	23,48,250	8,99,195
Travelling and conveyance	1,05,37,709	1,13,38,227
Vehicle maintenance	18,15,008	14,64,866
Water & electricity charges	1,91,732	3,26,855
	3,12,22,256	4,89,80,027
Note (i)		
Chairman & Vice Chairman honorarium comprises:		
Honorarium	10,31,373	4,96,500
House rent allowance	4,34,151	1,20,000
Telephone allowance	30,000	36,000
	14,95,524	6,52,500
Note (ii)		
Chairman & Vice Chairman office expenses comprises:		
Staff salaries and allowances	6,38,531	1,38,000
Travel expenses incl fuel expenses	4,03,975	1,16,738
Office expenses	2,64,515	2,56,478
Sumptuary allowance-Chairman	75,000	-
Vehicle maintenance	1,91,756	22,471
	15,73,777	5,33,687
Note (iii)		
Payments to the auditors comprises :		
As auditors - Statutory audit	2,06,500	2,87,500
Tax audit	59,000	46,000
Reimbursement of expenses	40,000	30,000
	3,05,500	3,63,500
Note (iv)		
Prior period expenses includes -		
Administration charges - written back	-	1,94,92,561
AMC charges	-	21,250
Consultancy charges - Forest & Environment	-	7,85,183
Contribution to SPF	-	36,646
Mobile phone charges	-	1,300
Other prior period expenses	1,63,208	-
PF administration charges	-	432
Postage, telephone & courier	-	5,489
Staff outsourcing - Hassan	-	1,53,823
Staff welfare expenses	-	19,399
	1,63,208	2,05,16,083

Note 21: Additional information to the financial statements

Rs. in crores

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
A. Contingent liabilities and commitments (to the extent not provided for)		
(i) Contingent Liabilities		
(a) Claims against the Company not acknowledged as debt	340.35	638.27
(b) Guarantees	Nil	Nil
(c) Other money for which the Company is contingently liable	Nil	Nil
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	587.00	416.00
(b) Uncalled liability on shares and other investments partly paid	Nil	Nil
(c) Other commitments	Nil	Nil
(d) Liability in respect of Income Tax Assessments pending before the respective author	28.71	28.63
	956.06	1,082.90
B. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006		
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	Nil	Nil
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	Nil	Nil
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	Nil	Nil
(iv) The amount of interest due and payable for the year	Nil	Nil
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	Nil	Nil
<i>Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.</i>		

KARNATAKA ROAD DEVELOPMENT CORPORATION LIMITED

Note 1: Significant Accounting Policies and notes on accounts

1.1. Corporate Information

Karnataka Road Development Corporation Limited ('The Corporation') was established on 21 July 1999 with the specific objective of developing Roads, Bridges and other related infrastructure works connected with Surface Transport vide G.O. No. PWD 172 CRM 97 Bangalore dated 01.06.1999.

1.2. Basis of preparation of Financial Statement

Financial statements have been prepared under the historical cost convention on going concern and accrual basis and generally comply with the mandatory Accounting Standards notified under the Companies (Accounting Standards) Rules 2006 (as amended) and the relevant provisions of Companies Act, 2013.

1.3. Use of Estimates

The preparation of the financial statements is in conformity with Indian GAAP which requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

1.4. Property, Plant and Equipment Assets

Property, Plant and Equipment's are stated at acquisition cost directly related to and incidental to acquisition.

1.4.1. Capital Work in Progress (CWIP)

Expenditure incurred on project works (excluding deposit contribution works) including bridges costing below Rs. 25 lakh which are executed by the PWD but paid for, by the Corporation out of budgetary support received from the Government of Karnataka (GOK) are initially recognized as CWIP. On completion of the works, while bridges (under taken in Phase-II, III, & IV of G.O.No PWD 10 EAP 2004 Bangalore dated 24.12.2004 for Phase-II at Rs. 200 crore, Order No. PWD 51 EAP 2005 Bangalore dated 09.01.2006 for Phase-III at Rs. 210 crore and Order No. PWD 37 EAP 2006 Bangalore dated 26.04.2007 for Phase-IV at Rs.300 crorecosting above Rs. 25 lakh) are transferred to fixed assets under bridges, expenditure in respect of other completed works are transferred to 'Amount Receivable from GOK'.

Consultancy/supervision charges, project launching expenses, borrowing cost net of interest earned on deployment of borrowings (allocated on the basis of amount of capital work done) and other incidental expenditure related directly to specific bridges/construction of bridges allocated on the basis of estimated cost are booked under CWIP.

Engineers' salary and other benefits are also apportioned to bridges, capital work-in-progress and other works undertaken during the year, based on the expenditure incurred during the year.

1.4.2. Capitalization of Bridges costing more than Rs. 25 lakh

Among the project works, bridges under taken in Phase-II, III, & IV of G.O.No PWD 10 EAP 2004 Bangalore dated 24.12.2004 for Phase-II at Rs. 200 crore, Order No. PWD 51 EAP 2005 Bangalore dated 09.01.2006 for Phase-III at Rs. 210 crore and Order No. PWD 37 EAP 2006 Bangalore dated 26.04.2007 for Phase-IV at Rs.300 crore) costing more than Rs. 25 lakh are only considered as assets of the Corporation and capitalized after black topping is done.

1.5. Depreciation

Depreciation has been provided on straight-line method at the rates and manner provided for in the Schedule II of the Companies Act 2013, except in the case of Library Books which are depreciated 100% in the year of acquisition.

Cost of fixed furniture (includes wooden partition), sanitary, electrical and civil works, improvements carried out in rented premises are written off over the lease period of the rented premises.

Intangible assets have been amortized over a period of 5 years.

1.6. Revenue recognition

Toll charges collected in respect of roads constructed under Self-financed project is recognized as revenue from operations.

Administrative charges / interest earned on mobilization advance are recognized as revenue under Deposit Contribution Works executed during the financial year in terms of the Memorandum of Understanding / Contract with respective Govt. agencies.

Interest earned on deposits is recognized as income net of interest attributable to unutilized grants.

1.7. Accounting of Government Grants

Generally Government grants are recognized in books of account where there is a reasonable certainty of collecting the grant amounts. However revenue grants are only accounted on actual receipt. Such revenue grants are recognized as revenue in the statement of Profit & Loss over the periods necessary to match them with related costs for which the grant is intended to compensate. However any excess of grants over the actual expenditure is considered as a liability and accounted as Unutilized Grants under Current Liabilities.

1.7.1. Grants for State Highway Maintenance Work

Corporation as the nodal/monitoring agency for and on behalf of the GOK is handling State Highway Maintenance works for a period of three years. Cost of maintenance work is met

through grant(non-plan) and borrowings from the Housing and Urban Development Corporation. Government provides budgetary support for loan servicing and repayment. Expenditure in excess of the grant/s is treated as 'Advances Recoverable from GOK'.

1.7.2. Grant for bridges and roads

Grants from GOK were apportioned between bridges and roads on the basis of action plan at the beginning of the year for various projects, on pro rata basis up to financial year 2011-12. Excess of grants over the expenditure incurred were grouped under 'Unutilized Grants' forming the part of Current Liabilities. Excess of expenditure incurred over grants apportioned were grouped under 'Advance Recoverable from GOK' under Current Assets.

From the financial year 2012-13 the grants are allocated on the basis of expenditure incurred during the year. Excess of grants apportioned to certain works and continuing to be shown as unutilized have been re-allocated to other works in respect of which expenses were incurred in excess of grants and balance is shown as Receivable from GOK.

1.8. Staff benefits

1.8.1. Employees on Contract

Present liability towards leave salary and Gratuity in respect of contract employees is calculated and provided on the basis of actuarial valuation method that such benefits are payable to all employees at the end of the accounting year.

Benefit of Provident Fund is extended on voluntary basis and contributions are charged to the Profit and Loss Account.

Other retirement benefits if any, is recognized on payment basis.

1.8.2. Employees on Deputation

Provision towards Pension and Leave Salary contribution to the Parent Employer are made on the basis of Karnataka Civil Service Rules in respect of Government employees and claims received from the parent employer in respect of other deputationists.

1.9. Borrowing Cost

Interest and other borrowing costs including guarantee commission relating specifically and directly, processing charges on the loans borrowed, for the purpose of construction of bridges, roads and other projects are allocated on the basis of expenditure incurred on the assets/projects up to the date of their completion. Borrowing costs not relating specifically and directly to projects are charged to the Statement of Profit & Loss in the year in which it is incurred.

1.10. Segment Reporting

The company is engaged in the business of developing Roads, Bridges and other related infrastructure works connected with surface transport. These, in the context of Accounting Standard 17 on Segment Reporting as specified in the Companies (Accounting Standard) Rules, 2006, are considered to constitute one single primary segment. Further, there is no reportable secondary segment, i.e., Geographical Segment.

1.11. Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. In the absence of taxable income in the current financial year, no tax is payable by the Corporation.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future tax benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax.

Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future tax benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realizability.

1.12. Provisions

Provision is recognized when the company has a present obligation as a result of past events. It is probable that the outflow of resources will be required to settle this obligation, in respect of which reliable estimate can be made. Provisions are not discounted at present value and are determined based on the best estimate required to settle the obligation as at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

1.13. Contingent Liabilities

All known liabilities wherever material are provided for. Liabilities that are material, whose future outcome cannot be ascertained with reasonable certainty are contingent and disclosed by way of notes to accounts.

1.14. Impairment of Property, Plant and Equipments:

Bridges and roads capitalized cannot be sold in the normal course of business and there are no future cash flows arising out of the above assets as such it is impractical to impair the asset as required under AS 28 and therefore these assets not checked for impairment.

As per our report of even date
For BVC & Co.,
Chartered Accountants
Firm Registration No. 008154S

For and on behalf of Board of Directors
Karnataka Road Development Corporation Limited

CA. Chandrashekara Shetty
Partner
Membership No.216516

B.Lakshmikanth
Manager - Finance &
Accounts

T.D.Nanjundappa
Chief Engineer(I/C)

Place :Bangalore
Date: 18-08-2017

K.S.Krishna Reddy
Managing Director
(DIN: 06722607)

R.Jaiprasad
Director
(DIN: 02394530)

