

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Ninth Annual General Meeting of the Members of KERALA STATE INFORMATION TECHNOLOGY INFRASTRUCTURE LIMITED will be held on the 28th September (Thursday), 2017 at 1.00 pm at the Chamber of the Secretary, Electronics & Information Technology Department at Government Secretariat, Thiruvananthapuram, to transact the following business:

ORDINARY BUSINESS:

1. Adoption of Annual Accounts for the financial year 2016-17

To receive, consider and adopt the Audited Financial Statements of the Company comprising the Balance Sheet as on March 31, 2017, Statement of Profit & Loss and Cash Flow Statement and Notes thereto for the financial year ended on March 31, 2017, together with the Reports of the Board of Directors and Auditors' thereon by passing the following resolution as an ordinary resolution:

"RESOLVED THAT the financial statements for the financial year ended on 31st March 2017 together with the Report of the Board of Directors, Statutory and Secretarial auditors thereon, of the company as places before the meeting be and are hereby received, considered and adopted."

2. Appointment and fixation of remuneration of Statutory Auditor

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

"RESOLVED THAT M/s. Rathnam & Murthy, Chartered Accountants (Firm Registration Number 003170S), appointed by C&AG as the Statutory Auditors of the Company for the financial year 2016-17, to hold their office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting, be paid a remuneration of Rs. 40,000/- (Rupees Forty Thousand Only) other than out of pocket expenses and taxes."

**By order of the Board of Directors
For KERALA STATE INFORMATION TECHNOLOGY INFRASTRUCTURE LIMITED**

Managing Director

Thiruvananthapuram
Date: 01.09.2017

To,
All Shareholders
All Directors
M/s Rathnam & Murthy, Chartered Accountants
M/s BVR & Associates, Company Secretaries LLP

Note: A Member entitled to attend and vote at the Annual General Meeting ('AGM') may appoint a proxy to attend and vote on his behalf. A proxy need not be a Member of the Company. The instrument appointing proxy must be deposited with the company at its Registered Office not less than 48 hours before the time for holding the meeting.



NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the **Ninth Adjourned Annual General Meeting** of the members of KERALA STATE INFORMATION TECHNOLOGY INFRASTRUCTURE LIMITED will be held on the **31st May (Friday), 2019** at 4.00 pm at 7th Floor, Felicity Square M.G Road, Statue, Thiruvananthapuram 695001, to transact the following business:

ORDINARY BUSINESS:

1. Adoption of Annual Accounts for the financial year 2016-17

To receive, consider and adopt the Audited Financial Statements of the Company comprising the Balance Sheet as on March 31, 2017, Statement of Profit & Loss and Cash Flow Statement and Notes thereto for the financial year ended on March 31, 2017, together with the Reports of the Board of Directors, Statutory Auditors, C&AG Comments and Secretarial Auditors thereon by passing the following resolution as an ordinary resolution:

“RESOLVED THAT the financial statements for the financial year ended on 31st March 2017 together with the Report of the Board of Directors, Statutory Auditors, C&AG comments and Secretarial Auditors thereon, of the company as places before the meeting be and are hereby received, considered and adopted.”

By order of the Board of Directors
For KERALA STATE INFORMATION TECHNOLOGY INFRASTRUCTURE LIMITED

Sd/-
Company Secretary & Finance Manager

Thiruvananthapuram

Note: A Member entitled to attend and vote at the Annual General Meeting ('AGM') may appoint a proxy to attend and vote on his behalf. A proxy need not be a Member of the Company. The instrument appointing proxy must be deposited with the company at its Registered Office not less than 48 hours before the time for holding the meeting.

DIRECTORS' REPORT

To
The Members,
M/s Kerala State Information Technology Infrastructure Limited
7th Floor, Felicity Square M.G Road, Statue
Thiruvananthapuram-695001, Kerala

Dear Shareholders,

Your Directors have pleasure in presenting the Ninth Annual Report of the Company together with Audited Financial Statements, notes on accounts and the Auditors' Report of your company for the financial year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS

During the financial year 2016-17, the financial and operating performance of your company has improved considerably as compared to previous year.

The company's Financial Performance for the year ended March 31, 2017 is summarized below:

(Amount in Rs.)

Financial Results	Year ended 31st March, 2017	Year ended 31st March, 2016
(a) Turnover (including Other Income)	96,14,771.00	1,30,30,949.00
(b) Net Profit/Loss (before depreciation, extra ordinary items and tax)	(47,04,575.00)	1,59,154.00
<u>Less</u> : Depreciation	30,52,014.00	30,92,951.00
(c) Net Profit/Loss (before extraordinary items and tax)	(77,56,589.00)	(29,33,797.00)
<u>Less</u> : Extraordinary items	18,50,838.00	-
(c) Net Profit/(Loss) before tax	(96,07,427.00)	(29,33,797.00)
<u>Less</u> : Provision for Tax (including for deferred tax)	(82,462.00)	(7,47,495.00)
(d) Net Profit/(Loss)	(96,89,889.00)	(36,81,292.00)

Amount which it proposes to carry to reserves

The amount of Rs. (96,89,889) to be carried as Profit / Loss in the balance sheet for the financial year ended 31st March, 2017. It is not being proposed to carry this amount in to any specific reserve.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of the knowledge and belief, confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The Directors had prepared the annual accounts on a going concern basis;
- (e) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DIVIDEND

Due to accumulated loss, your directors have not recommended any dividend for the financial year 2016-17.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Name and other details of Directors as on date:

Sl No	Name of Director	Designation	G.O (Rt.) No. for appointment	Date of Govt Order
1	Shri. M Sivasankar, IAS The Secretary to Government Electronics & IT Department	Chairman	132/2016/ITD	23.06.2016
2	S D Ferold Xavier Additional Secretary Finance Department	Nominee Director	190/2018/E&ITD	08.07.2018
3	Dr. Jayasankar Prasad C Director, ICFOSS	Managing Director	269/2018/E&ITD	22.10.2018
4	Seeram Sambasiva Rao Director, Kerala State IT Mission	Director	287/2016/ITD	27.12.2016
5	Dr. Rajasree M.S Director, IIITMK	Independent & Woman Director	209/2015/ITD	18.09.2015

6	Shri. Hrishikesh R Nair CEO, Technopark	Director	287/2016/ITD	27.12.2016
---	--	----------	--------------	------------

B. Key Managerial Persons

As per Section 203 of the Companies Act, 2013, read with Central Government exemptions notification of Ministry of Corporate Affairs dated 5th June 2015, to Government Companies, Smt. Remya R S – Company Secretary & Finance Manager was appointed as Key Managerial Personnel.

C. Composition

The Board of Directors comprises of Chairman, Managing Director, Woman and Independent Director and other Directors who are nominated by the Government of Kerala.

D. Number of Meetings of the Board

The Board of Directors of the Company met 4 times during the financial year 2016-17. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act 2013.

Date of the Board Meeting	Name of Directors attended the Board Meeting	Date of the Audit Committee Meeting	Name of Directors attended the Audit Committee Meeting
25/06/2016	1. SIVASANKAR MADHAVAN NAIR 2. AZIM ISMAIL 3. RAJASREE MEENAKSHIAMMA SUKUMARAN NAIR 4. HRISHIKESH RAMACHANDRAN NAIR 5. RAMNATH SOMASEKHARAN NAIR 6. R. AJITH KUMAR	05/09/2016	1. HRISHIKESH RAMACHANDRAN NAIR 2. R. AJITH KUMAR
29/09/2016	1. SIVASANKAR MADHAVAN NAIR 2. AZIM ISMAIL 3. RAJASREE MEENAKSHIAMMA SUKUMARAN NAIR 4. HRISHIKESH RAMACHANDRAN NAIR	21/12/2016	1. HRISHIKESH RAMACHANDRAN NAIR 2. R. AJITH KUMAR

30/12/2016	1. SIVASANKAR MADHAVAN NAIR 2. AZIM ISMAIL 3. RAJASREE MEENAKSHIAMMA SUKUMARAN NAIR 4. HRISHIKESH RAMACHANDRAN NAIR 5. SEERAM SAMBASIVA RAO 6. R. AJITH KUMAR		
30/03/2017	1. SIVASANKAR MADHAVAN NAIR 2. RAJASREE MEENAKSHIAMMA SUKUMARAN NAIR 3. HRISHIKESH RAMACHANDRAN NAIR 4. SEERAM SAMBASIVA RAO		

E. Board Committees

As on 31st March 2017, the Board has 2 committees: the Audit Committee and Nomination & Remuneration Committee. All the committees are duly constituted.

AUDIT COMMITTEE

Audit Committee was reconstituted with the following Directors as on date:

1. Dr. Jayasankar Prasad C
2. Dr. Rajasree MS
3. Shri. S. D. Ferold Xavier

NOMINATION & REMUNERATION COMMITTEE

Nomination & Remuneration Committee was reconstituted with the following Directors as on date:

1. Dr. Jayasankar Prasad C
2. Dr. Rajasree MS
3. Shri. S. D. Ferold Xavier

AUDITORS

STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules framed Accordingly Comptroller and Auditor General of India appointed M/s Rathnam & Murthy, Chartered

Accountants, Thiruvananthapuram (ICAI Firm Registration Number FRN: 003170S) to conduct the Statutory Audit of the Company for the financial year 2016-17.

SECRETARIAL AUDITORS

As per Section 204(1) of the Companies Act, 2013, Rule 9 of the Companies (Appointment and Remuneration of Personnel) Rules, 2014 and other applicable provisions of the Companies Act, 2013, 44th meeting of the Board appointed M/s BVR & Associates Company Secretaries LLP, as Secretarial Auditors of the Company.

STATUTORY AUDITORS' AND SECRETARIAL AUDITORS' REPORT

Report of the Statutory Auditors and Secretarial Auditor are annexed to and forming part of this report.

REPORTING OF FRAUD BY AUDITORS

During the year under review, neither the Statutory Auditors nor the Secretarial Auditor has reported to the Audit Committee under Section 143 (12) of the Companies Act 2013, any instances of fraud committed against the company by its officers or employees, the details of which would need to be mentioned in the Board's Report.

STATE OF COMPANY'S AFFAIRS

It is imperative that affair of our Company are managed in a fair and transparent manner. This is vital to gain and retain the trust of our stakeholders.

SUBSIDIARIES & ASSOCIATES

As on 31st March, 2017, the company has neither subsidiaries nor associates.

CORPORATE SOCIAL RESPONSIBILITY

The provisions of the Corporate Social Responsibility as contained under Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 are not applicable on the Company.

EXTRACT OF ANNUAL RETURN

The extract of the annual return as on the financial year ended on 31st March, 2017 in form MGT-9 required under Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, forms part of this report as Annexure-A.

INDEPENDENT DIRECTORS

As a Government Company, the Directors will be appointed by the Government of Kerala. Government of Kerala has appointed Dr. Rajasree M. S as Woman and Independent Director vide G.O 209/2015/ITD dated 18.09.2015.

Declaration by Independent Directors

The company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act 2013 that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act 2013.

PARTICULARS OF EMPLOYEES

None of the employees who have worked throughout the year or a part of the financial year were getting remuneration in excess of the threshold mentioned under Section 197(12) of the Act read with rule 5(2) of Companies (Appointment and Remuneration) Rules, 2014.

MATERIAL CHANGES & COMMITMENTS

There has been no material changes and Commitment affecting the financial position of the Company which has occurred between the end of the financial year of the Company to which the financial statements relate and date of the Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to:

Sl No	Particulars	Comments
1	Energy Conservation	Your Directors have taken every possible steps to ensure that Energy consumption be kept to the minimum possible level
2	Technology Absorption	Not Applicable
3	Foreign Exchange Earnings and Outgo	NIL

DEPOSITS

The Company did not accept any deposit from public during the financial year 2016-17.

PARTICULARS OF INTER-CORPORATE LOANS & INVESTMENT

During the year, the Company has not made any investments or has not given any loans or guarantees to any person or body corporate pursuant to Section 186 of the Companies Act, 2013.

PARTICULARS OF RELATED PARTY TRANSACTIONS

There are no materially significant transactions with related parties during the year with Promoters, Directors, Key Managerial Personnel or other designated persons which are potentially conflicting with the interest of the Company at large.

None of the Directors or Key Managerial Personnel has any pecuniary relationships or transactions vis-à-vis the Company.

Accordingly, the disclosures of Related Party Transactions required under section 134 (3) (h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

VIGIL MECHANISM

Your Directors would like to inform that till now provisions of establishment of Vigil Mechanism do not apply to the Company.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and rules made there under, your Company has adopted a Sexual Harassment Policy for women to ensure healthy working environment without fear of prejudice, gender bias and sexual harassment.

The Board states that there were no cases or complaints filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

The management of the Company has duly adopted the Risk Management Policy as per the requirement of the Companies Act, 2013. Further, they had taken adequate care in its implementation by identifying various element of risk which may cause serious threat to the existence of the Company.

INTERNAL FINANCIAL CONTROLS

The Company has maintained adequate financial control system, commensurate with the size, scale and complexity of its operations and ensures compliance with various policies, practices and statutes in keeping with the organization's pace of growth and increasing complexity of operations.

ACKNOWLEDGEMENT

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the Department of Information Technology, Government of Kerala, other Departments

of Government of Kerala, Government of India and other statutory authorities during the year under review.

The Board of Directors would like to sincerely thank the Banks, Financial Institutions, Consultants and other professionals.

And acknowledge with gratitude the dedicated efforts and valuable contribution made by all the employees of the Company.

For & on behalf of the Board of Directors

Dr Jayasankar Prasad C
DIN: 06707133
Managing Director

M. Sivasankar, IAS
DIN: 01987180
Chairman

31 May 2019
Thiruvananthapuram

REPLY TO THE COMMENTS OF INDEPENDENT AUDITORS' REPORT

SI No	Auditors' Comments / Reservations	Management Reply the Comments
1	KSITIL has paid Rs. 2,32,00,000/- to Special Tahsildar Ambalapuzha for setting up of IT Park at Ambalapuzha during 2009-10. On 25th Feb 2016, KSITIL has received an amount of Rs. 2,00,95,432/- from Special Tahsildar Ambalapuzha after deducting establishment charges of Rs. 31,04,568/- vide letter no. B5/3453/08 dtd 22/02/2016. But KSITIL has not accounted the establishment charges. But the land acquisition has not been done by the Special Tahsildar, Ambalapuzha till date so the Company has to take initiative for recovering the amount deducted by the Special Tahsildar. This has resulted in an understatement of the loss by Rs. 31,04,568/-.	Noted for future compliance.
2	KSITIL has entered into a lease agreement with M/s CYBERPARK for leasing of 5 acres of land at Kozhikode for 90 years free of cost. As per the duties and responsibilities defined by the lease agreement it was mentioned that M/s Cyberpark will also develop basic necessary infrastructure in the whole campus of 41.91 acres of land (Note C.1) out of the 5 acre, 4.19 acres given as free of cost in consideration for developing infrastructure. KSITIL has spent an amount of Rs. 25.79 crore for the development of the infrastructure instead of CYBERPARK doing the same this was against clause no 2 entered on 17th November 2011. The Company has also neither accounted the lease premium for remaining 0.81 acres of land for an amount of Rs. 1,23,76,800/- nor created a demand for the same this has resulted in understatement of operational income Rs. 7,38,463.60/- (Rs. 137520/- for the current year and Rs. 600943.60/- as prior period (from 17.11.2011 to 31.03.2016)).	A request from CEO, Cyberpark for amendment in the lease agreement is under consideration. Amendment agreement will be executed soon and lease premium will be demanded on finalization of the agreement.

REPLY TO THE COMMENTS OF SECRETARIAL AUDITORS' REPORT

SI No	Auditors' Comments / Reservations	Management Reply the Comments
1	Where as in terms of the provisions of Section 149(4) & 149(5) of the Companies Act, 2013 read with rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to appoint requisite number of Independent Directors during 2016-17 but the appointment of independent director has made on 18.01.2018.	Request for appointment of Independent Director is pending with the Government.
2	Whereas in terms of the provisions of Section 177(2) of the Companies Act, 2013 read with rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Company is required to reconstitute an Audit Committee which is yet to comply.	Request for appointment of Independent Director is pending with the Government. On appointment of Independent Directors, the Audit Committee will be re-constituted.
3	Whereas in terms of the provisions of Section 178(1) of the Companies Act, 2013 read with rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 the Company is required to reconstitute a Nomination & Remuneration Committee of the Board which is yet to comply.	Request for appointment of Independent Director is pending with the Government. On appointment of Independent Directors, the Nomination & Remuneration Committee will be re-constituted.
4	The company has not deposited Rs. 6,99,994/- (which includes Rs.1,60,282/- for the current year) towards provident fund collected from employees and the registration yet to be taken.	The company has taken PF registration and the amount has been released accordingly.
5	The company has not remitted Rs.1,50,056/- collected towards Kerala construction labour welfare fund.	The Company has now fully paid the required amount towards Kerala Construction Labour Welfare Fund.
6	The company has not registered its office as commercial establishment under the Kerala shops and Commercial Establishments Act, 1960.	Registration process is going on.

REPLY TO THE COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF KERALA STATE INFORMATION TECHNOLOGY INFRASTRUCTURE LIMITED, THIRUVANANTHAPURAM FOR THE YEAR ENDED 31ST MARCH, 2017

SI No	Auditors' Comments / Reservations	Management Reply the Comments
	A. Comments on Profitability Statement of Profit and Loss for the year ended on 31/03/2017 Profit/(Loss) for the year – Rs. (96.89) lakh	
1	<p>This is understated by Rs. 35.51 lakh due to non-creation of provision for consultancy charges payable to the architectural cum engineering consultant M/s Indigo Architects, Thrissur for the construction of IT buildings of the Company at Kasaragod and Kannur. This has resulted in understatement of loss for the year by Rs. 35.51 lakh with corresponding understatement of Current Liabilities.</p>	<p>Final decision regarding the stoppage of work has not come. The comment noted for future compliance.</p>

ANNEXURE – A TO DIRECTORS REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

(i)	CIN	U72900KL2008SGC021779
(ii)	Registration Date	31/01/2008
(iii)	Name of the Company	KERALA STATE INFORMATION TECHNOLOGY INFRASTRUCTURE LIMITED
(iv)	Category / Sub-Category of the Company	Company limited by Shares / State Govt company
(v)	Address of the Registered office and contact details	7th Floor, Felicity Square M.G Road, Statue, Thiruvananthapuram KL 695001 IN
(vi)	Whether listed company Yes / No	No
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Construction	F3	50
2	Support service to Organizations	N7	50

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% Of Shares Held	Applicable Section
-	NA				

g) FIIs	0	0	0	0	0	0	0	0	-
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	-
i) Others (specify)	0	0	0	0	0	0	0	0	-
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	-
2. Non-Institutions	0	0	0	0	0	0	0	0	-
a) Bodies Corp.	0	0	0	0	0	0	0	0	-
i) Indian	0	0	0	0	0	0	0	0	-
ii) Overseas	0	0	0	0	0	0	0	0	-
b) Individuals	0	0	0	0	0	0	0	0	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	-
c) Others (specify)	0	0	0	0	0	0	0	0	-
Sub-total (B)(2):-	0	0	0	0	0	0	0	0	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	0	0	0	0	0	0	0	0	-
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	-
Grand Total (A+B+C)	0	176898800	0	100	0	202462100	0	100	-

ii) **Shareholding of Promoters**

S N o	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered	
1	GOVERNOR OF KERALA	176898793	99.993	0	202462093	99.993	0	12.63
2	SIVASANKAR MADHAVAN NAIR	1	0.001	0	1	0.001	0	0
3	SEERAM SAMBASIVA RAO	1	0.001	0	1	0.001	0	0
	SHYLA PA	1	0.001	0	1	0.001	0	0
	AZIM ISMAIL	1	0.001	0	1	0.001	0	0
	HRISHIKESH RAMACHANDRAN NAIR	1	0.001	0	1	0.001	0	0
	SREEKALA S	1	0.001	0	1	0.001	0	0
	BHOOSHAN V	1	0.001	0	1	0.001	0	0
	Total	176898800	100	0	202462100	100	0	12.63

All the individual shareholders hold shares on behalf of Government of Kerala.

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	17,68,98,800		17,68,98,800	
	Allotment made during the year 2016-17	2,55,63,300		2,55,63,300	
	Shares transferred during the year	0			
	At the End of the year	20,24,62,100		20,24,62,100	

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
	At the beginning of the year	NIL			
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):	NIL			
	At the End of the year (or on the date of separation, if separated	NIL			

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	during the year)				

(v) **Shareholding of Directors and Key Managerial Personnel:**

Sl No	Shareholder's Name	Shareholding at the beginning of the year		Change in Shareholding during the year	Shareholding at the end of the year	
		No. of Shares	% of total Shares of the company	Increase / Decrease in Shareholding	No. of Shares	% of total Shares of the company
1	SIVASANKAR MADHAVAN NAIR	0		1	1	
2	SEERAM SAMBASIVA RAO	0		1	1	
3	SHYLA PA	0		1	1	
4	AZIM ISMAIL	0		1	1	
5	HRISHIKESH RAMACHANDRAN NAIR	1		0	1	

All the directors hold shares on behalf of Government of Kerala.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition	-	-	-	-

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
• Reduction				
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NIL

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total
		
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961					
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961					
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission					
	- as % of profit	-	-	-	-	-
	- others, specify...					
5.	Others, please specify	-	-	-	-	-
	Total (A)	-	-	-	-	-
	Ceiling as per the Act	-	-	-	-	-

B. Remuneration to other directors: NIL

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
		

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
	Independent Directors					
	<ul style="list-style-type: none"> Fee for attending board committee meetings Commission Others, please specify 	-	-	-	-	-
	Total (1)	-	-	-	-	-
	Other Non-Executive Directors	-	-	-	-	-
	<ul style="list-style-type: none"> Fee for attending board committee meetings Commission Others, please specify 	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B) = (1 + 2)	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		11,18,016.00		11,18,016.00
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...				
5.	Others, please specify				
	Total		11,18,016.00		11,18,016.00

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For & on behalf of the Board of Directors

Dr. Jayasankar Prasad C
DIN: 06707133
Managing Director

M. Sivasankar, IAS
DIN: 01987180
Chairman

31 May 2019
Thiruvananthapuram



Rathnam & Murthy

Chartered Accountants

T.C. 9/1302, Lakshmi, TRRWA-21,
Temple Road, Sasthamangalam P.O.,
Thiruvananthapuram - 695 010
Ph: (O) 0471-2722337, Mob: 94471 61239
E-mail: msatheeshkr@gmail.com
Website : www.rmcas.org

Flat No.G2, Sriram Appartments
No.6, Nandhanam Extension, 4th Street
Nandhanam, Chennai - 600 035
Phone : 044-48545437
E-mail: rmktcc@gmail.com

INDEPENDENT AUDITORS' REPORT

To

The members of KERALA STATE INFORMATION TECHNOLOGY
INFRASTRUCTURE LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **KERALA STATE INFORMATION TECHNOLOGY INFRASTRUCTURE LIMITED** (the "Company"), which comprises the Balance sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.



We conducted our audit in accordance with the standards on auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

QUALIFIED OPINION

In our opinion, and to the best of our information and according to the explanations given to us, ***except for the effects of the matter described in the Basis of Qualified Opinion Paragraph*** below, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its loss and cash flows for the year ended on that date.

Basis for Qualified Opinion

In our opinion and to the best of our information and explanations given to us the matters which came to our notice during the course of our audit which needs special attention are provided in **Annexure- I** to this audit report.

Emphasis of Matter

Without qualifying our opinion, we draw attention to:

- 1. KSITIL has made payment to M/s Infopark and M/s Technopark for Rs 5 crore each for developing small business centres at Kollam and Cherthala IT park. But the company has not entered a valid agreement for collecting income or recovering the same (Note no.12).We are unable to quantify the impact if any in the Financial Statements.***
- 2. As per C&AG comments there was non provision of Rs 4.36 lakhs being expenditure on advertisement and consultancy charges payable for the previous year. During the current year company has not provided provision for Rs 4.36 Lakhs and the company did not provide us with***



details hence same could not be traced in accounts in order to verify compliance to C&AG comments.

3. Confirmation of balances from any of the sundry debtors and creditors has not been received. We disclaim the effect of changes in the financial statements when any rectification entries are passed in these accounts.
4. A. We have not obtained Bank, FD/ account/ confirmation statements for the following bank & FD accounts; hence we reserve our comments on the following bank balances as per books of accounts :

	Amount in Rs
(i) SBTunfixed	71,59,326.00
(ii) SIB:- 0119073000001984	5,23,139.00

B. The following accounts are supported by bank statements but without confirmation:

	Amount in Rs
(i) SBI:-67259817271	6,000.00
(ii) SBI:-67179003330	3,31,257.00
(iii) SBI:-67057093550	4,28,659.00

C. The SBI current account No: 30326714650 shows a balance of Rs 6,03,280.00 as per books however the confirmation shows a balance of Rs 8,52,269.15.

D. The South Indian Bank FD balance shows Rs 2,83,50,000.00 for which confirmation certificate not obtained from the Bank.

5. The Service tax Account shows a balance of Rs 1,48,411.94 receivable (net of Output Tax Rs 2,95,377.09 – Input Tax Rs 4,43,789.03). We have not obtained any information/ explanation regarding filing of service tax return for the year 2016-17.

Other Matter

1. KSITIL has a land bank of 320.13 acres at a total cost of Rs 108.44 crores. Out of this KSITIL has allotted only 26.342 acres of land to Technopark, Infopark, Cyberpark, KSEB and Crest. As per Note No-11 Rs 38.39 crores blocked in Capital work in progress for development of IT parks at various locations. Even though the company possess the above mentioned land bank the operational income during the year is Rs 27,41,026/- only. Action should be taken to lease out the premises belonging to the company for the



generation of income. We are unable to quantify the impact of the same if any in the Financial Statements.

- 2. KSITIL entered into an agreement with M/s Infopark on 15th June 2015 for leasing of 52,627 Sqft, building at koratty IT park. As per clause no 1 of the agreement Infopark will have to pay Rs 2 per Sq.ft from 2010 onwards with a hike of 15% in a block of every three years. Total amount due as on 31st March 2016 is Rs 97,76,967/- (Rental income Rs 85,38,836/- and service tax Rs 12,38,131/-). The Subsequent Board Meeting (38th) held on 25th June 2016, Board of directors decided to waive off amount of rental income due with retrospective effect from 2010 and also decided to execute a supplementary agreement incorporating amendments in this regard. However the supplementary agreement has yet to be executed.*
- 3. The company has not provided any information / explanation regarding filing of service tax / VAT returns with the respective authorities .*
- 4. The company has collected Rs 8,38,020/- towards PF even though registration with the respective authorities has yet to be obtained.*

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we enclose in the Annexure II statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The balance sheet, statement of profit and loss, and cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) As per notification no. GSR 463(E) dated 5th June 2015, Section 164(2) of the Companies Act, 2013 relating to disqualification of Directors is not applicable to a Government Company;



- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure III'; and
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company does not have any pending litigations which would impact its financial position except Land Acquisition related cases. Age wise analysis and other details could not be made available by the Company. Non maintenance of such records will lead to non- transparency of legal issues;
 - (ii) The Company does not have any long-term contracts, including derivative contracts. Accordingly, no provision for material foreseeable losses have been made; and
 - (iii) There were no amounts which were required to be transferred to the investor education and protection fund by the Company.
 - (iv) The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. Based on audit procedures and relying on management representation we report that the disclosures are in accordance with books of accounts maintained by the company and as produced to us by the management-Refer Note No: C -19 to the Financial Statements
3. As required by directions issued by Indian audit and accounts department in terms subsection (5) of section 143 of the Act we give in the Annexure IV, a statement on the matters specified in the said direction to the extent applicable.

**For Rathnam & Murthy,
Chartered Accountants
FRN:003170S**



CA. M. Satheesh Kumar, FCA, DISA (ICA)

Partner

Membership Number:207847

Place: Thiruvananthapuram
Date : 13.09.18



ANNEXURE –I FORMING PART OF AUDIT REPORT

1. KSITIL has paid Rs 2,32,00,000/- to Special Tahsildar Ambalapuzha for setting up of IT park at Ambalapuzha during 2009-10. On 25th February 2016 KSITIL received an amount of Rs 2,00,95,432/- from Special Tahsildar Ambalapuzha after deducting establishment charges of Rs31,04,568 /- vide letter number B5/3453/08 dtd 22/02/2016. But KSITIL has not accounted the establishment charges. But the land acquisition has not been done by The Special Tahsildar , Ambalapuzha till date so the company has to take initiative for recovering the amount deducted by the Special Tahsildar. This has resulted in an understatement of the loss by Rs 31,04,568/-.
2. KSITIL has entered into a lease agreement with M/s CYBERPARK for leasing of 5 acres of land at Kozhikode for 90 years free of cost. As per the duties and responsibilities defined by the lease agreement it was mentioned that M/s cyberpark will also develop basic necessary infrastructure in the whole campus of 41.91 acres of land (Note C .1) out of the 5 acre, 4.19 acres given as free of cost in consideration for developing infrastructure. KSITIL has spent an amount of Rs 25.79 Crore for the development of the infrastructure instead of CYBERPARK doing the same this was against clause no 2 entered on 17th November 2011. The company has also neither accounted the lease premium for remaining 0.81 acres of land for an amount of Rs 1,23,76,800/- nor created a demand for the same this has resulted in understatement of operational income Rs 7,38,463.60/-(Rs 1,37,520/- for the current year and Rs 6,00,943.60 as prior period(from 17.11.2011 to 31.03.2016)) Other long term liabilities Rs 1,16,38,336/- and other non current asset Rs 1,23,76,800/- during the year .

The aggregate of the above qualifications made by us been considered, the loss of the year would have been Rs1,20,55,993.40 (as against the reported loss of Rs 96,89,889) Reserves & Surplus would have been Rs4,74,22,843.40(as against the reported figure of Rs4,50,56,739.00), other long term liabilities would have been Rs 7,97,78,945.00 as against the reported figure of Rs 6,81,40,609.00, Other non- current assets would have been Rs 5,61,76,436.00 as against the reported figure of Rs4,37,99,636.00 and Long Term Loans and Advances would have been Rs 24,67,56,218.00(as against the reported figure of Rs24,98,60,786.00).



**Annexure "II" to the Independent Auditors' Report of KERALA STATE
INFORMATION TECHNOLOGY INFRASTRUCTURE LIMITED
as of and for the year ended March 31, 2017
(referred to in our report of even date)**

1. (a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company does not have a regular programme of physical verification of its fixed assets.

(c) In our opinion and according to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company, except in respect of certain immovable properties which have been acquired as part of acquisition of the business which are in the name of the erstwhile company/ firm's name. The Company is in the process of changing the name with the respective registration authorities.
2. The Company is a service company, primarily rendering infrastructure facilities to the IT/ITES. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
3. According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, paragraph 3 (iii) of the Order is not applicable.
4. In our opinion and according to the information and explanations given to us, the Company has not given any loans, made any investments, provided any guarantees, and given any security to which the provisions of section 185 and 186 of the Companies Act, 2013 are applicable.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits and accordingly paragraph 3 (v) of the Order is not applicable.
6. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for any of the activities of the Company.
7. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including employees' state insurance, income-tax, sales tax, service



tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities except the following which were in arrears as at March 31, 2017 for a period of more than six months from the date they became payable:

- i. The company has not deposited Rs 6,99,998/-(which includes Rs1,60,286/-for the current year) towards Provident fund collected from employees.
- ii. The company has not remitted Rs 1,50,056/- collected towards Kerala construction labour welfare fund .

(b) According to the information and explanations given to us, the company has no disputed statutory dues including sales tax, service tax, duty of customs, duty of excise and value added tax except following dues of income tax which have not been deposited on account of dispute:

Name of the Statute	Nature of the Dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax	Demand under section 143(3) of IT Act 1961	7,70,950	AY 2012-13	CIT(Appeals) ,TVM
Income Tax	Demand under section 143(3) of IT Act 1961	6,08,393	AY 2013-14	CIT(Appeals) ,TVM

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions, bankers, government or debenture holders during the year.
9. The company has not obtained any term loans or raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.
10. According to the information and explanations given to us, no fraud by the Company or on by its officers or employees has been noticed or reported during the course of our audit.
11. The Company is a Government company and hence the provisions of section 197 of the Companies Act, 2013 are not applicable vide notification no



GSR463(E) dated 5th June 2015. Thus, paragraph 3 (xi) of the Order is not applicable.

12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph (xii) of the Order is not applicable.
13. According to the information and explanations given to us, as per notification no GSR 463(E) dated 5th June 2015 Section 188 of the Companies Act 2013 relating to related party transactions is not applicable to a Government company.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year except allotment to Government of Kerala.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly paragraph (xv) of the Order is not applicable.
16. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For Rathnam & Murthy,

Chartered Accountants

FRN:003170S



CA. M. Satheesh Kumar, FCA, DISA (ICA)

Partner

Membership Number:207847

Place: Thiruvananthapuram
Date : 13.09.18



**Annexure "III" to the Independent Auditors' Report of KERALA STATE
INFORMATION TECHNOLOGY INFRASTRUCTURE LIMITED
as of and for the year ended March 31, 2017
(referred to in our report of even date)**

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

We have audited the internal financial controls over financial reporting of KERALA STATE INFORMATION TECHNOLOGY INFRASTRUCTURE LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting (the 'Guidance Note') and the standards on auditing (the 'Standards') issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note issued by the ICAI.

**For Rathnam & Murthy,
Chartered Accountants**

FRN:003170S

CA. M.Satheesh Kumar, FCA, DISA (ICAI)
Partner

Membership Number:207847

Place: Thiruvananthapuram
Date: 13.09.2018



**ANNEXURES – IV DIRECTIONS U/S 143(5) OF THE COMPANIES ACT, 2013
ON THE AUDIT OF ACCOUNTS OF KERALA STATE INFORMATION
TECHNOLOGY INFRASTRUCTURE LIMITED FOR THE YEAR 2016-17**

Particulars of Infrastructure Company	Our observations
If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined, including the mode and present stage of disinvestment process.	Not applicable
To report whether there are any case of waiver/ write off of debts/loans/interest etc. If yes, the reasons thereof, and the amount involved.	No such cases noticed by us.
Whether proper records are maintained for inventories lying with third parties & assets received as gifts from Government or other authorities	Not applicable
A report on age-wise analysis of pending legal/ arbitration cases, including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	On verification of documents and the information provided by the management, the Company do not have any cases other than those related to Land Acquisition. Age wise analysis and other details could not be made available by the Company. Non maintenance of such records will lead to non- transparency of legal issues.
Whether the Company has taken adequate measures to prevent encroachment of idle land owned by it. Whether any land of the Company is encroached, under litigation not put to use or declared surplus? Details may be provided	Company has constructed compound walls at all IT parks to prevent encroachments. As per the information provided by the Company, no property encroachment has been identified.
Whether the system in vogue for identification of projects to be taken up under Public Private Partnership is in line with the guidelines / policies of the Government? Comment on deviation, if any.	According to information and explanation given to us, no Public Private Partnership has been identified during the year.
Whether system for monitoring the execution of works vis-a-vis the milestones stipulated in the agreement is in existence and the impact of cost escalation ,if any, revenues/losses from contracts etc ,have been properly accounted for in the books.	According to the information and explanation given to us, works contracts executed by KSITIL are being monitored by the General Manager (technical). No cost escalation in works contracts executed during this year.
Whether the funds received /receivable for specifics schemes from Central/State agencies were properly accounted for/ utilised? List the cases of deviation.	The funds received from the Central /State Government agencies have been properly accounted in the books of account. No deviation noticed by us.
Whether the bank guarantees have been revalidated in time?	Yes, Bank guarantees have been revalidated in time.
Comment on the confirmation of balances of	On verification of accounts ,confirmation



trade receivables, trade payables, term deposits, bank accounts and cash obtained.	<p>is not received from debtors and creditors and for the following bank/ FD accounts:</p> <p>(i)SBI:-67259817271: 6000.00</p> <p>(ii)SBI:-67179003330: 331257.00</p> <p>(iii)SBI:-67057093550: 428659.00</p> <p>(iv)SBTunfixed: 7159326.00</p> <p>(v)SIB:-0119073000001984: 523139.00</p> <p>(vi) The South Indian Bank FD balance shows Rs2,83,50,000.00 for which confirmation certificate not obtained from the Bank.</p>
The cost incurred on abandoned projects may be quantified and the amount actually written off shall be mentioned.	KSITIL spent an amount of Rs18,50,838/- for Mayyil Technolodge. The Government of Kerala vide Go (Rt) No. 154/2017/E&ITD dated 04/07/2017 approved to write off the amount from both the accounts. Hence the same was treated as " assets retired from active use" under extraordinary head and has been charged to statement of profit and loss.
Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	The company has clear title deeds for freehold land.

For Rathnam & Murthy,

Chartered Accountants

FRN:003170S

CA. M.Satheesh Kumar, FCA, DISA (ICA)

Partner

Membership Number:207847

Place: Thiruvananthapuram
Date:13.09.2018



KERALA STATE INFORMATION TECHNOLOGY INFRASTRUCTURE LTD.

3RD FLOOR, CHANDRASEKARAN NAIR STADIUM
PALAYAM, VIKAS BHAVN P.O, THIRUVANANTHAPURAM-695033
CIN:U72900KL2008GC021779

BALANCE SHEET AS AT 31.03.2017

		In Rupees	
Particulars	Note	As at 31.03.2017	As at 31.03.2016
		Amount (Rs.)	Amount (Rs.)
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	2,024,621,000	1,768,988,000
(b) Reserves and surplus	3	(45,056,739)	(35,366,850)
(c) Money received against share warrants		-	-
		1,979,564,261	1,733,621,150
2 Share application money pending allotment	4	24,971,000	170,000,000.00
		24,971,000	170,000,000
3 Non-current liabilities			
(a) Long term borrowings		-	-
(b) Deferred tax Liabilities	5	298,567	216,105
(c) Other long-term liabilities	6	68,140,609	68,400,290
(d) Long term provisions	7	1,866,784	1,936,015
		70,305,960	70,552,410
4 Current liabilities			
(a) Short- term borrowings	8	-	-
(b) Trade payables		-	-
(c) Other current liabilities	9	199,043,022	224,889,873
(d) short - term provisions		-	-
		199,043,022	224,889,873
TOTAL		2,273,884,244	2,199,063,433
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	1,122,735,785	1,125,537,967
(ii) Intangible assets		9,788	9,788
(iii) Capital work in Progress	11	383,906,252	323,416,331
(iv) Intangible assets under development		-	-
		1,506,651,825	1,448,964,085
(b) Non current investments			
(c) Long term loans and advances	12	249,860,786	249,684,028
(d) Other non-current assets	13	43,799,636	48,419,459
		293,660,422	298,103,487
2 Current assets			
(a) Current investments		-	-



(b) Inventories		-	-
(c) Trade receivables		-	-
(d) Cash and Cash equivalents	14	447,496,705	422,152,154
(e) Short term Loans and Advances	15	20,044,341	23,379,804
(f) Other current assets	16	6,030,953	6,463,905
		473,571,998	451,995,863
TOTAL		2,273,884,244	2,199,063,435
See accompanying notes on financial statements		1	

This is the Statement of Balance Sheet referred to in our Report

For Rathnam & Murthy
Chartered Accountants

FRN:003170S RATHNAM & MURTHY
CHARTERED ACCOUNTANTS

Sathesh, FCA
(Partner) Partner
Membership No: 207847

Thiruvananthapuram
Date: 13.09.18

For and on behalf of Board of Directors

M Sivasankar IAS
Chairman

M.G Rajamanickam IAS
Managing Director

Remya R.S
Company Secretary & Finance Manager



KERALA STATE INFORMATION TECHNOLOGY INFRASTRUCTURE LTD.

3RD FLOOR CHANDRASEKARAN NAIR STADIUM

PALAYAM, VIKAS BHAVAN P.O. THIRUVANANTHAPURAM-695033

CIN:U72900KL2008GC021779

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2017

NOTE : 2

SHARE CAPITAL

a) AUTHORIZED

210000000 equity shares of 10 each

h)ISSUED SUBSCRIBED & PAID UP

202462100 equity shares of 10 each with 100% voting right

Total

CURRENT YEAR

Rs.

2,100,000,000

2,024,621,000

2,024,621,000

PREVIOUS YEAR

Rs.

2,100,000,000

1,768,988,000

1,768,988,000

c)Details of Share holders who hold more than 5% shares of the company and their capital contributions

	No. of shares	Amount	No. of shares	Amount
Governor of Kerala	202462093	2024620930	176898793	1768987930
	-		-	
	-		-	
	-		-	

d)Reconciliation of number of shares at beginning and close of year

Particulars	No. of Shares	No. of Shares in previous year
No of equity shares as on 01st April, 2016	176,898,800	172,898,800
No of equity shares allotted during the year	25,563,300	4,000,000
No of equity shares as on 31st March, 2017	202,462,100	176,898,800

e) Terms /Rights attached to equity shares

The company have only one class of equity shares with par value of Rs.10/- per share, with similar rights. The company have not declared any dividend during the year

f) Shares held by any holoding/ultimate holding company/or their subsidiaries/associates

No shares of the company is held by any holding /ultimate holding company/or their subsidiaries/associates

g) Aggregate number of bonus shares issued/shares issued for consideration other than cash and sharesought back during five years immediately preceeding the reporting date

The Company issued 56978800 equity shares of Rs.10 each equivalent to the value of land assigned by Government of Kerala to the Company



NOTE : 3		
RESERVES & SURPLUS		
Surplus / (Deficit) in Statement of Profit and Loss		
Opening Balance	(35,366,850)	(31,685,558)
Add:Current Year Profit/ (loss)	(9,689,889)	(3,681,292)
Closing Balance	(45,056,739)	(35,366,850)

NOTE : 4		
SHARE APPLICATION MONEY PENDING ALLOTMENT		
Share Capital Advance - Cash ¹	24,971,000	170,000,000.00
Share Capital Advance - Land/other than cash	-	-
Closing Balance	24,971,000	170,000,000.00

¹ During the year company received an amount of Rs 55633000, Rs 30000000 & Rs.24971000 vide G.O (R.t) No.219/2016/E&ITD dated 06/10/2016, G.O (R.t) No.195/2016/E&ITD dated 05.09.2016 and G.O (R.t) No.11/2017/E&ITD dated 17.01.2017 respectively from NABARD and Government of Kerala as equity share capital. During the current year, company issued 25563300 shares of value Rs 25,56,33,000 to Government of Kerala. 41st Meeting of the Board of Directors held on 30th March 2017 made an offer for issue of equity shares for the balance amount in Share application money pending allotment to Government of Kerala for an amount of Rs.2.4971 crore .

NOTE : 5		
DEFERRED TAX LIABILITIES / ASSET (NET)		
Opening Balance (Liability)/ Asset	-216105.00	
Deferred tax liability on account of		
Depreciation	(220,165)	357,514
Business Promotion Expenditure	-	-
	(436,270)	357,514
Deferred tax asset on account of		
Depreciation		
Employers contribution to PF	92,177	95,759
Employers contribution to Gratuity	45,526	45,650
	137,703	141,409
Closing Balance	(298,567)	216,105

NOTE : 6		
OTHER LONG TERM LIABILITIES		
a) Trade Payables;		
b) Others;		
Security Deposit Received Shivam water	501,630	501,630
Land Lease Down payment-Crest ¹	17,982,400	18,196,476
Lease Down Payment received from Infopark- Cherthala ²	10,368,000	10,496,000
Lease Down Payment received from Infopark- Koratty ³	28,944,445	29,277,778
Security deposit -Power Skill Corporation- Street Lighting	200,000	200,000
Security Deposit Received Blue star well corp.	4,168	4,168
Security deposit Technolodge Piravom - Peebo	119,070	119,070
Security Deposit Received - Indigo Arkitects	400,000	100,000
Security Deposit Received - Perinadu Technolodge	15,533	15,533
Security Deposit - Shaiju Philip	28,884	28,884
Security Deposit Received- Velliyam Technolodge	39,750	39,750
Land Lease Down payment-KSEB Kozhikode ⁴	9,230,676	9,421,000
Security Deposit- Kasaragod- Lee Builders	306,053	-
Closing Balance	68,140,609	68,400,290

¹ One acre of land at Kozhikode IT Park was leased to M/s.Crest for 90 years.Income is recognized proportionately over the tenure of lease. An amount of Rs.214076.19 has been recognised as income during the year . Balance amount of Rs.17982400 is shown as non current liability and Rs. 214076.19 shown as Current liability.

² 9 acres of land at Cherthala IT Park was leased to M/s. Infopark .The lease down payment for the period of 2017-18 amountin to Rs.128000/- is classified as "Current Liability" and the balance amount of Rs.10368000.35 as "Non current liability".



³ 29th meeting of the Board of Directors held on 4th August 2014 approved for leasing of 6 acres of SEZ land at Koratty IT park to M/s. Infopark Kochi for a period of 90 years. Out of 6 acres, 3 acres of land was given as free of cost and 3 acres for an amount of Rs.30000000/- (Rupees Three crore only). The payment will be received as per the clause mentioned in the agreement. Rs.3,33,333/- which will be due during 2017-18 and balance amount of Rs.2,92,77,778/- as non current liability.

⁴ 94.21 Cents of land was leased to M/s.KSEB for 90 years at Kozhikode IT Park on 25th March 2016 for the construction of substation. Income recognized proportionately over the term of lease. An amount of Rs.95162 recognised as income during this year and RS.95162 is classified as "Current Liability" for 2017-18.

NOTE : 7

LONG -TERM PROVISIONS

a) Provision for employee benefits;

EPF - contribution ¹	838,020	977,428
Gratuity Contribution payable ²	616,907	469,574
Leave salary payable	411,857	489,013

b) Others;

Closing Balance	1,866,784	1,936,015
------------------------	------------------	------------------

¹ As per 17th Meeting of the Board of Directors of the company held on 30th September 2011, Managing Director was authorized to submit application for registration under Employees Provident Fund and Miscellaneous Provision Act, 1952. Also it was resolved that the accumulated employer's contributions to PF from the date of joining be remitted either directly to PF authorities on obtaining PF registration or to the employees at the time of their discontinuation of their service. As per the resolution, the Company made application for registration to the authorities, but Registration is not yet obtained. 12% of the salary amount is provided in the accounts as Long Term provisions.

² Government of Kerala approved Recruitment and Service Rule of KSITIL, vide G.O (M.S) No.25/2012/ITD dated 23.11.2012. Clause no.132 of the Rule states that " the payment of Gratuity Act, 1972 as amended from time to time shall be applicable to the employees of the Company". Gratuity shall be payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years or as per the provisions of the Act and Rules. As per this rule Gratuity payable to the employee in sanctioned post employees since the beginning of their service are provided in the accounts.

NOTE : 8

SHORT TERM BORROWINGS

Secured;
Unsecured;

NOTE : 9

OTHER CURRENT LIABILITIES

Government Grants

From GOI - Grant for ACA Park¹

Opening Balance	140,597,561	138,664,344
Add : Interest earned on deposit	3,326,506	1,933,217
Less : Amount utilized	-	-
	143,924,067	140,597,561

From GOK - Grant for land acquisition IIIT- Kerala²

Opening Balance	3,953,167	495,077,710
Amount Received	-	-
Less. Amount utilized	-	491,124,543
	3,953,167	3,953,167

From GOK - Grant for Equity contribution to IIIT -Kerala

Amount Received	-	40,000,000
Less. Amount utilized	-	40,000,000
	-	-

Sabeena Shana Riyas	4,079	
Statutory Audit Fee Payable	40,000	41,800
Internal Audit Fee Payable	52,500	47,025
Secretarial Audit Fee Payable	-	25,000
Lease Down Payment received for 2017-18 ³	770,571	675,409
Infopark -Kochi	22,636,106	22,636,106
Technopark -Thiruvananthapuram	6,007,494	5,834,858
Cyberpark-Kozhikode	9,267,097	9,267,097
Other Payables	578,828	277,652



Retention charges ⁴	1,409,956	10,730,349
District Collector- Trissur	-	30,576,474
Earnest Money Deposit	218,625	227,375
Lee Builders	10,317,329	
Duties and taxes	(136,798)	
	51,165,788	80,339,145
Closing Balance	199,043,022	224,889,873

¹ In the year 2009-10 one time Additional Central Assistance of Rs.10 Crore was received . As per the Resolution no. 152/22/2012 of 22nd Meeting, Board of Directors of KSITIL decided to disburse the Rs. 5 Crore each to Technopark for Kollam IT Park and Infopark, Kochi for Cherthala IT Park. Hence the full amount of Rs. 10 Crore was treated as Advance. Subsequently 41st meeting of the Board of Directors held on 30th March 2017 decided to treated this advance as grant to IT parks for meeting the deficit, approval from Government is required for adjusting this transaction. So no adjustment regarding the same against the grant in aid. No interest is added to grant in aid.

² Government of Kerala accorded Administrative sanction for the project of IIIT- Kerala at Pala, Kottayam, vide G.O(M.S) no.17/12/ITD dated 6.10.2012 . Government of Kerala appointed KSITIL as the requisitioning authority for Land Acquisition, vide G.O(Rt) No.213/2013/ITD dated 27.09.2013. As per the decision of Board of Directors of KSITIL on 28th Meeting, 15% of the expense of KSITIL has to be adjusted from IIIT-Kerala.

³ Land lease down payment for the year 2017-18 was treated as current liability (Rs.214076.19 from Crest, Rs.128000/- from Infopark Cherthala, Rs.333333/- from Infopark Koratty and Rs.95162/- from KSEBL).

⁴ Retention charges include Rs.7591/- collected from Remeshan K for supply of pipe, Rs.318866.90 from Power Skill Corporation for Street Lighting and Yard lighting at Kozhikode IT Park and Rs.1083498.05/- from Steel Industrials Kerala Ltd for construction of Boundry wall at Kannur IT park .

NOTE : 11

CAPITAL WORK IN PROGRESS

Kozhikode IT Park	268,651,294	262,578,970
Kannur IT Park	65,884,669	22,088,885
Kasaragode IT Park	48,599,959	36,127,308
Malapuram IT Park	351,474	351,474
Infocity pala	363,856	363,856
Technologies ¹	-	1,850,838
RITEL Park	55,000	55,000
Closing Balance	383,906,252	323,416,331

¹ Comptroller & Auditor General of India commented that, the amount spent for Mayyil Technolodge is to be treated as " Assets retired from Active Use" and charge the same to the Profit and Loss account. Audit Committee and Board of Directors of KSITIL suggested that Government approval has required for write off from the books of accounts. Government of Kerala vide G.O(Rt) No.154/2017/E&ITD dated 04-07-2017 approved to write off the amount from the books of accounts.

NOTE : 12

LONG TERM LOANS AND ADVANCES

(a) Capital Advance

(b) Security Deposits:

(a) Secured, considered good;

Security deposit with Technopark	513,648	513,648
Security Deposit with CSN Stadium	134,880	-
Security charges with KSEB - Connected Load Enhancement- Pirvaom Technolodge	75,278	34,400
Security Deposit with - KSEB Contonment Tvm	14,000	-
Security deposit - Lakshmanan Kannothe Kannur office	-	13,000
(b) Unsecured, Considered good;	-	-
(c) Doubtful;	-	-
(c) Loans and Advances to related parties	-	-

(d) Other loans and advances

(a) Secured, considered good;

Advance to Infopark for Ambalapuzha LA	3,104,568	3,104,568
Advance to Infopark for Koratty IT Park_compund wall	30,445,670	30,445,670
Advance to Infopark for Cherthala _LA	44,539	44,539





NOTE : 15**SHORT TERM LOANS AND ADVANCES****Loans and Advances to Parties**

Advance to TATA communications Internet	4,144	4,144
Advance to Airtel	4,109	4,109
Advance to BSNL	1,252	1,252
Advance to Technolodge (Kannur)	-	-
Advance to Idea Cellular Ltd	500	500
Advance to GM Technical	16,230	1,018
Advance to Lee Builder	14,091,209	16,224,112
Advance to Zamil Steel	3,150,000	6,300,000

Others

Peebo Rural IT Infrastructure	94,516	47,356
AM Solutions	172,397	34,490
Christ Knowledge City	11,500	-
CREST	34,000	-
Popular Engineering	183	183
Orchid International	700	-
Ramnath	752,640	752,640
Salary Advance- Azim Ismail	245,000	-
Salary Advance	6,000	-
Infopark Kochi	1,347,223	10,000
SEZ- Deposit	60,000	-
Technopark drs	51,175	-
Azim Ismail	1,563	-

Closing Balance**20,044,341****23,379,804****NOTE : 16****OTHER CURRENT ASSETS**

Business Promotion expense to the extent not written off or adjusted	631,078	2,414,181
Interest Accrued on fixed deposits		
State Bank of India	1,216,199	1,264,446
State Bank of Travancore	2,683,676	2,785,278
Input Service tax	-	-
Lease Down Payment- current asset	1,500,000	-

Closing Balance**6,030,953****6,463,905**

KERALA STATE INFORMATION TECHNOLOGY INFRASTRUCTURE LTD

NOTE - 10

FIXED ASSETS

TANGIBLE ASSETS										
Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on 01-04-16 Rs	Additions during the year	Sales / Deletion during the year	Cost as on 31-03-17 Rs	Depn. up to 31-03-16 Rs	Depn. For the Year Rs	Depn. at the end of the year Rs	WDV as on 31-03-17 Rs	WDV as on 31-03-16 Rs	
Land	1,084,422,483.00	-		1,084,422,483.00			-	1,084,422,483.00	1,084,422,483.00	
Building	30,576,474.00	-		30,576,474.00	968,255.01	961,352.53	1,929,607.54	28,646,866.46	29,608,218.99	
Plant & Machinery	1,299,659.00	106,350.00		1,406,009.00	250,884.61	90,023.18	340,907.79	1,065,101.21	1,051,985.39	
Computers	1,173,489.00	9,045.00	-	1,182,534.00	895,269.33	87,712.25	982,981.58	199,552.42	278,219.68	
Furniture	1,143,782.00	166,585.00		1,310,367.00	363,893.61	145,790.07	509,683.67	800,683.33	808,825.49	
Interior	15,896,398.00			15,896,398.00	6,528,164.02	1,767,135.68	8,295,299.70	7,601,098.30	9,368,233.98	
TOTAL	1,134,512,285.00	281,980.00	-	1,134,794,265.00	9,006,466.57	3,052,013.70	12,058,480.28	1,122,735,784.72	1,125,537,966.52	
INTANGIBLE ASSETS										
SOFTWARES	204,303.00	-	-	204,303.00	194,515.40	-	194,515.40	9,787.60	9,787.60	
TOTAL	204,303.00	-	-	204,303.00	194,515.40	-	194,515.40	9,787.60	9,787.60	



KERALA STATE INFORMATION TECHNOLOGY INFRASTRUCTURE LTD.

3RD FLOOR CHANDRASEKARAN NAIR STADIUM
PALAYAM, VIKAS BHAVAN P.O, THIRUVANANTHAPURAM-695033
CIN:U72900KL2008GC021779

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2017

Particulars	Note No.	In Rupees For the year ended 31st March, 2017	In Rupees For the year ended 31st March, 2016
A CONTINUING OPERATIONS			
1 Revenue from operations (Gross)	16	2,741,026	2,464,573
2 Other Income	17	6,873,745	10,566,376
3 Total Revenue (1+2)		9,614,771	13,030,949
4 Expenses			
(a) Employee Benefits Expense	18	5,023,707	5,322,905
(b) Depreciation		3,052,014	3,092,951
(c) Other expenses	19	9,295,639	7,548,890
Total expenses		17,371,359	15,964,746
5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(7,756,588)	(2,933,797)
6 Exceptional items		-	-
7 Profit / (Loss) before extraordinary items and tax (5 + 6)		(7,756,588)	(2,933,797)
8 Extraordinary items		1,850,838	-
9 Profit / (Loss) before tax (7 + 8)		(9,607,426)	(2,933,797)
10 Tax expense:			
(a) Current tax		-	-
(b) Deferred tax		(82,462)	(747,495)
11 Profit / (Loss) for the period from continuing operations (7 + 10)		(9,689,889)	3,681,292
12 Profit / (Loss) from discontinuing operations		-	-
13 Tax Expense of discontinuing operations		-	-
14 Profit / (Loss) from discontinuing operations(after tax) (12 +13)		-	-
15 Profit / (Loss) for the year (11 +14)		(9,689,889)	3,681,292

1

See accompanying notes forming part of the financial statements
This is the Statement of Profit and Loss referred to in our Report

For and on behalf of Board of Directors

For Rathnam & Murthy
Chartered Accountants

RATHNAM & MURTHY
CHARTERED ACCOUNTANTS

Satheesh, FCA
(Partner)

M. G. Sathesh, FCA, D.I.S.A., (ICAI)
Partner

Thiruvananthapuram
Date: 13.09.18

M. Sivasankar
M. Sivasankar IAS
Chairman

M. G. Rajamanickam
M. G. Rajamanickam IAS
Managing Director

Remy
Company Secretary & Finance Manager



KERALA STATE INFORMATION TECHNOLOGY INFRASTRUCTURE LTD.

3RD FLOOR, CHANDRASEKARAN NAIR STADIUM

PALAYAM, VIKAS BHAVAN P.O, THIRUVANANTHAPURAM-695033

CIN:U72900KL2008GC021779

NOTES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2017

	In Rupees CURRENT YEAR	In Rupees PREVIOUS YEAR
NOTE : 16		
REVENUE FROM OPERATION		
(a) Sale of products	-	
(b) Sale of services	-	
(c) Other Operating Revenues:		
Rental Income	1,970,455	1,789,164
Lease Charge	770,571	675,409
Total	2,741,026	2,464,573
NOTE : 17		
OTHER INCOME		
Interest	6,305,842	9,155,841
Tender Form Sales	-	149,200
other Income	18,026	100,000
Prior period income	37,760	-
Penalty collected	511,860	-
Fee for RTI	255	
Round Off	2	
Recovery from IIT- Kerala - 15% ²	-	1,161,335
Total	6,873,745	10,566,376
² 28th Meeting of Board of Directors of KSITIL decided to collect 15% of administrative charges including all overheads of KSITIL.		
NOTE : 18		
EMPLOYEE COST		
Salaries and allowance	4,118,865	3,985,673
Managerial Remuneration	-	543,139
Medical Reimbursement expense	135,067	188,104
Festival allowance	14,400	19,200
EPF Contribution	298,308	309,900
Provision for Gratuity	147,333	147,736
Provision for leave salary	309,734	129,153
Total	5,023,707	5,322,905
NOTE : 19		
OTHER EXPENSES		
Rent	655,818	863,481
Electricity Charges & Water charges	100,650	185,139
Legal and Professional charges	76,250	220,400
Printing and stationery	389,249	208,136
Telephone and Internet charges	174,503	224,972
Vehicle Hire Charges	681,060	957,526
Repairs and maintenance charges	129,519	73,116
Fee for Statutory Audit ¹	53500.00	68,892
Fee for Secretarial Audit	25000.00	-
Fee for Internal Audit	55,000	45,000



Postal and courier charges	4,203	7,364
Rates and Taxes	888,915	10,216
Meeting & Other Expenses	177,221	240,000
Advertisement Charges	312,131	80,550
Technolodge Expense	150000.00	619,062
Interior maintenance expense	372,241	-
Travelling expenses	420,404	613,223
Website Development charges	-	33,000
Housekeeping Expenses	295,267	283,518
Bank Charges	7421.00	2,295
Office Expenses	87,607	93,274
Training and development	6900.00	39,100
ROC filing charges	12,600	22,100
Penal Interest	14,400	14,400
Loading and unloading charges	82,550	-
Kollam IT Park	-	6,500
SEZ Expense	40,000	-
Input Swachh Bharath Cess@0.5%	11,094	3,905
Business Promotion Expense ²	2,414,181	2,633,722
Prior period Expenses	1,657,955	
Total	9,295,639	7,548,890

¹ Fee for Statutory Audit fee

(a) Auditor	40,000
(b) For Taxation matters	-
(c) For Company Law matters	-
(d) For Management Services	-
(e) For other services	-
(f) For reimbursement of expense	13,500
	53,500

² Board of Directors decided to write-off 1/5 th of Business Promotion expenditure commencing from the financial year 2011-12. Details of Business promotion expenditure are as follows;

2012-13	1,783,103
2013-14	603,927
2014-15	27,151
2015-16	-
TOTAL	2,414,181



**DISCLOSURE TO AUDITED FINANCIAL STATEMENTS OF KERALA STATE INFORMATION
TECHNOLOGY INFRASTRUCTURE LIMITED FOR THE YEAR ENDED 31ST MARCH, 2017**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL
STATEMENTS**

NOTE -1

A. CORPORATE INFORMATION

Kerala State Information Technology Infrastructure Limited (KSITIL) is a public limited company incorporated under the Companies Act ,1956on 31.01.2008 having Registered Office at TC 3/83,Park Centre, Technopark Campus,Trivandrum-695581(Registered office of the company was shifted to Chandrasekharan Nair Stadium, TC 14/196/2, 3rd floor , Palayam , Vikas Bhawan PO,Thrivananthapuram-695033). KSITIL had commenced its business on 05.03.2008 and its CIN is U72900KL2008SGC021779.The Company was promoted by the Government of Kerala vide GO (MS) No.33/07/ITD dated 12.11.2007 with an objective of leveraging the valuable land assets owned by the Government and through viable financial models, generate funds and utilize the same for building up of IT Infrastructure in the State.

KSITIL has a large number of ongoing IT Park Projects in and across Kerala and a land bank of around 320 acres are already in possession by the Company for about 6 IT/ITeS Parks/Township projects.

B. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been consistently followed by the company except stated otherwise.

I) Basis of accounting and preparation of financial statements

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP).To comply with this accounting standard specified under Sec 133 of The Companies Act ,2013(in the Act) , the Financial Statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the previous years.

II) Use of estimates

Management had made certain estimates and assumptions in the preparation of the financial statements that affect the amounts reported in the financial statements and notes thereto.

Difference between estimates and actuals are recognised in the period in which they materialize.



III) Presentation of Financial Statements

Schedule III notified under The Companies Act 2013 is applicable to the company in the preparation and presentation of financial statements from the financial year 2014-15.

The adoption of Schedule III has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

IV) Inventories

Inventories are valued at the lower of cost and the net realisable value. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges.

V) Cash flow statement

Cash flows have been prepared under indirect method as per AS 3. The cash flows from operating, investing and financing activities of the company are segregated.

VI) Events occurring after the Balance Sheet

The company had disclosed all those events occurring after the balance sheet date that represent material changes and commitments affecting the financial position of the enterprise and made adjustments for all items materially affecting the determination of the amounts relating to conditions existing at the balance sheet date.

VII) Prior period items

The identifiable items of income and expenditure, which arise in the current period as a result of errors /omissions in the preparation of financial statements of one or more prior periods, are accounted in the prior period expenses/prior period income account and disclosed in the Statement of Profit and Loss.

VIII) Depreciation

The company has provided depreciation using WDV method over the useful life of assets as prescribed in schedule II of the Companies Act, 2013. The depreciable amount of an asset is the cost of an asset or other amount substituted for cost, less its residual value.

TYPE OF ASSET	USEFUL LIFE
Computers and accessories	3 years
Servers	6 years
Plant and Machinery	15 years
Furniture and Fixtures	10 years
Interiors	10 years
Building	30 years

Depreciation on assets purchased /sold during a period is proportionately charged.

IX) Revenue

The company is engaged in the business of developing Information Technology Parks and allied activities and has commenced its operations. The income from such



operations like land lease, premium on land lease, rental income, interest income etc are recognised on accrual basis.

Income from Land lease: In the case of long term lease of land by receiving upfront Lease down payment, income is recognised proportionately over the term of lease and the balance Lease Down payment remaining in the books is shown in the balance sheet. Since the lease agreement by the company is for use of land, the said transaction does not come under the scope of Accounting Standard-19-Lease.

X) Property, Plant and Equipment

Fixed assets except land are carried at cost less accumulated depreciation and impairment losses. Costs comprise of cost of acquisition, cost of improvement and any attributable cost for bringing the asset to the condition of its intended use. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work in progress:

Projects under which assets are not ready for their intended use and other capital work in progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

XI) The effect of changes in Foreign exchange rates

Transactions in foreign currencies entered into by the company are accounted at the exchange rates prevailing on the date of transaction.

XII) Accounting for Government Grants and disclosure of Government assistance

Grant received from government for any specific purpose will be adjusted against the expenses incurred for the purpose for which it is granted and any amount of such grant pending utilisation, will be shown under the head "Government Grant" under "Other current liabilities " and will be adjusted against the expenses as and when incurred.

Non specific Government grants received, if any ,will be recognised as income on a systematic basis in the profit and loss statement over the periods necessary to match them with the related costs which they are intended to compensate as envisaged in Accounting Standard. During this period company has not received any non specific government grants.

XIII) Investment property

Long term investments are stated at cost, less provision for other than temporary diminution in value .Current investments are carried individually at the lower of cost and fair value.



XIV) Employee Benefits

Post-employment benefits and other long term employee benefits :

The company makes provision for post employment benefits and /or other long term employee benefits such as provident fund and gratuity contributions.

As per the resolution of the 17th meeting of Board of Directors of the company held on 30th September, 2011, the company has submitted an application to the Employees Provident Fund Authorities for registration and 12% of the salary of employees during the period has been provided in the accounts. But registration is not yet been obtained .The provision for gratuity has been made in the accounts.

Short term Employee benefits: Amount of short term employee benefits, such as leave encashment and leave salary are recognised in the accounts .Medical benefits are accounted on payment basis.

XV) Leases

Lease rentals from lease of buildings have been recognised as per AS 19.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating lease.

Lease rentals under operating leases are recognised in the statement of profit and loss on a straight line basis. Other leases are considered as finance lease and income recognised accordingly.

XVI) Earnings per Share

Basic earnings per share is computed by dividing the profit/loss after tax (including the post –tax effect of extra ordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/loss after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive equity shares.

XVII) Income taxes

Tax expense comprises current and differed tax.

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.Provision for current tax has not been made during the year since the company has incurred loss.

XVIII) Impairment of assets

The carrying values of assets /cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these



assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use .Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

XIX) Provisions ,contingencies liabilities and contingent assets

A provision is recognised when the company has present obligations as a result of past event; it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

C. NOTES FORMING PART OF ACCOUNTS

1. Land

KOLLAM

43.5 acres (18 hectares) of land in Mulavana village,Kollam district has been transferred by the Government vide GO(MS) No.8/2009/ITD dated 9th march,2009 and the land value as determined by the district collector Kollam Rs 1,20,96,000/-(Rupees one crore twenty lakh ninety six thousand only)as per order no.L3-30918/08 dated 12.11.2010 has been treated as equity share capital of government of Kerala. Out of the 43.5 acres of land 4.3 acres of land was leased to M/S Electronic Technology Park of Kerala as free of cost as vide GO(Ms)No.22/09/2009 dated 10th September ,2009.

KOZHIKODE

44.42 acres of land was acquired through land acquisition process and negotiated purchase at Nellicode and Pandeerankavu village, Kozhikode district of which 2.5acres of land was earmarked for rehabilitation.

KANNUR

Government of Kerala vide order no.20/08/ITD dated 03.06.2008 ordered to assign 25 acres (10.37.5 hectares) of land in Eramon village in Thaliparamba Taluk in Kannur district in RS NO.310 for developing an IT Park. The value of the land has been fixed at Rs 3000/- per cent and the same has been intimated to the company vide order no.237/08/RD dated 30.07.2008.The value of the land Rs 76,92,000/-(Rupees seventy six lakh ninety two thousand only)had been treated as equity share capital of Government of Kerala.

KASARGOD

100 acres of land in RS No.260/1A1A1 ,of Cheemeni village, Kasargod district has been assigned by the Government vide GO(MS)No 122/2010/RD dtd:30.03.2010 and the land value of Rs 25,00,00,000 /-(Rupees twenty five crore only) had been treated as equity share capital of Government of kerala .

Particulars	Amount in Rs
Negotiated purchase cost	28,90,47,952.00



Cost of land acquisition	9,36,69,750.00
Other capital expenditure in connection with land acquisition	1,46,35,977.00
TOTAL	39,73,53,679.00
Less: Cost of 2.5 acre for rehabilitation	1,51,66,280.00
Cost of land	38,21,87,399.00

KORATTY, THRISSUR

30 acres of land in Muringoor, Thekkumuri village, Thrissur district has been assigned by the Government vide GO(MS) NO.457/2009/RD dated 17.11.2009 and the land value Rs 30,00,00,000/- had been treated as Equity share capital of Government of Kerala.

Out of 30 acres of land, 6 acres of SEZ was leased to M/s Infopark Kochi as per GO(MS)NO.17/08/ITD dated 29th April, 2008 and GO(MS)NO.17/09/ITD dated 25.07.2009.

CHERTHALA IT PARK

Government of Kerala vide GO(MS) NO.20/2008/ITD dated 31.08.2009 accorded administrative sanction for setting up of an IT park at Cherthala at 60 acres of land. GO(MS)NO.18/2010/ITD dated 20.05.2010 was issued to modify the extent of land to be transferred to KSITIL as 66.2013 acres instead of 60 acres from KSIDC. The consideration was fixed at Rs 12,34,98,000/-.

According to this a sale deed was executed for 60 acre, 61.684 cents of land on 04.08.2011 for a consideration of Rs 11,30,82,380/-.

KSITIL made payment of Rs 1,04,36,490/- on 31st January, 2013 for purchase of 5.49 acres of land to KSIDC. The sale deed was not executed due to the demand of stamp duty and registration fee by the Scheme. Forest department conveyed consent to transfer the land for this purpose and it was also agreed to handover the portions of land already acquired by them to the IT department. Remaining patches of land were to be acquired under Fast track process. Government vide GO(MS)NO.33/2008/ITD dtd :02.09.2008 accorded administrative sanction for acquisition of 8.7452 hectares (21.60 acres) of land at Purakkad village, Ambalapuzha Taluk under fast track process. 33.28 hectares (82 acres) of land was readily available for transfer with the Forest Department. Out of the above, 8 acres of land has been developed by dredging and filing. Based on the objection raised by the Chairman, Bio Diversity Board in the larger interest of public, an alternate land for IT Park was considered. Accordingly, the proposed IT Park was relocated to Purakkad village.

A meeting convened on 6th November, 2012 by the Hon'ble Minister, Industries and IT on setting up of IT Park at Ambalapuzha decided to have a joint visit of the Minister (Industries and IT), the Minister (Forest), Chief Executive Officer, Infopark, Managing Director of KSITIL and Revenue authorities to the site. The District Collector was directed to look for alternate Government land of about 25 to 30 acres of land near Allepy Town.

2. DEPRECIATION

Capital expenditure incurred for technolodges has been classified under building interiors and depreciation was charged accordingly. Depreciation is provided based on useful life of assets as prescribed in the Schedule II of the Companies Act, 2013.



3. CONTINGENT LIABILITIES

- (i) The income tax department demanded an amount of Rs7,70,950/- for the assessment year 2012-13 and Rs6,08,393/- for the AY 2013-14. This amount is not included in the current year accounts. Appeal for the same has been filed with Income Tax Department.
- (ii) Electronics Technology Parks-Kerala raised debit notes to the company worth Rs 3,58,120/- (Rupees three lakhs fifty eight thousand one hundred twenty only) for reimbursement of salary paid to the employees of Kollam SEZ. The same is not accounted in the books of the company.

4. SHARE CAPITAL

Government of Kerala accorded administrative sanction to enhance the authorised capital vide order No GO (rt) No 242/2013/ITD dated 28.10.2013 to Rs 210 crore. During the year the company received an amount of Rs 11,06,04,000/- from government of Kerala for the issue of equity shares and had opening balance of Rs 17 crore in share application money pending allotment. Out of this 25,56,33,00 equity shares of Rs 10 each were issued to Governor of Kerala. Balance amount of Rs 2,49,71,000 is treated as share application money pending allotment.

Investment made by Government of Kerala (GOK) for other than in cash towards equity share capital (viz; value of assets transferred).

Value of land transferred by the Govt at Kannur comprising of 10.3750 hectares vide GO MS/237/08/RD dated 30.07.2008	Rs 76,92,000
Value of land transferred by Govt at Koratty comprising of 30 acres vide GO MS 34/09/ITD dated 25.11.2009	Rs 30,00,00,000
Value of land transferred by Govt at Kazargode comprising of 100 acres vide GO MS/122/10/RD dated 30.03.2010	Rs 25,00,00,000
Value of land transferred by Govt at Kollam comprising of 43.5 acres vide GO (MS) no 20/2008/ITD dated 3.06.2008 letter no L3-30918/08 DT 12.11.2010. District collector Kollam.	Rs 1,20,96,000
TOTAL	Rs 56,97,88,000000
Rupees Fifty Six Crore Ninety Seven Lakhs Eighty Eight Thousand Only	

5. The company does not have any inventory during the year 2016-17.

6. Computation of basic and diluted EPS:

Particulars	Current Year (Rs)	Previous Year (Rs)
Net Profit for the period available to equity shareholders	(15309258)	(3681292)
Weighted average number of Equity shares	202462100	176898800
Basis and diluted EPS	(0.075)	(0.020)
Nominal value of equity shares	2024621000	1768988000

7. The company does not have any investment during the year.



8. Project implementation cost is transferred to the concerned project and it is treated as capital work in progress.
9. Managerial remuneration paid during the year is NIL (Previous Year 5,43,139 /-).
10. Expenditure in foreign currency – Nil
11. Earnings in foreign exchange – Nil
12. Amounts due to small scale industrial undertakings- Nil
13. The Company had executed (September 2010) an agreement with SBI Capital Markets Ltd for mobilisation of Rs 200 Crore through private placement of shares of KSITIL for an arranger fee of 2.25 percent of gross mobilized amount and a retainer fee of Rs 1.50 lakhs per month would be paid for delay in taking decision by Government of Kerala/ KSITIL and paid a total expense of Rs 20,38,248.00 to them.

During the year 2014-15, though termination of agreement was considered by the Board, as the Government had initiated consolidation of assets of various IT parks, it was decided during the consolidation process, the case of SBI Caps can be considered.

The disclosure is made as directed by C& AG comments u/s 143 (6) (b) of the Companies Act, 2013 for the year ended 31st March 2016.

14. The company has not received any information from its suppliers regarding their status under the micro, small and medium Enterprise Development Act, 2006 and hence it is not possible to disclose the same.
15. Board of Directors decided to write off 1/5th of Business Promotion expenditure commencing from the financial year 2011-12. Details of Business promotion expenditure are as follows:

2012-13	Rs 17,83,103
2013-14	Rs 6,03,927
2014-15	Rs 27,151
2015-16	-
TOTAL	Rs 24,14,181

16. KSITIL entered into an agreement with M/s Infopark on 15th June 2015 for leasing of 52627 Sqft building at Koratty IT Park. Clause no 1 of the agreement states that Infopark will pay Rs 2 per sq.ft. From 2010 onwards with a hike of 15% in a block of every 3 years. Total amount due as on 31st March 2016 is Rs 97,76,967 /- (Rental income Rs 85,38,836/- and Service Tax Rs 12,38,131/-). The Subsequent Board meeting (38th) held on 25th June 2016, Board of Directors decided to waive off amount of rental income due with retrospective



effect from 2010 and also decided to execute a supplementary agreement incorporating amendments in this regard.

17. KSITIL spent an amount of Rs 18,50,838/- for Mayyil Technolodge . The Government of Kerala vide Go (Rt) No. 154/2017/E&ITD dated 04/07/2017 approved to write off the amount from both the accounts. Hence the same was treated as "assets retired from active use" under extraordinary head and has been charged to statement of profit and loss.
18. As per C&AG comments accounting of salary expenses (Rs 10,28,613/-) pertaining to General Manager Tech and Special Officers under the head " Capital work in Progress" of various projects results in understatement of Employee benefit expenses to the same extend with corresponding overstatement of Capital work in Progress. Hence, the same has been charged to Statement of Profit and Loss as prior period expense.

19. Disclosure of specified notes.

During the year company had specified notes (SBNs) and other denomination notes as defined in the MCA Notification G.S.A. BOP(E) dated 31st March 2017, on the details of SBNs held and transacted during the period from 8th November 2016 to 30th December 2016, the denomination wise SBNs and other notes as per notification is given bellow:

Particulars	SBNs	Other denomination notes	Total in Rs
Closing cash in hand as on 08.11.2016		100*50 50*20 10*1 5*1 1*3	6,018.00
Add: Permitted receipts			35,076.00
Less: Permitted payments			36,666.00
Amount deposited in banks			0
Closing cash in hand as on 30.12.2016		100*39 50*10 20*1 2*4	4,428.00

For the purpose of the clause "Specified Bank Notes" shall have the same meaning provided in the notification of the government of India, in the Ministry of Finance, Department of Economic Affairs on S.O 3407(E), dated 08.11.2016.



Note:23

Cash Flow Statement of KSITIL Private Limited for the year ended 31st March 2017				2015-16
			2016-17	
A	CASH FLOW FROM OPERATING ACTIVITIES			(2,933,797.00)
	Net Profit Before Tax		(9,607,426.14)	
	Add: Adjustments for:			3,092,951.00
	Depreciation	3,084,162.15		
	Preliminary Expenses w/off			
	Deferred Revenue Expenditure			
	(Profit)/loss on sale of Assets			16,695.00
	Interest & Finance Charges	21,821.00		9,155,841.00
Less	Interest on FD	6,305,842.00		
	Dividend Income			11.00
less	Round off	2.04		
	Operating Profit before Working Capital Changes		(12,807,287.03)	(8,979,981.00)
	Adjustments for:			(23,061,836.00)
	Decrease/(Increase) in short term loans and advan	3,335,463.45		1,163,773.00
	Decrease/(Increase) in Other Current assets	432,952.50		(458,063,639.00)
	Increase/(Decrease) in Other current liabilities	(25,846,851.00)		
	Cash generated from operations		(22,078,435.05)	-479,961,702.00
	Income Tax paid			-488,941,683.00
	Net Cash flow from Operating activities		(34,885,722.08)	
B	CASH FLOW FROM INVESTING ACTIVITIES			(66,089,536.00)
	Purchase of Fixed Assets	(60,771,901.67)		(42,180,839.00)
	(Increase)/Decrease in Advances & others	(176,758.00)		1,823,098.00
	(Increase)/Decrease in Other assets	4,619,823.45		9,155,841.00
	Interest on FD	6,305,842.00		
	Net Cash used in Investing activities		(50,022,994.22)	-97,291,436.00
C	CASH FLOW FROM FINANCING ACTIVITIES			210,000,000.00
	Fresh equity investments	110,604,000.00		
	loan taken			8,593,996.00
	Long term borrowings repaid	(259,680.25)		586,789.00
	other long term liability	(69,231.00)		
	Working capital loan received			(16,695.00)
	Interest paid	(21,821.00)		
	Net Cash used in financing activities		110,253,267.75	219,164,090.00
	Net increase in cash & Cash Equivalents		25,344,551.45	-367,069,029.00
	Cash and Cash equivalents as at the beginning of the year		422,152,153.61	789,221,183.00
	Cash and Cash equivalents as at the end of the year		447,496,705.06	422,152,154.00

Notes: The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements, notified under Section 133 of the Companies Act, 2013.

For **RATHNAM & MURTHY**
Chartered Accountants
FRN:003170S

M. SATHEESH KUMAR, F.C.A., D.I.S.A.(ICAI)
Satheesh, FCA
(Partner)
M.N. - 207847
Membership no: 207847

Thiruvananthapuram
Date: 13.09.18

M Sivasankar IAS
Chairman

For and on behalf of Board of Directors

M.G Rajamanickam IAS
Managing Director

Remya R.S.
Company Secretary & Finance Manager



Form No: MR 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017
[Pursuant to section 204(1) of the Companies Act, 2013 and
Rule 9 of The Companies (Appointment and Remuneration of Managerial Personnel)
Rules, 2014]

To
The Members
Kerala State Information Technology Infrastructure Limited
(CIN: U72900KL2008SGC021779)
TC 14/196/2, Chandrasekharan Nair Stadium,
Vikas Bhavan P O, Thiruvananthapuram,
Kerala 695033

We, BVR & Associates Company Secretaries LLP, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by M/s. Kerala State Information Technology Infrastructure Limited [CIN: U72900KL2008SGC021779] (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of books, papers, minute books, forms and returns filed and other records produced to us and according to information and explanations given to us by the Company, its officers, agents, and authorised representatives during the conduct of the secretarial audit, we hereby report that, in our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2017 complied with the provisions of the Companies Act, 2013 (Act) and the Rules made there under, the Memorandum and Articles of Association of the Company and also applicable provisions of the laws, standards, guidelines etc. and also the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (iii) The Depositories Act, 1996 and the Regulations framed there under
- (iv) The Securities Contract Regulation Act, 1956 and the Rules made there under



2. We have relied on the representations made by the company and its officers for systems and mechanisms formed by the company for compliances under other industry specific applicable Acts, Laws and regulations to the company. The list of major head/Groups of Acts, Laws and Regulations as applicable to the company is given in Annexure 1 for which reliance is made on company representations regarding its compliance.

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by the Institute of Company Secretaries of India
- ii) The Company being an unlisted company the listing agreements are not applicable to the company.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the following;

- 1. *Where as in terms of the provisions of Section 149(4) & 149(5) of the Companies Act, 2013 read with rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to appoint requisite number of Independent Directors during 2016-17 but the appointment of independent director has made on 18.01.2018.*
- 2. *Whereas in terms of the provisions of Section 177(2) of the Companies Act, 2013 readwith rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Company is required to reconstitute an Audit Committee which is yet to comply.*
- 3. *Whereas in terms of the provisions of Section 178(1) of the Companies Act, 2013 read with rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 the Company is required to reconstitute a Nomination & Remuneration Committee of the Board which is yet to comply.*

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Woman Director *except requisite number of Independent Directors* during the year. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013 with payment of fee/additional fees.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views if any, are captured and recorded as part of the minutes.



We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Vide Government Orders the Company has been appointed as the Requisitioning authority for the Land acquisitions of other organizations/agencies and the land acquisitions happening through the Government machinery.

We further report that during the year under report, the Company has undertaken the following event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

- a) the Company has made allotment of shares on 25.06.2016, 29.09.2016 and 30.03.2017 during the year to Government of Kerala as per the provisions of the Companies Act.
- b) The registered office of the company was shifted from Technopark Campus, Karyavattom to Chandrasekharan Nair Stadium, Palayam, Trivandrum with effect from 15th June 2016.

Following are the observation in connection with the operations of the company.

1. The company has not deposited Rs. 6,99,994/- (which includes Rs.1,60,282/- for the current year) towards provident fund collected from employees and the registration yet to be taken.
2. The company has not remitted Rs.1,50,056/- collected towards Kerala construction labour welfare fund.
3. The company has not registered its office as commercial establishment under the Kerala shops and Commercial Establishments Act, 1960.

Place: Trivandrum
Date: 13.09.2018

For BVR & Associates Company Secretaries
LLP



A handwritten signature in black ink, appearing to be "Gokul R I".

Gokul R I
Designated Partner
ACS No. A21269
C P No.14245

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

GOKUL R I
Designated Partner
BVR & Associates Company Secretaries LLP
"Swastika", Chitteth Building
PC Road, Ponnuruni (E)
Vytila P.O., Cochin - 682 019
C P No: 14245, ACS 21269
LLP IN AAE - 7079

Annexure A

To

The Members

Kerala State Information Technology Infrastructure Limited

(CIN: U72900KL2008SGC021779)

TC 14/196/2, Chandrasekharan Nair Stadium,

Vikas Bhavan P O, Thiruvananthapuram,

Kerala 695033

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.



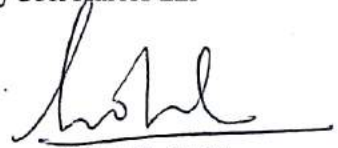
Annex 1

List of other major laws applicable to the company

1. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
2. Employees' State Insurance Act, 1948.
3. Maternity Benefit Act, 1961
4. The Payment of Bonus Act, 1965
5. Right to information Act, 2005
6. The Minimum Wages Act, 1948
7. The Payment of Wages Act, 1936
8. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
9. The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and resettlement Act, 2013

Place: Trivandrum
Date: 13.09.2018

For BVR & Associates Company Secretaries LLP



ACS Gokul R I

Designated Partner

Mem No. A21269 C P No.14245



GOKUL R I

Designated Partner

BVR & Associates Company Secretaries LLP

"Swastika", Chitteth Building

PC Road, Ponnuranni (E)

Vyttila P.O., Cochin - 682 019

C P No: 14245, ACS A21269

LLP IN AAE-7079



OFFICE OF THE ACCOUNTANT GENERAL (ECONOMIC AND REVENUE SECTOR AUDIT) KERALA, THIRUVANANTHAPURAM

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF KERALA STATE INFORMATION TECHNOLOGY INFRASTRUCTURE LIMITED, THIRUVANANTHAPURAM FOR THE YEAR ENDED 31 MARCH 2017.

The preparation of financial statements of **Kerala State Information Technology Infrastructure Limited, Thiruvananthapuram** for the year ended **31 March 2017** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **13 September 2018**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Kerala State Information Technology Infrastructure Limited, Thiruvananthapuram** for the year ended **31 March 2017** under Section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under Section 143(6) (b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

A. COMMENTS ON PROFITABILITY

Statement of Profit and Loss for the year ended 31.03.2017

Profit/(Loss) for the year -₹(96.89) lakh

This is understated by ₹ 35.51 lakh due to non creation of provision for consultancy charges payable to the architectural cum engineering consultant M/s Indigo Architects, Thrissur for the construction of IT buildings of the Company at Kasaragod and Kannur. This has resulted in understatement of loss for the year by ₹35.51 lakh with corresponding understatement of Current Liabilities.

**For and on behalf of
The Comptroller & Auditor General of India**



K.P. ANAND

Thiruvananthapuram

Dated: 12.04.2019

ACCOUNTANT GENERAL (E&RSA), KERALA

Form No. MGT-11

Proxy form

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Company : KERALA STATE INFORMATION TECHNOLOGY INFRASTRUCTURE LIMITED
CIN : U72900KL2008SGC021779
Registered office : TC 14/196/2, Chandrasekharan Nair Stadium, Vikas Bhavan PO,
Thiruvananthapuram- 695 033

Name of the Member(s):
Registered address:
E-mail Id:
Folio No/ Clint Id:

I/ We being the member of Kerala State Information Technology Infrastructure Limited, holding shares, hereby appoint

1. Name: Address:
E-mail Id: Signature:, or failing him

1. Name: Address:
E-mail Id: Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at
Annual General Meeting of members of the Company, to be held on at the.....
registered office of the Company at, and at any adjournment thereof in respect of such
resolutions as are indicated below:

Resolution No.	RESOLUTION	OPTIONAL	
ORDINARY BUSINESS			
1			
2			
SPECIAL BUSINESS			
1			

Signed this day of..... 201

Signature of Shareholder

Signature of Proxy holder(s)

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.