

Notes to the Consolidated Financial Statements (Contd.)

Particulars	Note No	31st March 2017 (₹)	31st March 2016 (₹)
Long Term Loans and Advances	13		
(a) Secured and Considered Good			
(i) Advances		757,149,500	844,859,500
(ii) Vehicle Loan to Employees		274,959	414,008
(b) Unsecured and Considered Good			
(i) Capital Advances		270,129,555	234,180,653
(ii) Security Deposits		20,099,403	20,159,974
(iii) Advances		132,584,410	102,031,876
(iv) Computer Loan to Employees		79,000	60,641
(v) Balance with government authorities		6,364,425	11,823,464
(c) Doubtful			
(i) Term Loans		4,982,656	4,982,656
Less: Provisions		-4,982,656	-4,982,656
(ii) Other Advances		110,205,816	110,205,816
Less: Provision for Doubtful advances		-110,205,816	-110,205,816
(d) Other Loans and Advances			
(a) Staff Advance		1,698,737	2,211,745
(b) Other Term Loans		1,426,739,453	1,550,877,502
Less: Provisions		-1,426,739,453	-1,325,281,578
(c) Other Advances		94,075,574	96,692,526
Less: Provisions		-94,073,542	-96,986,511
(d) Bridge Loans		43,720,177	44,795,177
Less: Provisions		-43,720,177	-44,695,177
(e) Corporate Loan		421,115,836	423,677,191
Less: Provisions		-421,115,836	-415,348,780
(f) Seed Capital		0	0
(g) Central Government Grants Released		44,332,000	44,332,000
(h) State Government Grant Released		186,629,910	186,629,910
(i) Others			
(i) Retention Money		0	-168,270
(ii) Misappropriation		2,711,970	2,711,970
(i) Provision for gratuity		1,940,593	0
Total		1,423,996,494	1,682,977,821
Non Current Assets	14		
Other Non Current Assets			
Gratuity (Net)		0	0
Advance Income Tax		905,592,385	831,480,258
Fixed Deposit-IDBI Bank		315,121,738	195,000,000
Total		1,220,714,123	1,026,480,258
INVENTORY	15		
Stock-in-trade		989,089,305	825,444,417
Total		989,089,305	825,444,417

Notes to the Consolidated Financial Statements (Contd.)

Particulars	Note No	31st March 2017 (₹)	31st March 2016 (₹)
Trade Receivables	16		
(i) Secured and Considered Good		441,411	1,457,000
(ii) <u>Unsecured, considered good</u>			
Rent Receivable -			
Less than Six Months		15,532,329	12,701,560
Exceeding Six Months		2,152,471	280,570
Provision		-219,710	-219,710
Maintenance Charges receivable -			
Less than 6 months		88,591,409	16,879,782
More than 6 months		53	58,453,309
Provision		-5,475	-5,475
Other Debts -			
less than six months		490,752,256	629,034,259
more than six months		309,417,125	171,989,670
Provision		-1,414,219	-7,266
(iii) <u>Considered doubtful and provided for</u>			
Others		125,495,882	120,147,564
Provision for Others		-125,388,024	-119,998,486
Bills Discounted		50,027,114	50,027,114
Provision		-50,027,114	-50,027,114
Total		905,355,508	890,712,777
Current Assets			
Cash and Cash Equivalents	17		
Balance with Bank:			
In Current Accounts		607,629,949	198,753,013
In Deposit Accounts		67,744,070	64,784,926
Fixed Deposit with Bank:			
Maturing within 12 months		1,252,833,208	918,177,436
Maturing after 12 months		2,137,828,478	1,687,592,967
Bank deposits as margin money against bank guarantees		647,459,272	659,015,606
Cash on Hand		10,628	6,565,382
Cash on Hand at Head office		4,952	17,246
Cash, Stamps and Coupons on hand		43,215,121	40,269,449
Imprest at branches		180,077	165,000
Bank balances:			
In deposit accounts- Under Lien with banks- (Less than 12 months)		686,047	640,814
In deposit accounts-(Less than 12 months)		1,360,926	1,793,783
Remittances -in-transit:			
Cash-in-transit		212,345	117,668
Total		4,759,165,073	3,577,893,290

Notes to the Consolidated Financial Statements (Contd.)

Particulars	Note No	31st March 2017 (₹)	31st March 2016 (₹)
Short Term Loan and Advances	18		
(a) Loans and advances to employees - Unsecured, considered good		470,978	506,717
(b) Balance with government authorities & others: Duties and Taxes		2,450,829	227,046
(c) Prepaid expenses		48,326,252	35,245,345
(d) MAT Entitlement Credit		0	0
(e) Secured Loans		204,134	204,134
(f) Advances:			
Secured		860,586,000	764,650,500
Unsecured		122,145,287	397,212,728
Considered Doubtful		11,822,913	10,333,770
Provision for Doubtful Advances		-11,822,913	-10,333,770
(g) Others (Unsecured, considered good)			
(i) Trade Advances		53,851,162	141,694,542
(ii) Department of Excise - Torches & UV Light		32,720	32,720
(iii) Others		348,801	99,901
Total		1,088,416,163	1,339,873,633
Other Current Assets	19		
Interest accrued on deposits and investments		154,158,299	158,358,378
Staff Loans		109,659	73,832
Receivable from KSBCL		0	0
Seed capital assistance -Cos		60,640,175	60,640,175
Project Development Expenses - PDA		7,126,897	7,256,272
sales tax deposit		4,709,938	4,709,938
Project Development Expenses - BMRCL		325,733	325,733
Rent Receivable		5,883,544	12,488,406
Gratuity (Net)		0	0
Others		22,445,214	22,614,650
Total		255,399,459	266,467,384
Income from Operations	20		
(a) Sale of products		14,406,161,910	13,360,148,412
(b) Sale of services:			
(i) Media Advertisements and other services		1,104,873,507	709,901,828
(ii) Event Organising		323,419,167	316,044,296
(c) Dividend from Investments		72,413,844	27,800,530
(d) Interest received on Long Term Loans		87,135,320	30,054,932
(e) Interest received on Short Term Loans		0	43,087,025
(f) Project Development Fees		0	0
(g) Infrastructure Project Fee Income		3,045,089	897,625
(h) Other Operating Revenue		167,429,000	160,081,840
(i) Profit on Sale of Shares		0	0
Total		16,164,477,837	14,648,016,488

Notes to the Consolidated Financial Statements (Contd.)

Particulars	Note No	31st March 2017 (₹)	31st March 2016 (₹)
Income from others	21		
(a) Rent Received		328,933,294	307,033,815
(b) Interest Received on Fixed Deposits		280,625,705	303,668,101
(c) Interest on Laptop Loan		0	96
(d) Interest on Vehicle loan		40,925	39,512
(e) Interest on Flexi Deposit		1,954,284	1,564,991
(f) Provision for debts written back		-1,786,519	8,215,105
(g) Sales Tax Provision written back		0	0
(h) Bad debts recovered		0	0
(i) Excess Provision Withdrawn		0	0
(j) Interest on Loans and Advances		10,545,498	937,411
(k) Bank loans			
(l) Joint Business Income:			
KSSPL Share of Profit/ Loss		31,751	31,803
JWJ Share of Profit/ Loss		0	0
(m) Income from Long term Investment		405,678	0
(n) Discount received		2,214,130	5,367,607
(o) Profit on Sale of Assets		25,555	147,999
(p) Miscellaneous Income		87,443,089	41,139,433
(q) Income from Associates		126,780,931	82,526,911
Total		837,214,321	750,672,784

Notes to the Consolidated Financial Statements (Contd.)

Particulars	Note No	31st March 2017 (₹)	31st March 2016 (₹)
COST OF MATERIAL CONSUMED	22		
Cost of Material Consumed		104,530,364	103,310,484
Total		104,530,364	103,310,484
PURCHASES OF STOCK-IN-TRADE:	23		
Alcohol		12,333,606,230	11,501,772,464
Stationery		137,178,412	23,756,115
pharmaceuticals		1,438,224	1,145,878
Cost of Excise Labels Purchased		548,940,237	560,750,915
Others		36,437,893	3,634,495
Total		13,057,600,996	12,091,059,867
CHANGES IN INVENTORIES OF STOCK-IN-TRADE	24		
Inventories at the end of the year		969,345,736	772,877,745
Inventories at the beginning of the year		772,877,745	600,099,742
Total		-196,467,991	-172,778,003
Infrastructure Project Expenses	25		
Infrastructure Project Expenses		2,852,829	802,500
Total		2,852,829	802,500
COST OF SERVICES PROCURED:	26		
a) Media Advertisements and other services		968,071,972	624,015,744
b) Event Organising		299,851,794	300,330,125
Total		1,267,923,766	924,345,869
Employee Benefit Expense	27		
(a) Salaries and Allowances		262,335,800	253,018,369
(b) Gratuity		1,969,402	7,456,960
(c) Contribution to Provident Fund		20,519,178	24,081,547
(d) Staff Welfare		45,581,281	45,870,711
(e) Man Power Service		389,396	586,661
(f) Freelance charges		0	24,252,986
(g) Leave Encashment		1,301,670	1,496,919
(h) Wages		0	0
(i) Other Provisions		14,004,256	15,769,090
Total		346,100,983	372,533,243

Notes to the Consolidated Financial Statements (Contd.)

Particulars	Note No	31st March 2017 (₹)	31st March 2016 (₹)
FINANCIAL COSTS	28		
(a) Interest on Bonds		0	0
(b) Interest on HUDCO Loan		0	1,683,647
Less: Received from Government of Karnataka		0	-1,683,647
(c) Interest paid on Others		243,864	14,535,373
(d) Interest expenses		3,652,542	101,779
(e) Bank/ Financial Charges		0	20,038
(f) Bond Issue/ Service Charges		0	0
(g) Commission/ STT on sale of shares		0	0
(h) Guarantee Commission		3,276,927	3,163,065
(i) Bank Charges		1,936,275	1,576,167
Total		9,109,608	19,396,422

Notes to the Consolidated Financial Statements (Contd.)

Particulars	Note No	31st March 2017 (₹)	31st March 2016 (₹)
Other Expenses	29		
(i) Consumption of stores and spare parts		0	0
(ii) Power and fuel		0	0
(iii) Electricity and Water Charges		15,357,039	14,133,450
(iv) Rent Paid		70,382,033	63,295,967
(v) Repairs and maintainance			
Buildings		10,646,804	18,111,267
Vehicles		3,483,449	4,016,298
Others		9,394,970	8,528,036
(vi) Insurance on Assets		8,172,933	7,755,478
(vii) Rates and Taxes		242,485,139	176,682,951
(viii) Travelling and Conveyance Expenses		22,077,457	19,162,819
(ix) Legal and Professional Charges		64,643,174	28,531,621
(x) Communication Expenses		10,638,399	10,647,929
(xi) Printing and Stationery		11,628,594	10,267,293
(xii) Vehicle Running Expenses		0	0
(xiii) Advertisement and Publicity		17,192,116	27,385,274
(xiv) Office Maintenance		4,287,201	2,903,856
(xv) Security Service Charges		6,618,783	5,444,961
(xvi) Business Restructuring Plan Fee		0	0
(xvii) Business Promotion Expenses		2,668,452	2,459,475
(xviii) Bad Debts, Advances and Investments written off		3,962,040	9,124,533
(xix) Provision for doubtful trade and other receivables		107,958,169	0
(xx) Subscriptions to Books, Periodicals and Journals		474,903	501,484
(xxi) Director's Sitting Fees		0	0
(xxii) Packing and forwarding		68,166,775	63,656,119
(xxiii) Sales discount		10,247,455	5,552,679
(xxiv) Donations		48,379,046	71,448,882
(xxv) Interest paid on belated payment of taxes		0	0
(xxvi) Payment to Auditors		993,150	930,705
(xxvii) Commission Expenses		17,062,172	6,913,903
(xxviii) Franchisee Expenses		242,345,257	206,319,979
(xxix) Modified Expenses - Note Books		14,018,664	17,542,311
(xxx) Miscellaneous expenses			
Seminar and Training Expenses		130,685	88,922
General Expenses		19,358,041	13,825,085
Director's Sitting Fees		134,000	56,000
AGM Expenses		75	473
Sponsorship and Event participation		0	0
Prepaid expenses written off -earlier years		119,261	0
Computer peripherals and consumables		0	0
Membership and subscription		0	0
Penalty for belated returns		1,651,502	53,979
Foreign Exchange Fluctuations		0	249,311
Loss on sale of Property/ Assets		20,590	57,951
Provision for sales tax for earlier years		0	4,071,938
VAT/Service tax Written off		675,324	310
Corporate Social Responsibility Expenses		9,869,504	9,849,220
Total		1,045,243,156	809,570,459

SIGNIFICANT ACCOUNTING POLICIES [CONSOLIDATED]:

Note: 30

1. ACCOUNTING CONVENTION

- a. The accompanying financial statements have been prepared under the historical cost convention, on an accrual basis in accordance with the Indian Generally Accepted Accounting Principles (GAAP). These consolidated financial statements have been prepared to comply in all material aspects with the accounting standards & the other relevant provisions of the Companies Act, 2013.
- b. The preparation of financial statements requires the management of the company to make estimates & assumptions that affect the reported balances of assets & liabilities & disclosures relating to the contingent liabilities as at the date of the financial statements & reported amounts of income & expenses during the year. Examples of such estimates include provision for doubtful debts, employee benefits, provision for income taxes, the useful lives of depreciable fixed assets & provision for impairment.

2. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements relate to Karnataka State Industrial and Infrastructure Development Corporation Limited ('the Corporation') and its subsidiary companies, associates and joint ventures. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Corporation and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements"
- b) Interest in Joint Ventures has been accounted by using the proportionate consolidation method as per Accounting Standard (AS) 27 - "Financial Reporting of Interest in Joint Ventures".
- c) The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is

recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.

- d) The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the Consolidated Statement of Profit and Loss being the profit or loss on disposal of investment in subsidiary.
- e) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Corporation.
- f) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Corporation shareholders.
- g) Investment in Associate Companies has been accounted under the equity method as per Accounting Standard (AS) 23 - "Accounting for Investments in Associates in Consolidated Financial Statements".
- h) The Corporation accounts for its share of post-acquisition changes in net assets of associates, after eliminating unrealized profits and losses resulting from transactions between the Corporation and its associates to the extent of its share, through its Consolidated Statement of Profit and Loss, to the extent such change is attributable to the associates' Profit and Loss Statement and through its reserves for the balance based on available information.
- i) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
- j) As far as possible, 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 Corporation's separate financial statements. The differences, if any,

wherever appearing is neither significant nor substantial.

- k) Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".

3. **FIXED ASSETS**

- a. All Fixed assets, including Leased Assets, are capitalized at cost inclusive of expenses incurred till the asset is put to use & disclosed at cost less accumulated depreciation.
- b. Fixed assets acquired by the Corporation are reported at acquisition cost with deductions for accumulated depreciation & impairment losses, if any.
- c. Borrowing costs that are directly attributable to acquisition/construction of a qualifying asset are capitalized after deducting any income temporarily earned on the funds specifically borrowed for acquisition/ construction of the specified asset till such time the asset is ready for use. All other borrowing costs are recognized as an expense in the period in which they are incurred.
- d. Assets acquired on lease are amortized over the lease period.
- e. In cases of land acquired on lease cum sale, allotment consideration is capitalized along with yearly lease rental, if any.
- f. Capital work-in-progress represents expenditure incurred in respect of capital projects under development & are carried at cost. Cost includes related acquisition expenses, development costs, borrowing costs (wherever applicable) & other direct expenditure.
- g. Cost of construction of structures on leased assets is amortized over the period of lease.

4. **DEPRECIATION**

- a. Depreciation on Fixed Assets has been provided pro-rata on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.
- b. The Fixed assets fully depreciated are retained by maintaining nominal value of Re. 1/- as residual value.

- c. Depreciation on building constructed on Leasehold land is provided over remaining period of the lease commencing from the date it was put to use.

- d. Assets costing '5000 and less are depreciated in full in the year of its acquisition

5. **IMPAIRMENT OF ASSETS**

- a. At each Balance sheet date, the carrying amount of assets is assessed for any indication of potential impairment loss in the value of assets exceeds its recoverable amount.
- b. Reversal of impairment loss is recognized immediately as Income in the Consolidated Statement of Profit & Loss.
- c. After impairment, Depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

6. **INVESTMENTS**

- a. Investments made in Non-convertible debentures (NCDs) are treated as loan/s and provisions made accordingly.
- b. All investments are classified as long-term investments and are stated at cost.
- c. For the purpose of provisioning:
 - i. In respect of investments in equity shares, where current quotations are available valuation is done as per the market value based on the market price of the script at the yearend as available from the trades / quotes on the stock exchange.
 - ii. In respect of equity shares where current quotations are not available from the stock exchange or where the shares are not quoted on the stock exchange, these shares are valued at breakup value as per the latest available balance sheet.
 - iii. In respect of equity investments where the latest balance sheet is not available, these shares are valued at Rupee one per company.
 - iv. In respect of equity investments in the projects where the investment is a part of the project finance, the same is valued at cost.
 - v. In respect of following, full provisioning is made:
 - a. If the company is under liquidation.

- b. If the assets of the assisted companies are held under receivership or taken over by the Corporation and
- c. Where the unit is not in operation.
- vi. The accounting of Profit / loss on sale / redemption of individual securities is based on weighted average cost.

7. **EMPLOYEE BENEFITS**

A. **Short term employee benefits:**

All employee benefits falling due wholly within 12 months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, estimated bonus, ex-gratia & short term compensated absences are recognized in the period in which the employee renders the related service.

B. **Long Term Employee Benefits**

a) **Defined benefit plan:**

- i. Gratuity: The liability for gratuity, being a defined benefit plan, is determined by actuarial valuation at each balance sheet date & actuarial gains/losses are charged to Consolidated Statement of Profit & Loss. The Corporation makes contribution to the Employee Gratuity Fund Trust managed by LIC.
- ii. Compensated absences: The Corporation's liability towards leave [earned leave and half pay leave] entitlement benefits is accounted for on the basis of actuarial valuation at each balance sheet date. The actuarial gain/loss is charged to Consolidated Statement of Profit & Loss.
- iii. The Corporation's liability towards Death relief fund is accounted for on the basis of actuarial valuation at the balance sheet date. The valuation has been arrived at based on Corporation's policy.

b) **Defined Contribution Plan:**

The Corporation's defined contribution plans are Employees' Provident Fund and State Insurance Corporation. The Corporation has no further obligations beyond making the Corporation's contributions. The company's contributions to Provident Fund & ESI are made at prescribed rates & are charged to Consolidated Statement of Profit or Loss.

8. **PROJECT DEVELOPMENT EXPENSES**

Expenditure incurred towards projects, which are in the research phase or were in the initial stages of development and are abandoned is charged off to the Consolidated Statement of profit and loss as expenses in the year in which it is identified / decided.

However, where projects are identifiable, all expenses including capital expenditure incurred on such projects, interest accrued on funding such project expenditure and service charges agreed upon on annual incremental expenditure are charged to respective project accounts.

9. **PROVISION FOR DEBTS AND WRITE OFF OF BAD DEBTS**

In respect of standard and Non-performing assets, provision is made as per guidelines of RBI. Debts considered fully irrecoverable are written off. Sums recovered against debts written off and cases where provisions are no longer considered necessary in the context of the present status of the borrower are written back.

10. **REVENUE RECOGNITION**

- A. In respect of Lending Activity:
 - a. Interest & other dues are accounted on accrual basis except in respect of Non-Performing Assets (NPA), income against which is recognized on Cash basis.
 - b. In case of One Time Settlement & appropriations of sale proceeds of assets taken over u/s 29 of the State Financial Corporation's (SFCs) Act, the allocation of recoveries is first adjusted towards other debits, thereafter towards principal & balance towards interest.
 - c. In case of payments received for release of collateral security, the allocation of recoveries is first adjusted towards other debits, thereafter towards principal & balance towards interest.
 - d. Appraisal & Scrutiny fee are accounted as an income on receipt basis, any excess amount collected & refunded is accounted as & when paid.
 - e. No contingent rents have been recognized in the consolidated statement of Profit and loss.
- B. In respect of Sale of Products and Services rendered:
 - a. Revenue on product sales & commission income on consignment sales are recognized on dispatch Sales. Revenue from sale of goods is recognized when the goods are delivered to buyer. Sales amount is net of sales tax.

- b. Service income is recognized as per the terms of contracts with customers when the related services are performed or the agreed milestones are achieved.
 - c. Interest income on hire purchase sales is recognized on accrued & due basis.
 - d. Foreman's commission, dividend income on Foreman's statutory ticket, interest from defaulted non-prized/prized subscribers, documentation charges from prized subscribers of Chit fund business & penal interest from hirers are recognized on cash basis due to uncertainty of its collection.
 - e. Commission income due from liquor manufacturers for the period from 01/07/1990 to 13/02/1997, as per High Court directions, is accounted as & when such commission is realized.
- C. In respect of Other Income:**
- a. Dividend incomes on investments are accounted for when the right to receive the payment is established.
 - b. The Insurance Claim is recognized as income once the claim gets confirmed from the Insurance Company.
 - c. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Corporation & the revenue can be reliably measured.
 - d. Interest income is recognized on accrual basis.
 - e. Revenue from infrastructure & project development services is recognized, using the proportionate completion method which is determined by reference to the milestone achieved as per the contract terms, any expected contract loss is recognized immediately in the Consolidated Statement of Profit & Loss.
11. **SEGMENT REPORTING POLICIES**
- The Corporation has identified that its business segments are primary segments. The Corporation's businesses are organized and managed according to the nature of activity, with each segment representing a strategic business unit, offering different products/services. The Corporation at present primarily operates in India and therefore, the analysis of geographical segments is not applicable to the Corporation.
12. **OPERATING LEASE**
- A. When the Corporation is lesser:
 - a. Leases, where the Corporation effectively retains substantially all the risks & rewards of ownership of leased item are classified as operating lease.
 - b. Assets leased out under operating leases are capitalized. Rental income is recognized on accrual basis over the lease term.
 - B. Where the Corporation is the lessee:
 - a. Finance leases, where substantially all the risks & rewards incidental to ownership of the leased asset, are transferred to the Corporation, are capitalized at the lower of the fair value or present value of the minimum lease payments at the inception of the lease term & disclosed as leased assets.
 - b. If there is no reasonable certainty that the Corporation will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. Leases where the lessor effectively retains substantially all the risks & rewards of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as an expense in the Consolidated Statement of Profit & Loss on a straight-line basis over the lease term.
13. **PROVISIONS**
- a. Provision is recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation & in respect of which reliable estimate can be made.
 - b. Provisions made in terms of AS-29 are not discounted to their present value & are determined based on management estimate require settling the obligation at the balance sheet date. These are reviewed at each balance sheet date & adjusted to affect the current management estimates.
14. **CONTINGENT LIABILITIES AND CONTINGENT ASSETS**
- a. Liabilities which are significant & whose future outcome cannot be measured with sufficient reliability are treated as contingent & disclosed by way of notes to accounts.
 - b. Contingent assets are not recognized in the consolidated financial statements. Contingent Assets is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain

future events not wholly within the control of the Corporation.

15. **GOVERNMENT GRANTS**

- a. Corporation recognizes Government grants, including non-monetary grants at fair value only when there is reasonable assurance that the conditions attached to them shall be complied with & grants will be received.
- b. Government grants related to revenue is recognized on a systematic basis in the Consolidated Statement of profit & loss over the period necessary to match them with the related cost which they are intended to compensate.
- c. Where the grant received to create a specific asset/s are treated as long term liability and disbursement out of the grants are treated as long term advance till the project/s are completed.
- d. In case of depreciable assets, the Government Grant is shown as deduction from the gross value of the assets concerned in arriving at their book value.

16. **EARNINGS PER SHARE**

- a. Basic EPS is computed by dividing Consolidated Net Profit or loss for the period attributable to equity shareholders (after deducting preference dividends & attributable taxes if any) by the Weighted Average number of Equity shares outstanding during the year.
- b. Partly paid equity shares (if any) are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; & consolidation of shares if any.
- c. For calculating Diluted EPS, the Consolidated Net profit/ loss for the year attributable to equity shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

17. **TAXES ON INCOME**

- a. Current tax is determined on the basis of taxable income and tax credits computed for each of the entities in the Group in accordance with the applicable tax rates and the provisions of the applicable tax laws of respective jurisdictions where the entities are located.

- b. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognized as an asset in the Consolidated Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the entity.
- c. 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 substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there is unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realize the assets. 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 reliability.

18. **OTHERS:**

Expenditure for which payment has been made or a liability incurred, the benefit of which is expected to cover a subsequent period/s is treated as deferred revenue expenditure and amortized over the period/s during which the benefit is estimated to arise.

Notes to Consolidated Financial Statements (Contd.)
Note: 31
1. Related Party Disclosures (to the extent applicable & under Accounting Standards 18) as on 31st March 2017.

Sl.No.	Name of the Company	% of share holding
A.	Subsidiaries	
a	Mysore Sales International Limited (MSIL)	100 (100)
b	Marketing Consultants & Agencies Limited*	100 (100)
c	The Mysore Chrome Tanning Company Limited*	100(100)
d	Food Karnataka Limited * 60 (60)	
e	Tadadi Port Limited 100 (100)	
B.	Associated Enterprises	
a	Karnataka Asset Management Company Private Limited	33.33 (33.33)
b	Karnataka Trustee Company Private Limited	50.00 (50.00)
c	Karnataka Antibiotics and Pharmaceuticals Limited	40.83 (40.83)
d	Bhadravathi Balaji Oil Palms limited	49.00 (49.00)
e	Siddartha Metal Coating Limited	21.78 (21.78)
C	Jointly Controlled Entity	
a	KSIIDC-ILFS Infrastructure Development Company Ltd.	50.00 (50.00)

Note: Figures shown in brackets pertain to previous year

*Shareholding represents aggregate of holding of the Corporation and its subsidiaries.

D. Joint Venture Projects as on 31st March 2017

ITBT Park set up at Rajajinagar Industrial Estate as Joint Venture between KSIIDC and KSSIDC.

2. Other Related Parties with whom the Corporation had transactions:

a)	Key Management Personnel:	
	Shri. P. Hemalatha, IAS	Managing Director
	Shri. N.R.N.Simha	ED I/c & Chief Financial Officer
	Shri. Prahalada Rao	Company Secretary
b)	Directors	
	Shri C.M. Dhananjaya	Chairman
	Shri. D.V. Prasad, IAS	Director
	Shri. Azgar Pasha	Director
	Shri. K. Gnanesha Babu	Director
	Shri. Mohmedshafi Abbasaheb Benni	Director
	Shri. Nandaraj S Nimbalkar Desai	Director
	Shri. N. Srinivas Reddy	Director

c) Employees' Benefit Plan where there is significant influence: Employee's Provident Fund Trust.

c) Employees' Benefit Plan where there is significant influence:

Employee's Provident Fund Trust.

3. Disclosure of the Transactions between the Corporation and Related Parties and the Status of outstanding balances of loans and investments as on 31st March 2017.

Amount in (₹)

Sl.No	Particulars	31.3.2017	31.3.2016
1	Remuneration to Chairmen & M.D.		
	a) Shri C.M.Dhanajaya, Chairman		
	i) Salaries and Allowances	0	0
	b) Shri C.V.Rajappa, Chairman		
	i) Salaries and Allowances	310323	789000
	ii) Reimb. of Medical expenses & others	0	32287
	Remuneration to Managing Director		
	a. Shri Naveen Raj Singh, IAS		
	i) Salaries and Allowances	598899	1875373
	ii) Reimbursement of Medical Expenses	10455	87913
	iii) Leave salary & pension Contribution	198396	192213
	iv) Home travel concession	0	71634
	Sitting Fees to the Directors		
	Sitting fee to directors paid during the year.	20113	17103
	Remuneration to ED & C F O	1304538	1300763
	Remuneration and Professional Charges paid to Company Secretary	1217500	1217500
	Contribution to Employees' Benefit Plans	17634489	20101681
	I. Transactions made during the year with		
	i) Subsidiaries/Fellow subsidiaries:		
	a) Mysore Sales International Limited		
	-Rent received	342204	316164
	-Dividend Received	20176600	20176600
	b) Marketing Communication & Advertising Ltd		
	-Printing, advertisement & other charges paid	1394698	3380666
	ii) Associate Enterprises		
	(a) Karnataka Antibiotics & Pharmaceuticals Ltd		
	-Dividend Received	8262300	711154
	(b) Karnataka Asset Management. Co. Pvt. Ltd		
	-Dividend Received	330000	330000
	(c)Karnataka Asset Trustee Co. Ltd.		
	-Dividend Received	12500	12500
	iii)Jointly controlled entity		
	(a)KSIIDC-IL&FS Infrastructure Development. Co Ltd.		
	-Income received	0	0
	-Redemption of Project Development Fund	0	0

	II. Investments in shares (at cost) balances as on 31.3.2017		
	i) Associate Enterprises		
	(a)Karnataka Asset Management Co. Pvt. Ltd	1650000	1650000
	(b)Karnataka Trustee Company Private Ltd.	50000	50000
	(c)Karnataka Antibiotics & Pharmaceuticals Ltd	55181750	55181750
	(d)Bhadravathi Balaji Oil Palms Ltd (fully provided)	19599960	19599960
	-in share application money (fully provided)	40	40
	(e) Siddartha Metal Coating Ltd (fully provided)	2200000	2200000
	ii) Jointly controlled entity		
	(a) KSIIDC-ILFS Infrastructure Development Co. Ltd.	250000	250000
	III. Loans & advances balance as on 31.3.2017		
	a) Bhadravathi Balaji Oil Palms Ltd		
	-Loans & advances (fully provided for)	5718141	5641666
	b)KSIIDC-IL&FS Infrastructure Development Co. Ltd.		
	-Project Development Fund Contribution	7540000	7540000
	IV. Trade Receivables Balances on 31.3.2017		
	a) KSIIDC-ILFS Infrastructure Development Co. Ltd	1446459	1446459

**4. DISCLOSURE PURSUANT TO AS-17 ON SEGMENT
INFORATMION FOR THE YEAR ENDED 31ST MARCH 2017**

SI. No.	PARTICULARS	Financing & Investment	Others	Excise Labels	Media Advertisements	Event Organisers	Paper	Beverages	Chit Funds	TOTAL
1	External Segment Revenue (Previous Year)	345,289,331 (288,408,939)	691,157,834 (538,919,941)	655,171,481 655,339,179	1,104,873,507 709,901,828	323,419,167 316,044,296	357,235,081 168,397,920	13,548,463,243 12,619,598,453	183,517,561 178,957,254	17,209,127,205 15,505,567,809
2	Segment Results (Previous Year)	122,555,859 (11,658,805)	209,293,225 91,918,556	133,763,818 115,544,295	136,801,535 87,942,853	23,567,373 15,714,171	16,370,557 (14,937,526)	593,167,054 601,168,354	76,132,178 82,386,581	1,291,651,599 968,078,479
3	Financial Expenses (Previous Year)	15,192 20,038	3,699,547 18,494,343	- -	- -	- -	264,656 278,907	1,063,520 67,011	417,971 498,854	5,460,886 19,359,153
4	Profit Before Tax and Adjustment of Minority Interest (Previous Year)	122,540,667 (11,678,843)	205,593,678 119,080,166	113,763,818 115,444,295	136,801,535 85,886,084	23,567,373 15,714,171	16,105,901 (15,216,433)	592,103,534 601,101,343	75,714,207 81,887,727	1,286,190,713 992,318,510
5	Tax including Deferred Tax (Previous Year)									386,181,781 256,270,816
6	Profit after Tax but before adjustment of Minority Int. (Previous Year)									900,008,932 736,047,692
7	Adustment of Minority Interest Profit (Previous Year)									763,684 (47,819)
8	Profit after Adjusting Minority Interest (Previous Year)									900,008,692 736,047,692
9	Segment Assets (Previous Year)	6,310,809,837 6,613,495,539	4,959,353,745 5,132,672,189	- -	- -	- -	356,313,914 388,720,486	782,872,177 807,044,396	2,171,013,673 2,187,471,155	14,580,363,346 15,129,403,765
10	Segment Liabilities (Previous Year)	1,753,760,151 1,626,139,773	3,223,191,048 3,242,006,507	- -	- -	- -	69,126,749 114,745,583	73,008,492 50,946,242	1,681,241,133 1,752,916,383	6,800,327,573 6,786,754,488
11	Capital Expenditure (Previous Year)	396,913 3,070,942	15,904,589 149,804,108	- -	- -	- -	1,100,324 156,786	872,179 7,877,358	1,313,595 919,806	19,587,600 161,829,000
12	Depreciation (Previous Year)	1,152,584 1,802,437	55,213,442 48,415,155	- -	- -	- -	1,591,143 803,823	20,681,310 21,624,337	3,732,323 1,199,310	84,093,393 73,845,062

The Company and its Subsidiaries operate substantially in Domestic Segment and hence Geographical Segment Reporting is considered not applicable

5. Share holding pattern:

Sl.No.	Category	Total shares	% of Holding
1.	Governor of Karnataka	667146530 (618456530)	99.99997602 (99.99997413)
2.	Nominees of the Government of Karnataka	160 (160)	0.000002398 (0.000002587)
	TOTAL	667146690 (618456530)	100 (100)

Note: There has been no change in the shareholding pattern compared to the previous year.

6. Other Significant Notes:

In respect of matters relating to Parent company viz., KSIIDC Limited, refer to Notes forming an integral part of Standalone Financial Statements-Note No: 22

7. The fixed assets are fully depreciated by retaining nominal value of ₹1 as residual value, where as in respect of one of the subsidiaries (M/s. Marketing Communication and Advertising Limited), the residual value is maintained at 5% of the asset and in respect of Food Karnataka Limited the depreciation has been provided on WDV method.

8. Disclosures regarding the operating lease entered into by the Corporation, as required by AS-19 for Lease, are disclosed as below:

i) The future minimum lease payments receivable under non-cancelable operating lease in aggregate as on 31st March 2016 in respect of leased land computed as per the Accounting Standard 19 on leases issued by the Institute of Chartered Accountants of India are as under:

Amount in (₹)

Particulars	Future Minimum Lease Payments Receivable as on 31-03-2017 (Amount in ₹)
Within in One year	137259000
Later than one year and not later than Five years	750632243
Later than Five years	3085335367

ii) All direct costs relevant to the acquisition of the land have been capitalized in the year in which the same has been incurred.

9. a) No provision of interest has been made in the books on unsecured loans from Government of Karnataka, of ₹3,64,67,555 (₹ 3,64,67,555) in the absence of terms and conditions stipulated at the time of release of the loan by the Government and also amounts lying in Share Application Money includes amount due to Government of Karnataka to be issued at par. The decision to issue shares to Government or KSIIDC, the holding company, is pending with Government.

b) As per the Provisions of companies Act, 2013 share application money should be allotted to the respective shareholders within 60 days from the date of receipt otherwise the same should be returned to them within 15 days. The share application money pending allotment represents 8% of turnover for the years 2002-03 & 2003-04. Government Order No:C18 CMI 2003 (PUC), Bangalore dated 31.03.2003 & 2003-04 directs to issue of Equity shares to GoK for this amount. The Company in this regard has made a representation to the Government of Karnataka towards 10% Net Profit to Government, in lieu of shares and to drop proposal of payment of BDS @8% turnover from 2002-03 72003-04. The matter is pending before Government of Karnataka & Orders in this regard is awaited and that the same is shown under Other Current Liabilities. The company has sent proposal to GoK requesting to reconsider the earlier Orders and withdraw the Orders on BDS. The response from GoK is awaiting.

10. Earnings per share (EPS)

Basic	31-3-2017	31-3-2016
Weighted average number of shares outstanding during the year	659943238	561053439
Net Profit after tax attributable to equity shareholders (₹)	900008932	736047692
Nominal value per equity share (₹)	10	10
Basic earnings per share (₹)	1.36	1.31
Diluted		
Weighted average number of shares outstanding during the year	659943238	609743439
Net Profit after tax attributable to equity shareholders (₹)	900008932	736047692
Nominal value per equity share (₹)	10	10
Basic earnings per share (₹)	1.36	1.21

11. Contingent Liabilities:

(Amount In ₹)

Sl.No.	Particulars	2017	2016
1	KIADB Penalty	120000	120000
2	TCS Interest	162700399	146705396
3	Guarantees/Counter Guarantees Issued	394134271	389847957
4	Claims against the Corporation not acknowledge Debt	283492673	282832024
5	ESI Demand towards interest & damages of earlier Years	4125629	3707024
6	Sales Tax demand of earlier years	8812195	4709938
7	Income Tax Demand of earlier years	249443397	176755716
	TOTAL	1102828564	1004678055

12. Capital work in progress of ₹ 340240465 (₹313172589) includes:

- Navi Mumbai – Build Own Operate Transfer (BOOT) ₹ 338229174 (₹312173798)
- Construction of Warehouse in Gulbarga ₹1339496 (₹326996)
- Construction of Warehouse in Dharwad ₹465672 (₹465672)
- Construction of Office at Cunningham Road ₹206123 (₹206123)

13. The Corporation is in possession of 16 nos. (16no) of art paintings, the value of which is not ascertained.

14. The Corporation had in the past received demand notices from Income tax Department for non-collection of tax at source amounting to ₹302331283 (₹302331283) and interest thereon amounting to ₹306765640 (₹306765640). The Corporation had paid ₹240581902 (₹240581902) and furnished bank guarantee for ₹361749381 (₹361749381). Further Income Tax department has also adjusted refund of ₹4240233 due in respect of financial year 2006-07 against the pending demand. The matter is presently pending in Supreme Court.

15. Pending lease cum sale agreement with Karnataka Industrial Area Development Board in respect of land allotted near Bangalore Air Cargo Complex, the Corporation has capitalized the payments made towards lease hold land amounting to ₹5211063 (₹5211063) based on the possession certificate issued.

16. A) City & Industries Development Corporation of Maharashtra (CIDCO) has entered into a deed of agreement to lease with Government of Karnataka (GoK) for a period of 5 years on 19.06.2000 for a plot of land measuring 2520 sq meters in Navi Mumbai granting license for 5 years (extendable on mutual consent) to enter and occupy the land on the condition that the licensee (GoK) construct a State Guest House.
- B) In turn on 01.10.2008 the GoK has entered into an agreement with the Corporation for construction of Karnataka Bhavan on Build Own Operate Transfer (BOOT) basis effective for 30 years (extendable on mutual consent) from the date of completion of the building as per the terms and conditions specified therein.
- C) The amount of ₹338229174 incurred so far towards construction of Karnataka Bhavan in Navi Mumbai is considered as Capital Work in Progress. The Corporation has obtained occupancy certificate from Navi Mumbai Municipal Corporation. Construction work is in progress expected completion by October 2017.

17. Fixed Assets include 86 capacitor banks, leased out to Klenn & Marshall Manufacturers and Exporters Limited value of which is depreciated over the period and the written down value on the balance sheet date is '86. As the lessee failed to pay the lease rentals as stipulated, the Corporation referred the matter to arbitration claiming arrears of lease rentals amount to ₹80963895 together with interest thereon. The sole arbitrator gave ex-parte award dated October 2, 2009 allowed the claims of the Corporation and awarded ₹350560211 towards arrears of lease rent and interest thereon.

The Corporation learned that Klenn & Marshall, the lessee, are listed under vanishing Corporation by Ministry of Corporate Affairs, Government of India and also that the lessee had obtained multiple finance from other financial Institutions. As per the Company's opinion, since the amount is not recoverable, the Corporation has not recognized the lease rentals in respect of this lease since 2005-06 and ₹80963895 (₹80963895) due towards lease rentals up to 2004-05 has been fully written off in the books. The Corporation has not recognized the amount awarded in view of uncertainty of realization. However the Corporation has filed criminal complaint in the Jurisdictional police station and referred the case to COD as per the order by committee on Public Undertakings of the Karnataka Legislative assembly.

18. The Corporation had entered into an agreement on November 13th, 2009 with a Supplier, Mallappa Mineral Industries (MMI), for procurement of 50,000 MT iron ore of 52% Fe content for export to China at ₹1000 per MT and in turn entered into an agreement with overseas buyer, Fremery Holdings Limited, for export FOB Goa at US\$ 28 (₹1288) per MT. The Company projected profit of '88 per MT after factoring in service charge of ₹200 per MT payable.

The agreement with the overseas buyer envisaged Lay-can period between November 25th to 30th, completion of shipment on or before December 15th 2009 and FE content of 52%. One of the conditions of the agreement was that all disputes are to be referred to arbitration with venue at Hong Kong.

An irrevocable Letter of Credit in favour of MMI for ₹5 Crores was established. The supplier, having failed to mobilize funds to procure ore, sought advance from MSIL. As the ship had already arrived at the port on December 10th 2009, to avoid demurrage, the Company had advanced ₹2.15 Crores against post dated cheques and commitment to create equitable mortgage on properties which the company could not complete. In view of continued failure to supply the ore, the Corporation had deposited the cheques for collection but these were dishonoured and hence a criminal case under Negotiable Instruments Act, 1881 was filed on 25.02.2010, now the case is pending before the Chief Metropolitan Court and it is at the 'Evidence' stage.

When MMI failed to supply, the Corporation approached another supplier, Saram Exports, who had agreed on the same terms and conditions. The Corporation advanced ₹4.5 Cr to the new supplier and the ship loaded with 46846.48 MT ore sailed on January 14th 2010 after a delay of 29 days. The Corporation had to incur additional customs duty of ₹3222680 due to increase by Government of India. The supply by Saram Exports was dispatched on an urgent basis as the time available for shipping was over and could not wait for Test Report. Subsequently the test report revealed that Fe content of the shipment was only 49.37%.

The Corporation raised an invoice on the buyer and negotiated the documents through LC which could not be negotiated as it was lapsed. On the cargo reaching Hong Kong port, Chinese Inspection Quality Report revealed a Fe content of 45.9% and hence the buyer rejected the ore as sub standard. Subsequently, overseas buyer was authorized to sell the

ore and realize the proceeds. The ore was sold at US\$ 35 per MT on CFR basis realising US\$ 1639626.80 vide invoice dated March 23rd 2010. The Corporation requested the foreign buyer to remit the sale proceeds who in turn claimed US\$ 2425051.88 towards its claim against the Company, which the company didn't agree.

Considering the above facts and adopting exchange rate of US \$ 1 = ₹46 and freight between Goa to China at US \$ 24, the Corporation had accounted sales, cost of sales, contractual claims against the company and claims of the Corporation provisionally in the books for the year ended March 31, 2010. Claims of the overseas buyer in respect of expenses incurred in China and liability under FEMA are not considered at this stage. Fremery Holdings Limited had claimed US\$ 1974545 (₹117998809 Considering exchange rate of ₹59.76 US\$) after adjusting realisation of US\$ 5,02,071 by way of sale of iron ore. As per the arbitration award, The Corporation is liable to pay Fremery Holdings Limited \$1880851 (₹124672209) and interest amounting to ₹27772466.

The Corporation accepted the liability to be US \$ 67473 (₹4472429) after deducting sale proceeds amounting to US \$ 1639627 from US\$ 1707100 (₹106847359) pertaining to demurrage and freight. The balance amount of US\$ 1813378 (₹120199779 considering exchange rate of ₹66.285 US\$) is disputed by the Corporation and disclosed under contingent liability. The application filed u/s 34 of the Indian Arbitration Act before the City Civil Court, Bangalore to set aside the Arbitration award is at the 'hearing' stage. In the light of irregularities reported by the Committee on Public Undertakings of the Karnataka Legislative Assembly in the above transactions, the Corporation has filed criminal complaint in the jurisdictional police station and the police are investigating the case. In respect of these criminal complaint police have framed the charge sheet and filed the case before the ACMM Court.

1. The corporation had received a loan of ₹50000000 (₹50000000) from the Government of Karnataka during the year 1997-98. The company had provided interest of ₹52742466 up to 31-03-2004.

The Corporation had also dues of ₹48206313 to Director of State Lotteries, Government of Karnataka, towards difference in purchase cost of lottery tickets.

In the financial year 2004-05, the Corporation had approached the Government of Karnataka to convert the above amounts totaling to ₹150948779 into equity. The proposal was cleared by finance department, Government of Karnataka in 17-09-2004. The department of Directorate of Pension Small Saving asset management by its letter dated 20-07-2012 approved the corporation proposal. This amount is included in share application money.

In the absence of any specific demand from the Government of Karnataka the Corporation has not made any provisions for interest on the loan since financial year 2004-05 (after the financial year in which the Corporation had approached the Government of Karnataka for conversion). The interest not provided in the books for the year amount to ₹50 lakhs and the total amount of interest not provided, since the financial year 2003-04 in which approached the Government to convert the outstanding amount into equity, amounts to ₹6.5 crores (₹ 6 crores) excluding penal interest, if any.

2. a) The amount lying in share application money includes amounts due to Government of Karnataka be issued at par. The decision whether to issue the shares to GoK or KSIIDC, the holding corporation, is pending with GoK.
b) Other liabilities include ₹21046347 (₹21046347) of advances received from various Government departments in respect of contract to supply imported cement.
3. a) Honorable Supreme Court, vide order dated 13.2.2003 had directed that the Corporation is eligible by way of commission on liquor sales effected by five liquor manufacturers. The finalization officer appointed as per directions of High Court of Karnataka, and upheld by Supreme Court, had quantified ₹251800000 crores as commission due from Skol Breweries Limited (previously known as Mysore Breweries Limited), which is not accounted in the absence of certainty of realization in accordance with the accounting policy mentioned in Note 30 (10) (B) (b).
b) For the claim made by M/s Wescare (India) Limited, in the previous year Corporation disclosed under contingent liability amounting to ₹11923000, and Corporation filed a case under arbitration against Wescare in the year 2015-16. The arbitration award was disposed off by the arbitrator on 27.04.2016. The arbitrator allowed on company's claim of lease rentals along with interest till 31.03.2009 amounting to ₹155.59 lakhs and disallowed rest of the claim of ₹239.37

lakhs. (Refer Note no. 31 Sl.No. 11 in contingent liability) while awarding the arbitrator failed to consider disposal of windmill turbines but awarded adjustments of dues of the Corporation as well as M/s Vaata Smart Limited from the security deposit which is not in line with the lease agreement.

On the opinion of Corporation's advocate, the arbitral award was challenged by the Company before the judicature of Madras High Court by filling original petition on 27.04.2016, the matter is being heard before the Honorable High court of Madras. Further, in order to counter the orders passed by the High Court in another connected matters an application was moved before the court for unilaterally allowing Wescare to take inventory of the dismantled windmill turbines. The next date of hearing is not yet intimated. In the absence of uncertainty of outcome of the case filed in Madras High Court, the Corporation has not recognized any claims in the books.

22. Other non - current liabilities include contribution to Death Relief Fund by MSIL and employees amounting to ₹7640692 ('8585910) and ₹2751855 (₹2628415) respectively. As per the scheme of the Corporation in case of death of an employee while in employment, the legal heir/s of the deceased get ₹100000. In case of retirement or employee demits the office, he will get his contribution together with Corporation's contribution standing to his credit.
23. Contributions to provident fund and other funds include contribution to:
- i) Death Relief fund ₹319618 ('322304)
 - ii) Gratuity ₹1969402 (₹7730992)
 - i. Superannuation ₹3951588 (₹4981854)
 - ii. Company's Contribution to PF ₹17634489(₹20101681)
24. Short term loans and advances in Note 18 include:
- An amount of ₹7723849 (₹7723849) being the service tax refund receivable from Service Tax Department. The Department has claimed in all ₹14799829 (₹14799829) towards service tax for the period from 16.8.2002 to 30.6.2008. The Corporation filed an appeal against the above claims before the Commissioner (Appeals) Central excise, Bangalore who allowed relief to the extent of ' 618363. The Corporation paid an amount of '7723849. The Department also filed an appeal before the Customs, Excise and Service tax Appellate Tribunal (CESTAT) against the order of Commissioner (Appeals) for allowing of '618363 to the Corporation. CESTAT referred 3 cases back to the Department which was rejected by the Commissioner (Appeals). The Corporation has filed further appeals before the CESTAT on July 2012. Fresh orders and demand are still awaited. Appeals for the years 2005-06 to 2008-09 are still pending before CESTAT. The total demands up to 31st March 2009 amounting to ₹14799829 (₹14799829) excluding penalty, interest etc., has not been provided in the books.
25. Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2nd October 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The Corporation has identified Micro, Small and Medium enterprises as per section 22 of the Micro, Small and Medium Enterprises Development Act 2006 during the FY 2016-17.

(Amount in ₹)

Particulars	2017	2016
<ul style="list-style-type: none"> • Principal Amount • Interest payable under MSMED Act, 2006 	2384976 15920	2226383 16609
The amount of interest paid by the company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of payment made to the supplier beyond the appointed day during the accounting year ending 31st March, 2017.	NIL	NIL
The amount of interest due and payable for the period of delay in making payment (which have been paid beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprises Development Act, 2006 *	15920	16609
The amount of interest accrued and remaining unpaid at the end of the accounting year- March 2017.*	15920	16609
The 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 u/s 23 of the Micro Small and Medium Enterprises Development Act, 2006.*	15920	16609

*The above information has been furnished to the extent such parties have been identified as MSME by the Corporation which are net of discounts / waivers as a part of business practice. The same has been relied upon by the auditors.

26. (i) Certain Insurance companies who have settled the claims of their customers on account of fire accident at Bangalore Air Cargo Complex, owned by the corporation, during 2000-01, have filed several suits against the company for recovery of claims settled by them under the principles of subrogation. The corporation contested the claims in the city civil courts. Aggrieved by the orders of the city civil courts in case of decreed suits, the corporation appealed to High court of Karnataka. The Honorable High Court in its order dated 09-03-2009 has decreed that the Corporation and Department of Customs are jointly and severally responsible to pay this amount to the claimants. Aggrieved by the orders of the High court, the corporation along with Department of Customs appealed against the order of the high court to Supreme Court. The Honorable Supreme Court after hearing the parties to dispute, directed vide its order dated 06-11-2009, that all the parties concerned being government agencies, should discuss mutually and settle the claim amicably. In a few cases on similar matter, the civil courts have applied the same rationale of the High Court and have decreed that The Corporation and Department of Customs are jointly and severally liable for settlement of the insurance claim. The Company has provided one fourth of the liability of ₹31259961 including interest capitalized at 6% in the books and balance amount of ₹ 93779884 is shown as contingent liability. Since the claims for recovery from company's insurer and on the Department of Customs are not arrived at. The Corporation has insured the Cargo lying in BACC warehouse with its Insurance Company at the rate of US \$20 per kg as per trade circular dated issued by Customs.

(ii) The company had claimed Income Tax refunds for the Assessment Years 2010-11, 2012-13, and 2014-15. As per the Income Tax Department's Order, the following are the tax demands:

Year	Amount (in Rs)
2010 - 11	16919269
2012 - 13	2618238
2014-15	10845920

The company has gone on appeal for the above mentioned demands and hence the same has not been accounted for in the books. The above figures do not include the interest from the date of Assessment Order till 31st March, 2017.

27. Based on the recommendation of State Task Force for Quality Assurance in public construction recommendation structural rehabilitation work at Bailkampady Industrial Area, Mangalore is entrusted to M/s. Naveen consultants. The rehabilitation work of building is completed, and approved by the State Task Force of Quality Assurance in Public Construction and advised Company to take possession of the building. M/s. Naveen Consultants recommended for Non Destructive Test, for the rehabilitation work, the work completion certificate for the rehabilitation will be issued after completion of Non

Destructive Test. Company taken possession of the Building on 1st December 2014 and capitalized in the books of accounts to the extent of ₹135034245.

28. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹7158575 (₹101788090).

29. As per Accounting Standard 15 "Employees Benefits", the disclosures of employee benefits as defined in the accounting Standard is given below:

a. Defined Contribution Plan:

Contribution to Defined Contribution Plan, recognized as expense for the year is as under:

Particulars	2017	2016
Employer's contribution to Provident Fund	17634489	20101681

b. Defined Benefit Plan:

The Employees gratuity fund scheme managed by a Trust is a defined benefit plan. The Gratuity Trust has taken a policy under the Life Insurance Corporation of India's Group Gratuity (cash accumulation) cum Life Assurance Scheme. The contribution to the said Scheme is funded year to year. The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit of entitlement and measures each unit separately to build up the final obligation. The obligation for the leave encashment is recognized in the same manner as of gratuity.

Reconciliation of opening and closing balances of Defined Benefit Obligation:

		(Amount in ₹)	
A.	Gratuity (Funded)	TOTAL	
1.	Assumption	2017	2016
	Discount Rate	8%	8%
	Salary Escalation	7%	7%
2.	Table showing changes in present value of obligations as on 31/03/2015		
a.	Present valuation of obligations as at beginning	182259554	183465262
b.	Interest cost	14580764	14677221
c.	Current Service Cost	3605049	4296863
d.	Benefits Paid	-19997887	-21168675
e.	Actuarial (gain/loss) on obligation	1724263	988883
f.	Present value of obligations as at end of year	182171743	182259554
3.	Table showing changes in the fair value of plan assets as on 31/03/2017	0	0
a.	Fair value of assets at beginning of the year	181978951	179497194
b.	Expected return on plan assets	14495036	14627982
c.	Contributions	8076692	9022450
d.	Benefits paid	-19997887	-21168675
e.	Actuarial gain (loss) on plan assets		
f.	Fair value of plan assets at the end of the year	184552792	181978951
4.	Table showing fair value of plan assets	0	0
a.	Fair value of plan assets at beginning of year	181978951	179497194
b.	Actual return on plan assets	14495036	14627982
c.	Contributions	8076692	9022450

Notes to Consolidated the Financial Statements (Contd.)


d. Benefits Paid	-19997887	-21168675
e. Fair value of plan assets at the end of year	184552792	181978951
f. Funded status	-2381049	-280603
g. Excess of actual over estimated return on plan assets	0	0
h. (Actual rate of return = Estimated rate of return as ARD falls on 31st March)	0	0
5. Actuarial Gain/Loss recognized as on 31/03/2017	0	0
a. Actuarial gain/loss on obligations	-1724263	-988883
b. Actuarial (gain)/loss for the year – plan assets	0	0
c. Total gain for the year	-1724263	988883
d. Actuarial gain recognized for the year	-1724263	988883
6. The amounts to be recognized in the Balance Sheet and statements of profit and loss	0	0
a. Present value of obligations as at the end of year	182171743	182259554
b. Fair value of plan assets as at the end of the year	184552792	181978951
c. Funded status	-2381049	-280603
d. Net assets / (liability) recognized in balance sheet	-2381049	-280603
7. Expenses recognized in statement of profit & loss	0	0
a. Current Service Cost	3605049	4296863
b. Interest Cost	14580764	14677221
c. Expected return on plan assets	-14449268	-14654077
d. Net Actuarial (gain) / loss recognized in the year	1724263	988883
e. Expenses recognized in statement of Profit & Loss	5415040	5334985
ACTUARIAL VALUATION OF LEAVE LIABILITY	0	0
ASSUMPTIONS	0	0
1. Retirement Age	60	60
2. Mortality		
3. Rate of Interest		
4. Salary Increase		
5. Attrition rate		
6. No. of employees	354	362
7. Benefits payable	0	0
Disclosure as per AS 15 – Revised – Defined Benefits plans	0	0
Present value of the defined benefit obligation :	0	0
Change in benefit obligations	0	0
Obligations at period beginning-Current	8064906	3855581
Obligations at period beginning-Non-Current	89740312	30625196
Service Cost	7005454	8990002
Interest on Defined benefit obligation	6909900	2490713
Benefits settled	-11475112	-6530976
Actuarial (gain) / loss	-1637498	-1684138

Obligations at period end	102586229	34606953
Current Liability (Within 12 months)	8386264	2952911
Non Current Liability	94199966	31654042
Change in plan assets	0	0
Plans assets at period beginning, at fair value	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	NIL	NIL
Contributions	11475112	6615746
Benefits Settled	-11475112	-6530976
Funded status	0	0
Fair value of plan assets at the end of the year	0	0
Closing Present Value of Benefit Obligation	107475230	34606953
Closing Funded Status	-107475230	-34606953
Liability recognized in the Balance Sheet	-107475230	-34606953
Details of Leave encashment cost		
Service Cost	7005454	5850578
Interest Cost	6909900	2490713
Expected return on plan assets	0	0
Actuarial gain / (loss)	1637498	-1684138
Net Leave Encashment Cost	3682658	6691731
Assumptions		
Interest Rate	8.00%	8.00%
Discount Factor	8.00%	8.00%
Estimated rate of return on plan assets	0	0
Salary Increase	6.00%	6.00%
Attrition rate	5.00%	5.00%
Retirement age	60	60

(C) Death Relief Fund:

Basis of Actuarial Valuation for Compensated Absences Encashment: Liability as on 31.03.2017.

Particulars	2017
Interest rate	7.31%
Attrition rate	1%
Retirement Age	60 years
Benefits payable	As per Company Policy

30. Balances of sundry creditors, sundry debtors, business associates including joint ventures and advances/deposits are subject to confirmation and reconciliation. Further, the confirmation of balances has not been obtained in respect of industrial concerns taken over under Sec.29 of SFCs Act and Non-Performing Assets (NPA). Consequential impact of such reconciliation and confirmation, if any, on the net profit and on the assets/liabilities is not ascertainable.

31. Expenditure in Foreign Currency: ₹Nil (₹451785)

32. In pursuance of the Companies Act 2013, the Corporation has introduced a Corporate Social Responsibility (CSR) policy during the year under report. The Corporation has earmarked a sum of ₹12392530(previous year ₹9849220) towards CSR activity. The total fund earmarked towards CSR activities so far is ₹27519340. The Corporation has take up the CSR activities in the field of Education, Social and Health sectors for an amount of ₹17356372. Out of which the Corporation has released ₹8945872 and the balance will be released subsequently depending upon the progress made. The Corporation is envisaged to spend the remaining earmarked amount of CSR funds during the current financial year in a meaningful manner along with current year's CSR amount.
33. The Enterprises eliminated from consolidation and the reasons for the same have been mentioned in Form AOC which is annexed to the consolidated financial statements.
34. The Company had entered into Hire Purchase agreement with Government employees (Hirers) and arranged the supplies of vehicles and consumer durables. Outstanding installment dues including interest from the hirers are shown under "stock with hirers". Hire purchase business has been discontinued from July 2008.

35. Joint Working Agreements:

The Company has entered into Joint Working Agreements with HAL & CONCOR to carry out air cargo business. MSIL & CONCOR had withdrawn from JWA with effect 31st March 2014 and 15th January 2011 respectively.

Company has also entered into a Joint Venture agreement with ESSPL for leasing solar water heaters to non-domestic sector.

The above Joint working/ Joint Venture agreements envisage pooling of resources for carrying out its business activity and ownership of the assets vests with the respective parties.

Share of income / (-) loss for current year from joint working agreements are

Particulars	2016-17	2015-16
ESSPL	31751	31803

36. Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December 2016

Particulars	SBNs	Other Denomination notes	Total
Closing Cash in hand as on 08.11.2016	40165500	75481	40140981
(+) Permitted Receipts	0	1782830529	1782830529
(-) Permitted Payments	0	68782	68782
(-) Amount Deposited	40165500	1750304381	1790469881
Closing cash in hand as on 30.12.2016	0	32532847	32532847

37. Service Tax dues of ₹3674077 related to the bills raised prior to 1.4.2011 but not received, as a company has followed cash basis for discharging the service tax liability till the date of applicability of point of taxation rules. The management estimates that interest amount for non-payment of service tax is nil and no further provision for interest is made to that extent.
38. In respect of one of the subsidiaries management has estimated that the trade receivables outstanding for a period exceeding three years from the date they are due for payment, are considered doubtful and provided for.
39. The business promotion and development expenses include an amount of ₹225300/- which is incurred as per the letter dated 26.7.2016 issued by personal secretary to Hon'ble Minister for their official duty. The management has categorized the aforementioned expenses as business development expenses.
40. In respect of one of the subsidiaries, the breakup of prior period expenses pertains to earlier years reconciled / paid during the year under report.

41. a) In respect of one of the subsidiaries, WP No.53252 of 2014 between Anil Kumar, Managing Director, Karantaka Niravari Nigam Limited (KNNL) and others is disposed. The Hon'ble High Court of Karnataka has dismissed the writ petition as Council for the Petitioner submitted that the matter has become in-fructuous.
- b) O.S. No.4946 of 2015 between Mr. N. Ramesh 7 the Secretary, Department of Animal Husbandry and others (Marketing Consultants & Agencies Ltd is the third defended in the suit) is disposed.
42. In respect of one of the subsidiaries, the VAT Credit receivables includes VAT refund of '1030023 with respect of VAT paid to de-registered dealer/Vendor and the same is applied as refund from the VAT department on 5th March 2015 for which the matter is pending before the department officials and no further communication is received from the department till the date of closure of books.
43. In respect of one of the subsidiaries, an amount of ₹2711970 has been shown as Trade Receivables and payables as misappropriations in the accounts of the company. The Company filed a case against Mr.S.M. Pasha and ANM Rao for the recovery of misappropriated amount of ₹2810725 before City Civil Court, Bangalore. The recovery case was disposed on 9.7.2013. the court decreased the suit with cost against Mr.S.M. Pasha and dismissed the suit against Mr. ANM Rao. The company sought opinion from an advocate. The advocate opined that there are some grounds in the case to challenge the judgment. Accordingly an appeal no.236/2014 has filed and the same is pending before Hon'ble High Court of Karnataka for disposal.
44. Sundry Debtors include ₹2620418 (Previous year ₹3854172) due from Mysore Sales International Limited, Holding company and ₹144233 (Previous Year ₹1329965) from Karnataka State Industrial Infrastructure Development Corporation Limited, Ultimate Holding Company.
45. Sundry Debtors outstanding from more than six months and considered doubtful includes Rs.2447678 (previous year ₹2447678) due from M.s, cyber Expo and ₹3222351 (previous year ₹ 3222351) due from Bangalore I.T Com against whom a recovery suit was filed and the same is disposed as dismissed on 29.11.2014. The Company has sought opinion from three advocates regarding filing an appeal before Hon'ble High Court of Karnataka against the judgment and decree passed in OS no.134/2007. The advocates have opined that there is no good case to file an appeal. The matter was discussed in the 240th Board Meeting held on 26.06.2015 and the board advised the Managing director to refer the matter to High Power committee constituted uner the chairmanship of ACS to government. Accordingly, directions have been sought from the Commerce & Industries Department to refer the matter to High Power Committee and directions from Department are awaited.
46. Figures, wherever given, in brackets relate to the previous year. Previous year's figures have been regrouped/reclassified/ recast wherever necessary so as to make them comparable with the current year figures.

For and on behalf of the Board

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

Sd/-
(N.Jayaram)
Managing Director
DIN: 03302626

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

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

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

Sd/-
(N.K.Parashuram)
Dy.Gen.Manager (F&A)

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

Place : Bangalore
Date : 03.11.2017

NOTE NO.32

Particulars	31st March 2017 (₹)	31st March 2016 (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit (Loss) for the Year after Tax	900,008,932	736,047,692
Adjustments for:		
Depreciation	74,307,717	70,322,147
Tax Provision	385,935,515	255,714,254
Depreciation shown in Prior Period Adjustment	0	0
Interest	9,109,608	19,396,422
Investments written off	0	4,450,000
Bad Debts and Provisions Written back	1,786,519	-2,647,304
Write Back of Provision towards Investments	0	-5,567,801
Profit on sale of assets	-25,555	-147,999
Profit on Sale of Investments	0	0
Income From Investments	-72,413,844	-27,800,530
Share in Income from Associate	-126,780,931	-82,526,911
Change in Minority Interest	-763,684	47,819
Operating Profit (Loss) before Working Capital Changes	1,171,164,277	967,287,789
Adjustments for Working Capital Changes		
Change in Current Assets	82,451,257	-735,666,352
Change in Long Term Loans and Advances	258,981,327	-117,136,843
Change in Other Non Current Assets	-120,121,738	-195,000,000
Change in Long Term Provisions	4,657,710	27,873,764
Trade Payable	20,239,723	93,818,142
Other current liabilities	99,720,826	-618,090,732
Short-term provisions	1,710,902	-14,197,385
347,640,007	-1,558,399,406	
Income Tax Paid	-337,813,738	-370,893,910
Cash Flow from Operating Activities	1,180,990,546	-962,005,527
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	1,245,347	147,999
Sale of Investments	21,665,000	38,840,000
Purchase of Investments	-15,000,030	-50,000
Purchase of Fixed Assets	-99,214,331	-46,906,265
Income From Investments	72,413,844	27,800,530
Refund of Share Application Money	0	0
Joint Venture Share Of Income	0	0

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDING 31st MARCH 2017


Particulars	31st March 2017 (₹)	31st March 2016 (₹)
Share in Income from Associate	0	0
Cash Flow from Investing Activities	-18,890,170	19,832,264
C. CASH FLOW FROM FINANCING ACTIVITIES		
Change in Share Application Money	-486,900,004	459,642,000
Change in Short Term Borrowings	0	0
Change in Long Term Liabilities	32,367,653	-36,823,167
Change in Long Term Borrowings	0	0
Increase in Share Capital	486,900,000	681,316,260
Redemption of Preference Shares	0	-988,159,110
Dividend Distribution Tax	-4,086,634	-4,391,308
Interest paid	-9,109,608	-19,396,422
Cash Flow from Financing Activities	19,171,407	92,188,253
Total Cash Flow during the year (A + B + C)	1,181,271,783	-849,985,010
Opening Cash and Cash Equivalents	3,577,893,290	4,427,878,300
Closing Cash and Cash Equivalents	4,759,165,073	3,577,893,290

For and on behalf of the Board

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

Sd/-
(N.Jayaram)
Managing Director
DIN: 03302626

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

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

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

Sd/-
(N.K.Parashuram)
Dy.Genl.Manager (F&A)

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

Place : Bangalore
Date : 03.11.2017

FORM-AOC

Enterprises Consolidated as Subsidiary in accordance with Accounting Standard 21 - Consolidated Financial Statements (All Companies are incorporated in India)

Sl. No	Name of the Entity	% of ownership	Remarks
1	Mysore Sales International Limited	100%	Direct Ownership
2	Marketing Communication & Advertising Limited	100%	Step Down Subsidiary
3	Tadadi Port Limited	100%	Direct Ownership
4	Food Karnataka Limited	60%	10% Direct Ownership and 50% through Subsidiary

Enterprises Consolidated as Associate/Joint Venture in accordance with Accounting Standard 23 and Accounting Standard 27

Sl. No	Name of the Entity	% of Ownership	Remarks
1	Karnataka Antibiotics and Pharmaceuticals Limited	40.83%	Direct Ownership
2	Karnataka Asset Management Company Private Limited	33.33%	Direct Ownership
3	Karnataka Trustee Company Private Limited	50%	Direct Ownership
4	KSIIDC-IL & FS Project Development Company Limited	50%	Direct Ownership

Enterprises eliminated from Consolidation and reasons for the same

Sl. No.	Name of the Enterprise	% ownership	Remarks	Investment Value	Type of Entity	Reasons
1	The Mysore Chrome Tanning Company Limited	100%	Through Subsidiary	5000	Subsidiary	1. M/s Mysore Chrome Tanning Company Limited is a 95.1% subsidiary of MSIL Limited, which is a 100% subsidiary of the corporation. The Government of Karnataka has ordered for closure of Mysore Chrome Tanning Company Limited Vide Order No: C147 CIS 91(ii) Bangalore dated 31st October 1991. The networth of the company has been completely eroded and it does not have any freehold fixed assets. Accordingly its ability to transfer funds to the parent company viz. MSIL Limited is severely restricted. In view of the above this company has been excluded from consolidation by virtue of para 11(b) of Accounting Standard 21. The value of Investment by MSIL in Mysore Chrome Tanning Company Limited viz. Rs. 5,000/- has been fully provided for and is adjusted against Retained Earning (Opening Balance).
2	Badravathi Balaji Oil Palms Limited	49%	Direct Ownership	19600000	Associate	The Corporation has made investment of Rs. 196 lakhs representing 49% of Equity in Badravathi Balaji Oil Palms Limited. The corporation does not have any representation in the Board of the investee company and also does not have any hold/control over the operations/financial transactions of the company. The networth of the investee company is fully eroded and the investee company is operating under severe restrictions and ability to transfer funds to the company. Hence the same has been excluded from consolidation in terms of Para 9(b) of Accounting Standard 23. The investment made by the company is fully provided in its books of accounts. The company has not received audited statements from the investee company either as at 31/03/2016 or as at 31/03/2017.
3	Siddartha Metals Limited	21.78%	Direct Ownership	2200000	Associate	The investment is fully provided for. The corporation has no representation on the Board of the Company. Accordingly its ability to transfer funds to the parent company and hence the same has been excluded from consolidation by virtue of Para 11(b) of AS 21.

Additional Information as required under Schedule III to Companies Act, 2013 of enterprises consolidated as Subsidiary/ Associate/ Joint Venture (Contd.)

Sl. No.	Particulars	Net Assets (Assets Less Liabilities)		Share in Profit/Loss	
		As % of Consolidated Net Assets	Amount (₹)	As % of Consolidated Profit/Loss	Amount (₹)
(A) Parent					
	Karnataka State Industrial & Infrastructure Development Corporation Limited	51.66%	5386062909	31.511%	283604196
(B) Subsidiaries					
1	Mysore Sales International Limited	31.80%	3315288760	41.936%	377432105.1
2	Marketing Communication and Advertising Limited	9.99%	1041484633	12.248%	110234560
3	Tadadi Port Limited	0.0024%	247187	-0.001%	-13483
4	Food Karnataka Limited	0.16%	16515667	-0.127%	-1145525
(C) Associates					
	Karnataka Antibiotics and Pharmaceuticals Limited	6.19%	645712934	13.760%	123842629
	Karnataka Asset Management Company Private Limited	0.08%	8785088	0.287%	2584660
	Karnataka Trustee Company Private Limited	0.02%	1893210	0.039%	353642
(D) Joint Ventures					
	KSIIDC-IL & FS Project Development Company Limited	0.03%	2782322	0.346%	3116147

Salient Features of Financial Statements of Subsidiaries/ Associates/ Joint Ventures (Contd.)

(All Reporting Currency is INR)

Sl. No	Name of the Company	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	Profit before Tax	Provision for Tax
1	Mysore Sales International Limited	201766000	2920674403	6.355E+09	6355055331	134600831	14073301519	5678896232	201521199
2	Marketing Communication and Advertising Limited	35725200	970758987	1.607E+09	1606817109	0	2156868868	221038631	96420800
3	Tadadi Port Limited	500000	-252813	265342	265342	0	19072	863	14346
4	Food Karnataka Limited	1000000	15515667	302470411	302470411	0	1552369	-1903671	5538
5	Karnataka Antibiotics and Pharmaceuticals Limited	134900000	1446500000	2.884E+09	2883600000		3760300000	470700000	167400000
6	Karnataka Asset Management Company Private Limited	4950000	21407900	40706285	35091069		21073845	11568677	3813922
7	Karnataka Trustee Company Private Limited	100000	3686419	4156443	4156443		1139476	1023567	316283
8	KSIIIDC-IL & FS Project Development Company Limited	500000	5064644	25127444	25127444	0	22910334	9019556	2787264

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

Sl. No	Name of the Entity	Nature of ownership	Latest Audited B/S Date	Number of Shares	Investment Amount (in ₹)	% Holding	Net Worth attributable to Share Holding	Considered in CFS	Not Considered in CFS	Description of Significant Influence	Remarks
1	Mysore Sales International Limited	Subsidiary	31-03-2017	2017660	199366000	100%	3122440403	3122440403	0	Equity Holding	
2	Marketing Communication and Advertising Limited	Fellow subsidiary	31-03-2017	357252	59738400	100%	1006484187	1006484187	0	Equity Holding	Through Subsidiary
3	Tadadi Port Limited	Subsidiary	31-03-2017	50000	500000	100%	247187	247187	0	Equity Holding	
4	Food Karnataka Limited	Fellow subsidiary	31-03-2017	60000	600000	60%	9914969	9914969	0	Equity Holding	Including Rs. 5,00,000 through Subsidiary
5	Karnataka Antibiotics and Pharmaceuticals Limited	Associate Enterprise	31-03-2017	550820	55181750	40.83%	645712934	645712934	0	Equity Holding	
6	Karnataka Asset Management Company Private Limited	Associate Enterprise	31-03-2017	16500	1650000	33.33%	8785088	8785088	0	Equity Holding	
7	Karnataka Trustee Company Private Limited	Associate Enterprise	31-03-2017	500	50000	50%	1893210	1893210	0	Equity Holding	
8	KSIIDC-IL & FS Project Development Company Limited	Joint Venture	31-03-2017	25000	500000	50%	2532323	2532323	0	Equity Holding	

For and on behalf of the Board

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

Sd/-
(N.Jayaram)
Managing Director
DIN: 03302626

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

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

Sd/-
(N.K.Parashuram)
Dy.Gen.Manager (F&A)

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

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

Place : Bangalore

Date : 03.11.2017

COMPARISON AND ANALYSIS OF OPERATIONAL STATEMENTS

Table

SANCTIONS AND DISBURSAL OF

Table

SANCTIONS AND DISBURSAL OF FINANCIAL ASSISTANCE

	Investments		Term Loans		Bridge Loan	
	No.	Amount	No.	Amount	No.	Amount
I. RUPEE LOANS:						
1. Gross Sanction	394	3,50,66.84	1776	2,04,244.10	192	3,255.64
2. Sanction subsequently cancelled / reduced / lapsed relating to						
i) Current year sanction	0	0.00	0	0.00	0	0.00
ii) Earlier year sanction	39	1,224.93	335	30,701.45	0	0.00
iii) Total	39	1,224.93	335	30,701.45	0	0.00
3. Effective Sanction						
(1-2(i))	394	35,066.84	1776	2,04,244.10	192	3,255.64
(1-2(ii))	355	33,841.91	1441	1,73,542.65	192	3,255.64
(1-2(iii))	355	33,841.91	1441	1,73,542.65	192	3,255.64
4. Disbursements	343	26,888.76	1863	1,45,534.58	196	3,188.24

FINANCIAL ASSISTANCE - FY 2016-2017 - NIL

SINCE INCEPTION & UP TO FY ENDING 31.03.2017

(₹ in lakhs)

Corporate Loan		Bill Discounting		Leasing		Guarantees		Underwriting		Total	
No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
294	38,641.45	15	2,230.00	22	4,763.81	59	21,738.76	13	1,387.50	2765	3,11,328.10
0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
1	50.00	0	0.00	0	78.56	45	11,190.20	0	0.00	420	43,245.14
1	50.00	0	0.00	0	78.56	45	11,190.20	0	0.00	420	43,245.14
294	38,641.45	15	2,230.00	22	4,763.81	59	21,738.76	13	1,387.50	2765	3,11,328.10
293	38,591.45	15	2,230.00	22	4,685.25	14	10,548.56	13	1,387.50	2345	2,68,082.96
293	38,591.45	15	2,230.00	22	4,685.25	14	10,548.56	13	1,387.50	2345	2,68,082.96
288	35,941.08	16	3,341.64	18	3,337.63	0	0.00	0	0.00	2724	2,18,231.93