ANNUAL ACCOUNTS 2012-13

KARNATAKA NEERAVARI NIGAM LIMITED
Regd Office: 4th Floor, Coffee Board Building,
No.1, Dr. Ambedkar Veedhi, Bangalore-560 001

NOTICE

Notice is hereby given that the 15th Annual General Meeting of the Members of the Company will be held on **Saturday, the 28th December, 2013 at 3.30pm at "Krishna", the home office of the Hon'ble Chief Minister, Kumara Krupa Road, Bangalore,** to consider and transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31.03.2013 and the Profit and Loss Account for the year ended on that date along with the Schedules attached thereto and Reports of Directors' and Auditors thereon.
2. To fix the remuneration of the Auditors of the company appointed under section 619 of the Companies Act, 1956 (Please see Note-I below)

By order of the Board

Date: 26/12/2013
Place: Bangalore.

G. S. PRAKASH
COMPANY SECRETARY

NOTE:

1. The Annual Accounts alongwith the Directors' Report is enclosed. The C & AG is conducting the supplementary audit on the Accounts of the Company for the financial year 2012-13. The comments of the C & AG will follow.
2. As per the provisions of Section 224(aa) of the Companies Act, 1956, the remuneration payable to the Auditors has to be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine. At the 3rd Annual General Meeting held on 29.09.01, the AGM have authorized the Board of Directors to fix the remuneration payable to the Statutory Auditors of the Company every year separately as and when appointment is made by the C & AG of India, under Section 619(2) of the Companies Act, 1956. Accordingly, the Audit Committee of the Board have approved a remuneration Rs.12,50,000/- (Rupees Twelve Lakhs Fifty Thousand Only) exclusive of taxes as the fee payable to the Statutory Auditors and Tax Audit M/s B.P.Rao & Co., Chartered Accountants, for the year 2012-13.
3. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and such Proxy need not be a Member.

By order of the Board

Date: 26/12/2013
Place: Bangalore.

G. S. PRAKASH
COMPANY SECRETARY

KARNATAKA NEERAVARI NIGAM LIMITED, BANGALORE

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fourteenth Annual Report together with the Audited Financial Statements for the year ended 31st March 2013.

Projects under implementation:

2. During the year under report your Company has been implementing 64 Irrigation projects as follows:

Projects	Latest estimated cost (in crores)	Balance cost as on 1.4.2013 (in crores)	Ultimate Potential (Ha)	Cumulative Potential created upto March '13	Balance potential (Ha) (As on 01.04.2013)	Allocation of water (TMC)
54 Projects under Krishna Basin.	27,417.16	16,767.21	10,23,724	7,10,455	3,13269	229.49
West flowing River Varahi Project.	569.60	106.08	15,702	1,265	14,437	16.51
Two Diversion Schemes of Malaprabha Project viz. Kalasa Nala & Bandur Nala. To divert 7.56 TMC of water to Malaprabha Reservoir.	399.20	278.63	-	-	-	-
Five Canal Modernisation Schemes of Bhadra, Tunga Bhadra, Vijayanagar channels, Tunga and Gondi Anicuts.	3,749.50	2081.43	-	-	-	-
Minor Irrigation works of Uttara Kannada, Districts.	6.19	2.27	-		-	-
Bandaras.	101.76	92.15	-	-	-	-
Total	**32,243.41**	**19327.77**	**10,39,426**	**7,11,720**	**3,27,706**	**246**

3. During the year under report, Government of Karnataka have entrusted (i) Extension, Renovation & Modernization (ERM) works of Chandrampalli and Hattikuni, (ii) Modernisation of Tungabhdra Project, Ranikere & Dharma, (iii) Construction of Bairanpada LIS, Kachavi LIS & filling up of 22 tanks from Hiranyakeshi river for execution during FY 2012-13 at an aggregate estimated cost of Rs 2316.23 crores. These ERM projects will ensure that the irrigation infrastructure are brought back to their original potential for irrigating the contemplated command areas of these projects. The company has also taken up the implementation of the Yettinahole scheme for diversion of 24.01 TMC of flood water from Sakleshpura at an estimated cost of Rs 8323.50 crores. This project has been conceived to meet the drinking water demands of Kolar and Chikkaballapura districts as well as drought prone areas of middle and eastern districts of Karnataka namely Bangalore urban, Bangalore Rural, Ramnagar and Tumkur Districts,. Considering the very high intensity of rainfall in the western ghats near Sakaleshpura which would flow to the west and join the Arabian sea, the project is conceived to divert about 0.75% of yield of Netravati river from upper reaches of western ghats to the eastern plateau. The diversion is sought to be achieved by constructing small weirs across eight streams, lift and convey the water to the eastern side. The tendering process for the lift components comprising five packages at an aggregate cost of Rs 3270 crores is under way and works are expected to be grounded in the current financial year. The implementation of Yettinahole project will go a long way in meeting the drinking water requirements of the people in the districts mentioned above. This demonstrates the Company's capability to investigate, plan and implement such mega projects.

4. During the year, the company has received an amount of Rs 207.36 crores as central assistance for Hipparagi, Bhadra Modernisation, Malaprabha and Varahi projects under the Accelerated Irrigation Benefit Programme (AIBP) and Prime Minister's Special Rehabilitation Package. The company has proposed to central government for inclusion of the Upper Tunga Project, Modernisation of Tunga, Gondi, Vijaynagar canals, Modernisation of Tungabhadra canal Systems, Singatalur LIS, Shiggon LIS and Upper Bhadra Project for inclusion under Accelerated Irrigation Benefit Programme. The Aggregate amount of central assistance sought for these projects is Rs 23,101 crores.

5. The following significant stages have been reached in the major projects under implementation by KNNL during the financial year 2012-13.

i) In respect of Upper Tunga Project, another major project under execution by the Company, it had been reported by the Company in the previous year that water was let

out up to km 197. The total length of canal is 270 kms. Further works up to 212 km are in progress and works between km 223-242 are being grounded. There is a programme for creation of irrigation potential of 30,000 Ha during the current financial year. All necessary actions have been taken to achieve this potential during the current financial year.

ii) Substantial progress is achieved in the Bhadra modernization works taken up under AIBP assistance. A cumulative financial progress of Rs.1013.23 Crores has been achieved on this project. This project is planned to be completed during 2013-14. When completed, the project will save 6 TMC water enabling diversion to Upper Bhadra Project which is under implementation by KNNL in the same sub-basin (Tungabhadra).

iii) The Tungabhadra Modernisation works, which are to be carried out in the limited period of closure of canals, has achieved substantial progress with an expenditure of Rs 1437.37 crores incurred as against the estimated cost of Rs 2152.50 Crores covering 466.20 kms of main canal, 1,229.00 km of Distributaries and 3304 structures. It is planned to complete the modernization works in the current financial year 2013-14.

iv) The major works of Singatlur LIS which include six Lifts, two on the right side and four on the left side of singatalur barrage have been awarded on turn-key basis for speedy completion and works are progressing satisfactorily. During the year, an expenditure of Rs 337.00 crores has been incurred on this project and a potential of 9,297 Ha was created during FY 2012-13.

v) The Modernization of Tunga Anicut canals, Gondi Canals and Vijaynagar Channels at an estimated cost of Rs 309.00 crores, Rs 82.00 crs and Rs 313.16 crores respectively, which were to have been taken up during the year as reported in our previous years' report, have been taken up in the current financial year. Further, the GOK has now entrusted all the balance works of Tungabhadra Modernization to KNNL and these works have been taken up for implementation in the current financial year.

(vi) Upper Bhadra Project, another prestigious project of KNNL has made substantial progress not only financially but also in terms of resolving the farmers' issues related to land acquisition, forest clearance and commencement of tunnel work, which is critical for conveying water to the drought prone districts of Chikmagalur and Chitradurga. Another significant initiative taken in this project is introduction of drip irrigation in the entire command area of over 2 lakh hactares which has been approved by the Board of KNNL. This initiative on such a large scale is for the first time in the country, perhaps a first in Asia. With the increase in the irrigable command area to over 2 lakh hactares, the project

now qualifies as a 'National Project'. Proposals are under preparation to get Central Assistance under 'National Project'.

vii) The Hipparagi Project, Bhima LIS and Singtalur Project were dedicated to the nation during the year under report.

Assistance for Integrated Water Resources Management (IWRM) in Tungabhadra sub-basin

6. At the instance of Water Resources Department, after a detailed study by their experts, ADB has come forward with a Multi-tranche Financing Facility (MFF) for Karnataka Integrated and Sustainable Water Resources Management Investment Program (KISWRMIP) estimated to cost $ 230 Million. The ADB loan component is $ 150 Million. KNNL is the implementing agency of KISWRMIP. The program comprises of the following;

i. Strengthening of basin institutions for IWRM,

ii. Modernization of Irrigation system infrastructure and management (Gondhi, Vijayanagar Channels & Tungabhadra Left Bank Canal (TLBC)

iii. Operationalization of program management system

The MFF will be implemented in two tranches;

		Funding			
Tranch	**Period**	**ADB**	**GOK**	**Beneficieries**	**Total**
Tranch-1	2014-2017	$ 41 M	$ 25 M	$ 0.4 M	$ 66 M
Tranch-2	2016-2021	$ 109 M	$ 50 M	$ 4.6 M	$ 163.6 M

All the necessary preparatory activities for availing the loan assistance from ADB have been taken by KNNL with the guidance of Water Resources Department, GOK and the implementation of KISWRMIP will be taken up during the FY 2013-14.

7. During FY 2012-13, the Annual works programme of works taken up by the company amounted to Rs.2,156.69 crores targeting creation of an irrigation potential of 52,192 Ha. As against this programme, the expenditure incurred during FY 2012-13 was Rs.2,431.84 crores towards projects and Rs 129.48 crores towards Debt servicing. The irrigation potential created during the year was 26,277 Ha. The cumulative expenditure incurred towards construction of projects entrusted to the company since the inception of Nigam amounts to Rs 19,327.77 crores and irrigation potential created is 3,34,536 Ha as on 31.03.2013. The Annual Works Programme for the current year 2013-14 is fixed at Rs.2,318.83 crores excluding debt servicing with a target of creating irrigation potential of 65,590 Ha.

Mobilization of Resources:

8. The company's operations were entirely funded by the Government of Karnataka during the year. The Government of Karnataka provided Rs 2,156.69 crores consisting of Rs 2,027.20 crs for Project Works and Rs 129.49 crs for Debt Servicing against the budgetary grant of Rs. 2,156.69 crores of original allocation and revised to Rs 2,185.85 crores during FY 2012-13. During the year, the Company has re-paid term loans aggregating to Rs 129.49 crores availed from Bank of Baroda and Dena Bank.

9. The Government has provided budgetary support of Rs. 2,318.85 crores including debt servicing of Rs 0.02 crores for your Company for the Financial Year 2013-14.

Accounts:

10. As already informed in our last report, the company took up the process of capitalization of assets and preparation of Profit and Loss account since FY 2010-11. During the year under report assets amounting to Rs 700.12 crs has been capitalized taking the aggregate amount of the assets capitalized as on 31.3.2013 to Rs 5,003.81 crores covering 12 projects out of 64 projects under KNNL being implemented in 65 Divisional offices of the company in various districts of the state.

Results of Operation:

11. The results of operation during the year are as follows:

Sl No	Details	Amount (Rs in Crores)
1	Profit/Loss (-) before depreciation and Tax	(-) 126.36
2	Depreciation	46.18
3	Loss after Depreciation	(-) 172.54
4	Wealth tax and Fringe Tax	0.02
5	Loss after Depreciation and Taxes	(-)172.56

During the year, the government has permitted for adjustment of Rs 347.27 crores from advance towards equity to set off the expenditure incurred on SCP/TSP works for FY 2012-13. In view of this set off the notional income amounts to Rs 410.21 crores. The collection of water rates from the beneficiaries of the Nigam projects who are farmers is the major sources of revenue of the company. However, the amount collected on this account has been a meager Rs 3.39 crores which is included in the total income of RS 77.26 crores.

Conservation of Energy, Technology Absorption

12. The Company has no manufacturing activity and is involved in Irrigation Projects. Hence, the Company has no information to furnish under these heads.

Foreign Exchange Earnings and Outgo:

13. The Company has no foreign exchange earnings and there is no foreign exchange outgo.

Employees:

14. The particulars in pursuance of Section 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, is Nil.

Auditors

15. M/s. B. P. Rao, Chartered Accountants, Bangalore were appointed as the Statutory Auditors of the Company for the year 2012-13 by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956. The remuneration for statutory audit & Tax audit fee for Statutory Auditors has been fixed at Rs. 12.50 lakhs pursuant to Section 224(8) (aa) of the Companies Act, 1956.

Replies to observations in Auditors' Report:

16. The qualifications / remarks of the Statutory Auditors in their report on the accounts for the year 2012-13 have been replied in the respective notes forming part of financial statements referred to by the Auditors in their report which are self explanatory. However, detailed replies to significant observations are furnished as an addendum to the Directors Report.

The Report of Comptroller and Auditor General of India:

17. The Report of Comptroller and Auditor General of India u/s 619(4) of the Companies Act, 1956, on the accounts of the Company for the year 2012-13 is appended as a part of this Report.

Board of Directors:

18. The following changes in the Constitution of the Board have taken place between the last AGM and the date of this report.

I. Sri. Jagadish. Shettar, Ex-Chief Minister ceases to be Chairman of the company w.e.f, 28.05.2013.

II. Sri. Siddaramaiah, Hon'ble Chief Minister was appointed as Director and Chairman of the company, w.e.f, 28.05.2013 vice Sri. Jagadish. Shettar.

III. Sri. Basavaraj Bommai, Ex-Water Resources Minister ceases to be Director and Vice-Chairman of the company w.e.f, 28.05.2013.

IV. Sri. M. B. Patil, Hon'ble Water Resources Minister was appointed as Director and Vice-Chairman of the company w.e.f, 28.05.2013 vice Sri. Basavaraj Bommai.

V. Sri. D. N. Narasimharaju, IAS was appointed as Director of the company, w.e.f, 28.05.2013 vice Sri. Pradeep Singh Karola, IAS.

VI. Dr. V. P.Huggi was appointed as Director of the company, w.e.f, 19.07.2013 vice Sri. R. Basavana Gowda.

VII. Sri. P. V. Jatti was appointed as Director of the company, w.e.f, 19.07.2013 vice Sri. M. B. Chebbi.

VIII. Sri. I.S.N. Prasad, IAS was appointed as Director of the company, w.e.f, 30.09.2013 vice Sri. L. V. Nagarajan, IAS.

IX. Sri Koushik Mukharjee, IAS, was appointed as Director of the Company w.e.f, 31.10.2013 vice Sri. S. V. Ranganath, IAS, Ex-Chief Secretary, Government of Karnataka who ceases to be Director of the company w.e.f, 31.10.2013 on attaining superannuation.

Your Directors place on record the valuable services rendered by Sriyuths Jagadish Shettar, Ex- Chief Minister as Chairman, Basavaraj Bommai, Ex-Water Resources Minister, as Vice-Chairman, S.V.Ranganath, IAS, Pradeep Singh Karohla, IAS, R. Basavana Gowda, M.B.Chebbi and Sri. L.V.Nagarajan, IAS as Directors and during their tenure of office.

Directors' Responsibility Statement:

19. Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors report that:

a) In the preparation of the annual financial statements, the applicable accounting standards have been followed along with proper explanation relating to material departures subject to qualifications in this regard by the Statutory Auditors which have been replied earlier in this report.

b) Your 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 in the Profit and Loss Account for that period explained in Significant Accounting Policies of the Company in note Nos 1 and Schedule 2 of notes forming part of the Financial Statements.

c) Your Directors have taken proper and sufficient care for the 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 fraud and other irregularities.

(d) Your Directors have prepared the annual financial statements on a going concern basis.

Acknowledgement:

20. Your Directors wish to place on record the contribution and sincere efforts made by the officers and staff at all levels in speedy execution of the projects. The Directors also wish to thank the Government of India, Government of Karnataka, various Banks and Financial Institutions for their continued co-operation and support.

For and on behalf of the Board,

Place: Bangalore.
Date: 26.12.2013

Sd/-
SIDDARAMAIAH
CHAIRMAN

KARNATAKA NEERAVARI NIGAM LIMITED

Addendum to Directors Report
Replies to observations of Statutory Auditors Report

Sl. No	Para No	Comment's in Auditor's Report	Replies
1	6(ii)	Absence in provision for liability indicated therein which is not in compliance with Accounting Standard 29 on Provisions, Contingent liabilities and Contingent Assets. In the absence of relevant details, the impact on the accounts is not ascertainable.	*The company has disclosed suitably vide Note No. 2.1 in respect of price escalation claims. In respect of Crop compensation provision is not recognized as the final compensation is declared on joint inspection conducted by the concerned GOK departments and the concerned Chief Engineers / Superintending Engineers of the respective projects. Hence crop compensation is recognized during the time of payment.*
2	6(iii)	Note No. 11 (a) regarding absence in provision for liability as per the New Defined Contributory Pension Scheme to all new recruits to the State Government service joining on or after 01.04.2006. In the absence of relevant details, the impact on the accounts is not ascertainable;	*Company has applied for allotment of Pension Numbers to the newly recruited / deputed employees to the GOK. Further, the company is in the process of quantifying the details of pension contribution in respect of employees who joined the service on after 1.4.06 deputed to the company by the GOK.*
3	6(iv)	Absence in provision and remittance of workers welfare cess at 1% for the works entrusted to contractors prior to November 01, 2006, in the absence of relevant details, the impact on the accounts is not ascertainable.	*The company is recovering 1% workers welfare cess from the work bills for the works entrusted after 01.11.2006 and has been remitting the same to the respective department. Further, the company is in the process of identifying the liability, since the number of work bills is huge and indentifying and recovering the same from earlier bills is huge task and contractors will not agree for such move. Therefore necessary action will be taken in verification and remittance of the said 1% cess.*
4	6(v)	Regarding ownership, documentation, physical controls, apportionment of administrative charges and other general overheads, actual date of capitalization, impairment, method and quantum of depreciation provided thereon which is not in compliance with Accounting Standard 10 on Accounting for Fixed Assets issued under the Companies (Accounting Standards) Rules, 2006;	*This observation arise from the process of capitalisation of Assets undertaken by the company during the year and mainly pertains to irrigation assets & liabilities incurred during government period prior to transfer of projects to the company on "as is where is basis". The huge number of projects involved and physical location of these projects in various parts of the state covering several divisional and sub divisional offices has posed some difficulties in sifting the data from the available documents. The company has taken up the process of identification and verification of data from documents and also physical verification for proper treatment of the expenditure incurred under various heads of accounts so as to ensure that the presentation of accounts of subsequent years is in accordance with accepted accounting principles. This work is in progress.* *However, it is to be stated that, there are adequate control systems in the company and under the codal provisions which have ensured that the expenditure directly incurred on the projects implemented by the company have been properly accounted.*
5	6(vi) & 6(vii)	Note 2- Accounting Policy 2.7 (iii), 2.7 (iv), 2.8(b) and Note 13 (ii)(a) regarding allocation of expenses and allocation of expenses during construction period up to	*The Company has noted for future compliance.*

		the date of capitalization. The Company has preliminarily apportioned the expenses on the basis of assets in progress as per Note 13(ii) (a) which is not in accordance with its Accounting Policy as mentioned in Note 2.7(iii) and (iv) resulting in over statement of capitalization by Rs.413.61 lakhs and understatement of Loss by Rs.413.61 Lakhs. The impact of the same on the depreciation is not ascertainable;	
6	6(viii) & 6(ix)	Note 2 - Accounting Policy 2.9 (f) that for the purposes of depreciation, the life of assets transferred from the Government have been considered as if these were new at the time of capitalization which policy requires review as depreciation in terms of Accounting Standard 6 is to be provided over the residual useful life of the asset;	*The Company has made suitable disclosures in this regard in its Policy Note No. 2.9(c), (f),(g), 12(i)(c) & 12(iii)(a).*
7	6(x)	Note 12 (ii) that Assets held for transfer to Government – Harinala Project (as per direction of GOK) are held under fixed assets at historic cost less depreciation upto 31.3.2013 and that during the year depreciation for Rs.73.87 Lakhs is being charged on these assets held for transfer. We are of the opinion that as "assets held for transfer" are not assets held by the company for the purpose of its business, accordingly depreciation charged up to 31-3-2013 Rs.367 lakhs including depreciation for the year Rs.73.87 Lakhs made in the accounts requires to be reversed by credit to the appropriate accounts;	*The Company is collecting water rates for the water let out from the Harinala Project. Also the Company is incurring the maintenance charges on this project. Further The GOK vide order No.* No. WRD 12 KNN 2008, dt 22.09.08 *has directed the company to exhibit the assets of Harinala Project under "Assets pending transfer to GOK" including the revised R&R package sanctioned vide GO No. RD 77 REH 2006 Bangalore dated 05.10.2007 amounting Rs. 16.77 crores. In view of this, the Company had provided for depreciation on the project.*
8	6(xi)	Adoption of higher rates of depreciation without technical evaluation which is not in compliance with Schedule XIV of the Companies Act, 1956.	*As Per Company's Accounting policy stated in Note 2.7 Depreciation has been charged on Roads, Bridges, Culverts, Buildings & Colonies at 3.34% against 1.63% as per Schedule XIV of the Companies act 1956. Based on usage of the Roads & Buildings constructed for purpose of project monitoring which does not have adequate regular maintenance, exposed to heavy rains, heavy vehicles passing through results in shorter life of the structure. Hence, the Company considered a higher rate of depreciation.*

9	6(xiii)	Note No.13(iii)(a) with regard to classification of various Modernization Projects entrusted by the GOK amounting to Rs.18,83,62 lakhs. We are of the opinion, that the amount classified as CWIP are only project entrusted to the Company for execution without any transfer of ownership and the same needs to be classified as Dues from GOK-contract receivables;	*Modernisation works has led to increase in revenue earning capacity of the company by stabilisation of suffering atchkuts and GOK has also provided budgetary allocation for capital expenditure for the said projects in its budget under the Head 4701 in the form of equity. Hence the Company has considered the amount spent upto March 31, 2013 aggregating to `1,883.62 crores (Previous year - `1,529.27 Crores), on these projects as CWIP. The Company had also approached GOK to consider adjusting advance towards equity as specific grants to modernisation works of Bhadra for setting off the expenditure incurred on modernisation works since FY 2010-11. However, the GOK could not consider this proposal due to various reasons. The Company has noted for suitable exhibition in its books after due consultation with GOK regarding adjustment proposal for FY 2013-14.*
10	6(xiv)	Note 2.10 and Note No.31 (x) regarding impairment of assets, no provision has been made for reasons stated therein which is not in compliance with Accounting Standard 28 on Impairment of Assets issued under the Companies (Accounting Standards) Rules, 2006 as the same was not ascertainable. We are of the opinion that the "value in use" has to be established, as the present cash flow for supply of water does not meet the cost of operations and as there is no precedence of the transfer of Irrigation Infrastructure in an arm's length transaction;	*Kind Attention is drawn to Note No 2.10 and 29(x) wherein, The Company is yet to identify the assets (other than projects) which need to be subjected to impairment. Consequently, no provision has been made for impairment loss.*
11	6(xv)	Absence of confirmation and utilisation details of capital advance balance with Special Land Acquisition Officers (GOK);	*The Company releases funds to the Special Land Acquisition Officers for disbursement to the Land Owners as per the consents / awards by the Court/SLAO. The utilisation certificates are submitted from the concerned SLAO's only on entire disbursement of each Land acquisition case. Further, the Company has obtained the Bank Confirmation certificate for the balances as on 31.3.13 and has appointed the internal auditors to audit the funds released by the Company to the SLAO and its disbursements in respect of the Company's land acquisition only with respect to award/consent. Therefore the Company has noted for future compliance.*
12	6(xvi)	Note No. 15 (b), Note No. 16 and Note No.20 with regard to the amounts due from various parties, in absence of confirmation and reconciliation the impact on the accounts is not ascertainable;	*The GOK is yet to transfer the assets and liabilities in respect of 46 projects. Any expenditure incurred or income received for the GOK period i.e., prior to entrustment of the project to the Nigam is shown under Due to GOK / Due from GOK. On transfer of these assets and liabilities from the GOK in respect of these projects suitable entries will be passed to adjust such dues. Further advances to Minor Irrigation Department, Nethravathi project/ Hirehalla project are as per the Government orders. Hence no confirmation is obtained. The observation regarding obtaining confirmation of*

			advances released to the Suppliers / Services are noted for future compliance. The company is in the process to reconciling the outstanding advances made to staff.
13	6(xvii)	Inaccurate calculation of aging and disclosure of debts outstanding for the period exceeding 6 months which is not in compliance with Revised Schedule VI of the Companies Act, 1956.	*This observation pertains to water rates dues from farmers. In view of the seasonal demand for water rates it is difficult to correlate the receipts towards the dues against arrears of such dues for any particular period. Hence the calculation of debts on ageing basis has not been possible. The same has been explained to auditors.*
14	6(xviii)	Inability to recognize revenue due from KPCL, in the absence of an agreement.	*The Company is in continuous follow up with the GOK / KPCL for executing the agreement. Further the GOK has also exempted from paying the water dues below 20 MW and the KPCL generates power below 20 MW by utilizing the Company's water. The Agreement was entered by GOK with KPCL before the entrustment of Ghataparabha project to KNNL. Hence the said agreement has to be modified into tripartite agreement between KPCL, KNNL & GOK (Energy Department).*
15	6(xix)	Note No.2 –Accounting Policy 2.3 Revenue Recognition for the purpose of accounting for rent on cash basis is not in compliance with Accounting Standard 9 Revenue Recognition issued under the Companies (Accounting Standards) Rules, 2006 and the same is not ascertainable;	*Kind Attention is drawn to Note No 23(d) wherein, Other receivables include rent from occupants of quarters and other building (other than employees of the Company) and electricity charges recoverable as per norms which are accounted on accrual basis to the extent ascertained. Necessary action is being taken to ascertain the arrears and effect recovery from the concerned occupants.*
16	6(xx)	Note No 25 and Note 2.13 (c), (d) & (e) regarding allocation of borrowing costs to the qualifying assets as on date instead of to the qualifying assets of the year in which the borrowings are made, is not in Compliance with Accounting Standard 16 on Borrowing cost issued under the Companies (Accounting Standards) Rules, 2006 and the impact of the same on depreciation, fixed assets, assets in progress and Profit and loss Account is not ascertainable;	*The Company has repaid the entire borrowings during FY 2012-13 as per the terms and conditions of the term loans availed. During the year, the GOK had released the interest on term loan as revenue grants. The balance issue related expenses viz., surveillance fee to ICRA, Guarantee commission payable to GOK has been allocated. However the amount involved is not material. The observation is however noted for guidance for future borrowings if any.*
17	6(xxi)	Note 29 (C) giving reasons for not recognizing Liability to Service Tax under Reverse charge mechanism of Rs. 2,977.58 lakhs (excluding interest) in view of the advice of Law Department Government of Karnataka. We are unable to express our opinion on the same, pending clarification from the Central Government.	*Kind Attention is drawn to Note No 29 (C). The company has been advised by the Law Department, Govt. of Karnataka that it is a Government authority constituted by the Government for implementation of Irrigation projects in drought prone areas and as such is exempted vide notification No.25/2012 from payment of service tax on works contract related to construction of Dams/canals etc., Accordingly service tax liability to such services are not recognized.*
18	Annexure to Auditor's Report (i)(b)	The Company has not carried out physical verification of construction related tangible assets like Roads, Bridges & Culverts, Dams & Barrages, Distributories & Laterals, Canals & Branches, Building & Colonies and Land. Hence the question of	*Kind Attention is drawn to Note No 2.16) wherein The Completion Certificate issued by the Chief Engineer/Superintending Engineer/Executive Engineer certifying that the work entrusted to the agency/contractor has been fully completed in all respects as per the terms of the tender agreement or the abstract of final bill raised at the division level is taken as*

		reporting on discrepancies and adjustment in the books of accounts does not arise with respect to these assets.	*a base for capitalization of asset. The EMD & FSD is refunded to the contractor on expiry of 2 years from the date of completion of the work. At the time of refund of EMD / FSD the engineer at the project site will ensure that the asset is in existence and no special repair or damage have occurred due to faulty construction by the contractor. Further the Engineer at site ensures that the water is let out by identifying the blockage if any which is a continuous process. Hence the company has adequate and periodical check of the existence of the asset. The Company has noted for future compliance and has to develop a suitable strategy for periodical physical verification of assets commensurate with its assets base.*

For and on behalf of the Board,

Place: Bangalore.
Date: 26.12.2013

sd/-
SIDDARAMAIAH
CHAIRMAN

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF KARNATAKA NEERAVARI NIGAM LIMITED, BANGALORE, FOR THE YEAR ENDED 31 MARCH 2013.

The preparation of financial statements of **KARNATAKA NEERAVARI NIGAM LIMITED, BANGALORE,** for the year ended **31 March 2013** in accordance with the financial reporting framework prescribed under Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated **12th December 2013.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit, under section 619(3)(b) of the Companies Act, 1956, of the financial statements of **"KARNATAKA NEERAVARI NIGAM LIMITED", BANGALORE,** for the year ended **31 March 2013.** 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. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to the Statutory Auditors' report under section 619(4) of the Companies Act, 1956.

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

(ANITA PATTANAYAK)
PRINCIPAL ACCOUNTANT GENERAL
(ECONOMIC & REVENUE SECTOR AUDIT)
KARNATAKA, BANGALORE

BANGALORE
DATED: 29 December 2013

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INDEPENDENT AUDITOR'S REPORT

To,
THE MEMBERS OF
M/s KARNATAKA NEERAVARI NIGAM LIMITED,

REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the attached Balance Sheet of **Karnataka Neeravari Nigam Limited,** as at 31st March 2013 and the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

BOARD'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Board of Directors of the company is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.

4. An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit

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procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

6. **Basis for Qualified opinion:**

i) *Note No.7 (i) that classification of the contractor's liabilities towards EMD/FSD and Retention money is based on contractual terms for refund as assessed and compiled by the Management. In the absence of year end returns, we have not been able to verify the correctness and classification of these liabilities;*

ii) *Note No. 9 (c) and (d) regarding absence in provision for liability indicated therein which is not in compliance with Accounting Standard 29 on Provisions, Contingent liabilities and Contingent Assets. In the absence of relevant details, the impact on the accounts is not ascertainable;*

iii) *Note No. 11 (a) regarding absence in provision for liability as per the New Defined Contributory Pension Scheme to all new recruits to the State Government service joining on or after 01.04.2006. In the absence of relevant details, the impact on the accounts is not ascertainable;*

iv) *Note No. 10 (c) regarding absence in provision and remittance of workers welfare cess at 1% for the works entrusted to contractors prior to November 01, 2006. In the absence of relevant details, the impact on the accounts is not ascertainable;*

v) *Note No. 12 (i), (ii), (iii) and 13 (i), (ii), (iii) regarding ownership, documentation, physical controls, apportionment of administrative charges and other general overheads, actual date of capitalization which is not in compliance with Accounting Standard 10 on Accounting for Fixed Assets issued under the Companies (Accounting Standards) Rules, 2006;*

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vi) *Note 2- Accounting Policy 2.7 (iii), 2.7 (iv) and Note 13 (ii)(a) regarding allocation of expenses. The Company has preliminarily apportioned the expenses on the basis of assets in progress as per Note 13(ii) (a) which is not in accordance with its Accounting Policy as mentioned in Note 2.7(iii) and (iv) and the amount is not ascertainable and consequently, the impact of the same on depreciation, fixed assets, assets in progress and Profit and loss Account is not ascertainable*

vii) *Note 2- accounting Policy 2.8 (b) allocation of expenses during construction period up to the date of capitalization. However, the Company has not allocated any expenses for that portion of assets in progress which has been capitalized during the year and the amount is not ascertainable and consequently, the impact of the same on depreciation, fixed assets, assets in progress and Profit and loss Account is not ascertainable;*

viii) *Note 2 - Accounting Policy 2.9 (f) that for the purposes of depreciation, the life of assets transferred from the Government have been considered as if these were new at the time of capitalization which policy requires review as depreciation in terms of Accounting Standard 6 is to be provided over the residual useful life of the asset;*

ix) *Note 2 - Accounting Policy 2.9 (g) that for the purposes of depreciation, the life of assets capitalized during the year with regard to other than moveable assets and added to the original assets have been considered as if these were new at the time of capitalization which policy requires review as depreciation in terms of Accounting Standard 6 is to be provided over the residual useful life of the original asse;.*

x) *Note 12 (ii) that Assets held for transfer to Government –Harinala Project (as per direction of GOK) are held under fixed assets at historic cost less depreciation upto 31.3.2013 and that during the year depreciation for Rs.73.87 Lakhs is being charged on these assets held for transfer. We are of the opinion that as "assets held for transfer" are not assets held by the company for the purpose of its business, accordingly depreciation charged up to 31-3-2013: Rs.367 lakhs including depreciation for the year Rs.73.87 Lakhs made in the accounts requires to be reversed by credit to the appropriate accounts;*

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xi) *Note No.12 (iii) (b) regarding adoption of higher rates of depreciation without technical evaluation which is not in compliance with Schedule XIV of the Companies Act, 1956;*

xii) *Note 12- Tangible Assets (iii) (c) for the reasons stated therein regarding providing of depreciation on those assets whose useful life is completed, the impact of which on fixed assets and depreciation is not ascertainable;*

xiii) *Note No.13 (iii)(a) with regard to classification of various Modernization Projects entrusted by the GOK amounting to Rs.18,83,62 lakhs. We are of the opinion, that the amount classified as CWIP are only project entrusted to the Company for execution without any transfer of ownership and the same needs to be classified as Dues from GOK-contract receivables;*

xiv) *Note 2.10 and Note No.31 (x) regarding impairment of assets, no provision has been made for reasons stated therein which is not in compliance with Accounting Standard 28 on Impairment of Assets issued under the Companies (Accounting Standards) Rules, 2006 as the same was not ascertainable. We are of the opinion that the "value in use" has to be established, as the present cash flow for supply of water does not meet the cost of operations and as there is no precedence of the transfer of Irrigation Infrastructure in an arm's length transaction;*

xv) *Note No. 15 (a) regarding absence of confirmation and utilisation details of capital advance balance with Special Land Acquisition Officers (GOK);*

xvi) *Note No. 15 (b), Note No. 16 and Note No.20 with regard to the amounts due from various parties, in absence of confirmation and reconciliation the impact on the accounts is not ascertainable;*

xvii) *Note No. 18 regarding inaccurate calculation of aging and disclosure of debts outstanding for a period exceeding 6 months which is not in compliance with Revised Schedule VI of The Companies Act, 1956;*

xviii) *Note No. 23 (b) regarding inability to recognize recognition of revenue due from KPCL in the absence of an agreement;*

xix) *Note No.2 –Accounting Policy 2.3 Revenue Recognition for the purpose of accounting for rent on cash basis is not in compliance with Accounting*

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Standard 9 Revenue Recognition issued under the Companies (Accounting Standards) Rules, 2006 and the same is not ascertainable;

xx) *Note No 25 and Note 2.13 (c), (d) & (e) regarding allocation of borrowing costs to the qualifying assets as on date instead of to the qualifying assets of the year in which the borrowings are made, is not in Compliance with Accounting Standard 16 on Borrowing cost issued under the Companies (Accounting Standards) Rules, 2006 and the impact of the same on depreciation, fixed assets, assets in progress and Profit and loss Account is not ascertainable;*

xxi) *Note 29 (C) giving reasons for not recognizing Liability to Service Tax under reverse charge mechanism of Rs. 2977.58 lakhs (excluding interest) in view of the advice of Law Department Government of Karnataka. We are unable to express our opinion on the same, pending clarification from the Central Government.*

Consequential effect of our observations as mentioned above could not be readily quantified.

Qualified Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matters referred to in the Basis for Qualified Opinion Paragraph above, the 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:

   a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

   b) in the case of the Statement of Profit and Loss, of the *loss* for the year ended on that date; and

   c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure – A, a statement on the matters specified in paragraphs 4 and 5 of the Order.

9. As required by Section 227(3) of the Act, we report that:

   a) we have 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, *except in respect of the matters referred to in Basis for Qualified Opinion*, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

   e) As per Notification No GSR 829 (E) dtd 21-10-2003 issued by the Central Government the provisions of Section 274(1) (g) of the Companies Act,1956 are not applicable to the company

   f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For B. P. Rao & Co
Chartered Accountants
Firm Reg No. 003116S

(B.SATISH RAO)
Partner
Membership No. 024559

B. P. RAO & CO. Bangalore 560 001. Chartered Accountants

Place: Bangalore
Date: 12.12.2013

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M/s KARNATAKA NEERAVARI NIGAM LIMITED

Annexure-A Referred to in paragraph 8 of our Independent Audit Report of Even Date

1.Fixed Assets:

a) We are informed that the company has maintained proper records showing full particulars, including quantitative details and situation of movable Fixed Assets and irrigation infrastructure across its various divisions.

b) The company has a regular annual program of physical verification of movable fixed assets. In our opinion, the periodicity of physical verification of such assets is reasonable having regard to the size of the company and nature of its assets. In respect of the verification carried out during the year, according to the information and explanations given to us, the discrepancies noticed on such verification are not material and will be properly dealt with in the books of account of the company.

The Company has not carried out the physical verification of construction related tangible assets like Road, Bridges & Culverts, Dams & Barrages, Distributaries & Laterals, Canals & Branches, Building & Colonies and Land. Hence the question of reporting on discrepancies and adjustment in the books of accounts does not arise with respect to these assets. Further, the company has to devise a suitable system for verification and comparison with the book records.

c) In our opinion and according to the information provided to us the company has not disposed of substantial part of fixed assets during the year to affect the going concern status of the Company.

2.Inventories:

a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals in respect of stores, spares, tools, plants and released articles.
b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and nature of its business.

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c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records for Inventories. *However, attention is invited to Note No. 17 (a), (b) and (c).*As explained to us, discrepancies on physical verification of stock as compared to book records were not material and are dealt with in the books of accounts by making a provision for shortage and obsolescence.

3. In our opinion and according to the information and explanations given to us, the Company has not granted or taken loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence our reporting on the matters referred to in Clause 4 (iii) of the Companies (Auditor's Report) Order, 2003 does not arise.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory. *However, the internal control systems need considerable strengthening with regard to identification, documentation, capitalization and physical control of fixed assets. Further, the company has difficulty in realizing water rates in the absence of a proper system for the same which is a continuing weakness.*

5. In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements that needed to be entered into in the register maintained under section 301 of the Companies Act, 1956 Hence our reporting on the matters referred to in Clause 4 (v) of the of the Companies (Auditor's Report) Order, 2003 does not arise.

6. According to the information and explanation given to us, the Company has not accepted any deposits from the public. Hence our reporting on the matters referred to in Clause 4 (vi) of the of the Companies (Auditor's Report) Order, 2003 does not arise.

7. *In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of business. However, extent of coverage in respect of areas of work- in- progress, capitalization of fixed assets, absorption of overheads, review of trial balances and schedules of units, verification of compliances with statutory payments, frequency of reporting and the compliance of internal audit observations/comments need to be strengthened.*

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8. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of its activities. Hence our reporting on the matters referred to in Clause 4 (viii) of the of the Companies (Auditor's Report) Order, 2003 does not arise.

9. According to the information and explanations given to us, in respect of Statutory dues:

   a) According to the records of the Company, undisputed statutory dues including Provident Fund, Sales tax, Income tax, Workers Welfare Cess, Professional Tax, Royalty and other statutory dues have generally been regularly deposited with the appropriate authorities except for delay in certain cases. As referred in Note-29 (C) the company being a wholly owned Govt company is claiming exemption as "Government" from levy of Service Tax on reverse charge basis on the work carried out by the contractors on construction and repair of Dam, Canals, Barrages, Lift irrigation etc. Service Tax on reverse charge basis for other services availed amounting to Rs.28.47 Lakhs has not been paid as on date. As explained to us, the provisions of the Employees State Insurance Act are not applicable to the Company and in respect of property tax there has been no demand from the concerned authorities.

   b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2013 for a period of more than six months from the date of becoming payable except :

Name of Statutory Dues	Amount in Rs.
GPF	31,243
Professional Tax	19,211
KGID/GIS	42,824
Workers Welfare Cess	5,98,232
C.B.F.	31,454
Royalty	8,17,340
Income tax	6,91,360
Central Excise Duty	60,46,000
Pension Contribution Fund	2,972
Rates & Taxes Payable	10,15,570
Service Tax	4,57,541
Workers Welfare Cess (for work entrusted prior to 01.11.2006	Not Quantified

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c) According to the information and explanations given to us, there are no dues demands towards Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Royalty, Professional tax and other material statutory dues at the end of the year which have not been deposited on account of dispute.

10. In our opinion and according to the information and explanations given to us, the accumulated losses of the Company as at the end of financial year are less than 50% of its net worth. The Company has incurred cash losses of Rs.126.39 Crores during the financial year covered by our audit and Rs.209.75 Crores cash losses during the immediately preceding financial year.

11. In our opinion, and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. There are no dues to financial institutions and debenture holders.

12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities. Hence our reporting on the matters referred to in Clause 4 (xii) of the of the Companies (Auditor's Report) Order, 2003 does not arise.

13. The Company is not a Chit fund or a nidhi / mutual benefit fund / society. Hence our reporting on the matters referred to in Clause 4 (xiii) of the of the Companies (Auditor's Report) Order, 2003 does not arise.

14. In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Hence our reporting on the matters referred to in Clause 4 (xiv) of the of the Companies (Auditor's Report) Order, 2003 does not arise.

15. According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions. Hence our reporting on the matters referred to in Clause 4 (xv) of the of the Companies (Auditor's Report) Order, 2003 does not arise.

16. According to the information and explanations given to us, the Company has not availed any term loans during the year and term loans availed in earlier years have already been utilized for the purpose for which they has been obtained. Hence our reporting on the

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matters referred to in Clause 4 (xvi) of the of the Companies (Auditor's Report) Order, 2003 does not arise

17. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short term basis which have been used for long term investments.

18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956. Hence our reporting on the matters referred to in Clause 4 (xviii) of the of the Companies (Auditor's Report) Order, 2003 does not arise.

19. According to the information and explanations given to us, the Company does not have any outstanding in respect of bonds issued in earlier years. Hence our reporting on the matters referred to in Clause 4 (xix) of the of the Companies (Auditor's Report) Order, 2003 does not arise. Further, according to the information and explanations given to us the company has filed satisfaction of charge in respect of bonds issued in earlier years and settled during the year.

20. According to the information and explanations given to us and as per the records of the company, no amount has been raised from the public during the year. Hence our reporting on the matters referred to in Clause 4 (xx) of the of the Companies (Auditor's Report) Order, 2003 does not arise.

21. To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has not been noticed during the course of our audit nor have we been informed of any such case by the management.

For B. P. Rao & Co
Chartered Accountants
Firm Reg No. 003116 S

(B.SATISH RAO)
Partner
Membership No. 024559

B. P. RAO & CO. Bangalore 560 001. Chartered Accountants

Place: Bangalore
Date: 12.12.2013

Karnataka Neeravari Nigam Limited
Balance Sheet as at March 31, 2013

(Amount in ₹)

PARTICULARS	Note No.	As at March 31, 2013 Amount	As at March 31, 2012 Amount
A. EQUITY AND LIABILITIES :			
1. Shareholders' Funds:			
a) Share Capital	3	86,22,65,65,000	86,22,65,65,000
b) Reserves & Surplus	4	(6,72,36,39,963)	(4,99,79,75,328)
2. Share Application Money Pending Allotment	5	54,70,42,79,399	36,17,50,53,399
3. Non Current Liabilities			
a) Long Term Borrowings	6	1,47,00,000	1,96,00,000
b) Other Long Term Liabilities	7	1,31,24,21,221	98,73,40,569
c) Long Term Provisions	8	74,61,702	44,46,897
		1,33,45,82,923	**1,01,13,87,466**
4. Current Liabilities			
a) Trade Payables	9	6,70,82,80,651	7,56,96,52,725
b) Other Current Liabilities	10	48,87,95,353	1,87,71,15,120
c) Short Term Provisions	11	2,22,29,550	2,60,57,166
		7,21,93,05,554	**9,47,28,25,011**
TOTAL		**1,42,76,10,92,913**	**1,27,88,78,55,548**
B. ASSETS :			
1. Non - current assets			
a. Fixed Assets:			
(i) Tangible Assets	12	47,87,87,73,840	39,40,28,94,817
(ii) Assets pending transfer to GOK	12	1,01,84,92,192	1,01,84,23,725
(iii) Capital work in progress	13	85,22,34,84,409	76,99,41,52,929
b. Non current Investments	14	20,00,000	20,00,000
c. Long-term loans and advances	15	7,39,31,99,873	6,13,14,28,438
d. Other non-current assets	16	9,67,675	9,67,675
		1,41,51,69,17,989	**1,23,54,98,67,584**
2. Current Assets:			
a) Inventories	17	33,29,053	36,13,230
b) Trade receivables	18	13,45,36,756	12,48,48,585
c) Cash and cash equivalents	19	83,67,43,777	3,97,42,28,387
d) Short Term Loans and advances	20	9,66,00,572	10,78,96,904
e) Other Current Assets	21	17,29,64,766	12,74,00,858
		1,24,41,74,924	**4,33,79,87,964**
TOTAL		**1,42,76,10,92,913**	**1,27,88,78,55,548**

Corporate information and significant accounting policies 1 & 2
See accompanying notes forming part of the financial statements

for and on behalf of the Board

R. Rudriah
Managing Director
DIN: 06453760

J.R.K. Karadi
Director
DIN: 02388497

K.S. Raveendra Prasad
General Manager - Finance

G.S. Prakash
Company Secretary

Place: Bangalore
Date: 12.12.2013

As per our report of even date attached
for B.P. Rao & Co.,
Chartered Accountants
Firm Reg No. 0031168

(B Satish Rao)
Partner
M No. 024559

B. P. RAO & CO. Bangalore 560 001. Chartered Accountants

Karnataka Neeravari Nigam Limited

Statement of Profit and Loss for the year ended March 31, 2013

(Amount in ₹)

Particulars	Note No.	Year ended March 31, 2013 Amount	Year ended March 31, 2012 Amount
1.Revenue from Operations	22	3,39,65,363	5,80,54,425
2.Other Income	23	4,06,80,93,884	72,77,63,776
Total Revenue		**4,10,20,59,247**	**78,58,18,201**
3.Expenses			
Employees Remuneration and Benefits	24	44,43,61,612	38,64,06,631
Finance Charges	25	4,80,08,365	18,09,69,789
Depreciation	12	46,17,67,578	37,99,93,746
Expenditure on GOK schemes	26	3,65,50,80,937	1,60,19,62,018
Other Expenses	27	1,22,82,35,891	58,83,76,247
Total Expenses		**5,83,74,54,383**	**3,13,77,08,431**
4. Profit before exceptional and extraordinary items and tax		**(1,73,53,95,136)**	**(2,35,18,90,229)**
Profit/ (Loss) on sale/damage of Fixed Assets		(10,65,577)	(17,94,304)
Interest received not in ordinary course of business		1,10,22,066	-
5. Profit/ (Loss) before taxation		**(1,72,54,38,647)**	**(2,35,36,84,533)**
Less : Tax Expense:			
- Current Tax		-	-
- Wealth Tax		2,25,987	1,40,000
6. Profit/(Loss) for the year		**(1,72,56,64,635)**	**(2,35,38,24,534)**
Weighted average no. of shares outstanding		8,62,26,565	8,62,26,565
Diluted no. of shares		13,72,46,003	12,24,01,618
Basic Earnings per share		(20.01)	(27.30)
Diluted Earnings per share		(12.57)	(19.23)
(Face value of Rs.1,000/- per share)			
Corporate information and significant accounting policies	1 & 2		
See accompanying notes forming part of the financial statements			

for and on behalf of the Board

R. Rudriah
Managing Director
DIN: 06453760

J.R.K.Karadi
Director
DIN: 02388497

As per our report of even date attached
for B.P. Rao & Co.,
Chartered Accountants
Firm Reg No. 003116S

B. P. RAO & CO. Bangalore 560 001. Chartered Accountants

(B Satish Rao)
Partner
M No. 024559

K.S. Raveendra Prasad
General Manager - Finance

G.S. Prakash
Company Secretary

Place: Bangalore
Date: 12.12.2013

1. BACKGROUND OF THE COMPANY AND ITS ACTIVITIES

a. The Company is a Special Purpose Vehicle set up with the specific objective of implementing new irrigation projects as also completing certain ongoing irrigation projects.

b. The Government of Karnataka (GOK) has entrusted to the Company, implementation of certain major and medium irrigation projects in the Krishna Basin, Varahi Project (west flowing river) and Six Minor Irrigation works of Uttar Kannada District.

c. The Government has also transferred the Engineering division and establishments of Malaprabha and Ghataprabha, Command Area Development Authority (M&GP - CADA) to the Company to execute the works of field irrigation channels (FIC's) under M&GP – CADA. Further, the Company has also undertaken to execute FIC works under Shimoga and Gulbarga CADA.

d. The Government has also entrusted the work of providing irrigation and other facilities to backward classes of the society through Special Component Plan (SCP), Tribal Sub Plan (TSP), "Nammura Bandaras" scheme and "Namma Hola Namma Raste" scheme.

e. The Company has been directed to make payments towards five divisions for works related to modernisation of Tungabhadra Left Bank Canal vide GO No. WRD 149 /MTP/2008 dtd. 03.12.2010. Further vide GO 149 /MTP/2008 dtd. 06.11.2011, GOK has approved the Company to undertake the balance work under Tunga, Gondi and Vijayanagar channels modernisation works from the financial year 2011-12.

2. SIGNIFICANT ACCOUNTING POLICIES

The Company is a Government of Karnataka (GOK) enterprise set up with the specific task of implementing certain irrigation projects. The Company's operation and maintenance cost are met as far as practicable, by water rates demand raised for supply of water and balance from monies received from Government of Karnataka for carrying out its functions. Hence, the financial statements are prepared on a going concern basis.

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Financial statements are prepared under historical cost convention on a going concern and accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) and practices in India unless otherwise stated and comply in material aspects with the mandatory Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, and the relevant provisions of the Companies Act, 1956, except payment of gratuity to supernumerary employees, payments for pending work bills on transfer of project and price escalation claims, where in, the Company accounts for such transactions on receipt/cash basis.

2.2 USE OF ESTIMATES

The Preparation of financial statements is in conformity with Generally Accepted Accounting Principles (GAAP) and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.3 REVENUE RECOGNITION

Revenue from letting out water for irrigation is recognised on accrual basis at the rates prescribed under the Karnataka Irrigation Act and Rules.

Sale of rubbles and Tender Forms, Rental/lease income on use of land and building, penalty on delayed progress of work, interest on excess payment to contractors, Miscellaneous income/receipts not in the ordinary course of business are recognized on realization, as there are uncertainties in their ultimate realization. Stale cheques outstanding for more than three years are recognised as income.

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2.4 INVENTORIES

a. Inventories are valued at cost / market value, whichever is less (ascertained on First in First out basis). Inventories comprise Stock, Tools & Plants & Released Articles. Cost includes purchase price, freight and other incidental expenses.

b. No value is assigned to the stock of rubble and other materials arising during the excavation. However the cost of rubble and other materials issued to the contractor is recovered from the contractor at the rates mentioned in Schedule 'A' & 'B' of the contract agreement under credit to Profit and Loss Account.

2.5 CASH FLOW STATEMENT

Cash Flow Statement has been prepared using the indirect method.

2.6 CAPITAL WORK IN PROGRESS

The irrigation projects being implemented by the Company consist of dams, canal systems, canal network, Lift Irrigation Schemes, etc. The cost is capitalised on completion of each work on put to use concept and until such completion, expenditure incurred on construction (which includes in certain cases, part payment for works completed and pending approval of competent authority) is shown under Capital Work in Progress against appropriate heads.

2.7 ALLOCATION OF EXPENSES (EXPENDITURE DURING CONSTRUCTION)

i. The expenditure allocated to the completed assets is charged off to Profit and Loss Account and the expenditure allocated to assets in progress will continue under Capital Work in Progress.

ii. The revenue expenditure incurred by Executive Engineer offices (other than repairs and maintenance of dams, barrages, canals, branches, distributaries, Lift Irrigation Schemes, provision for bad & doubtful debts, depreciation on assets, etc) on all assets including assets in progress is allocated on pro-rata basis to completed assets and assets in progress of the respective EE Office.

iii. The primary allocation of the revenue expenses (other than provision for bad & doubtful debts, depreciation on assets, etc) incurred by Registered Office and Central Office are apportioned on the basis of completed assets and assets in progress of the respective EE Office to the completed assets and assets in progress of all the Executive Engineer offices. The secondary allocation of such apportioned cost is based on the completed assets and assets in progress of respective EE office.

iv. The primary allocation of revenue expenses (other than provision for bad & doubtful debts, depreciation on assets, etc) incurred by Chief Engineer Office, Superintending Office, Workshop & Mechanical offices and Quality Control Offices of each zone are apportioned on basis of completed assets and assets in progress of the respective EE Office to total completed assets and total assets in progress of the Executive Engineer Offices of the respective zones. The secondary allocation of such apportioned cost is based on the completed assets and assets in progress of respective EE office.

2.8 FIXED ASSETS / ASSETS UNDER CONSTRUCTION

a. The assets transferred by the Government of Karnataka have been taken over at the assigned values, which are treated as cost in the books of account of the Company.

b. All other fixed assets are stated at cost including expenses related to acquisition, allocated expenses during construction period up to the deemed date of capitalisation.

c. Roads include appurtenant bridges and culverts.

d. Land Cost includes acquisition cost, interest paid upto the date of taking possession, enhanced compensation, interest awarded by the courts, expenditure on rehabilitation, structures, Crop Compensation and social forestry for project affected local people/families.

e. Civil works of Barrages, Lift Irrigation Structures and Dams include appurtenant gates and other embedded parts.

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f. The Completion Certificate issued by the Chief Engineer/Superintending Engineer/Executive Engineer certifying that the work entrusted to the agency/contractor has been fully completed in all respects as per the terms of the tender agreement or the abstract of final bill raised at the division level is taken as a base for capitalisation of asset. The irrigation structures consisting of canals and other irrigation systems, which have been completed and water is let into them, are capitalised.

g. Bought out assets are capitalised including incidental expenses, if any, incurred in connection with bringing the asset to its current location from the date the said asset is put to use.

2.9 DEPRECIATION

Depreciation is provided on straight-line method at the rates provided under Schedule XIV to the Companies Act, 1956, in the manner stated therein except in respect of:

a. Roads and Buildings (other than Factory Buildings) where a higher rate of depreciation of 3.34% has been adopted.

b. Furniture and Fixtures costing less than Rs.5,000/- which are fully depreciated in the year of purchase.

c. Civil works like Dams, Head works of Lift Irrigation Schemes, Canals and other Irrigation Structures, where the estimated useful life is 100 years and which are consequently depreciated at 1% each year.

d. Pumping systems, raising mains of Lift Irrigation Schemes where the estimated useful life is 12 years and which are consequently depreciated at 8.33% each year. These rates are as specified in the 1980 guidelines issued by the Government of India, Ministry of Irrigation and Central Water Commission for preparation of detailed project report of Irrigation and Multipurpose Projects and included in the Stage I and Stage II project reports of Upper Krishna Project approved by the Government of India have been adopted by the Company. Pumping systems include related assets like substations, power transmission lines etc.,

e. Cost of software purchased is written off in the year of purchase.

f. For the purpose of depreciation the life of assets transferred by Government have been considered as if these were new at the time of capitalization.

g. For the purpose of depreciation on additions other than moveable assets, the life of assets has been considered as if these were new assets and provided at the original rate of depreciation and not restricted to the residual life of the original assets.

2.10 IMPAIRMENT OF ASSETS

Being an irrigation infrastructure, the cash earning assets of the Company comprise of Dams, Canal Systems, Lift irrigation Schemes, Barrages, and Bridges etc. There is no precedent of such assets being marketed in an arm's length transaction; further, the life of the canal systems and other class of assets having been ascertained as 100 years, it is not possible to project the estimated future cash flows during the balance life of these assets with reasonable accuracy. In view of the above, it is not possible to arrive at the estimated future cash flows and value in use and hence it is not possible for the Company to ascertain whether there is an impairment loss.

2.11 INVESTMENTS

Investments in Shares of Water Users Cooperative Societies (WUCS) are treated as Long Term Investments and are disclosed at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

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2.12 RETIREMENT AND OTHER BENEFITS

Nature of Employee	Leave salary	Gratuity	Pension/ Contribution to Pension fund	Provident fund/ ESI
On Deputation from Government	a) The Company has been exempted from contributing towards leave salary in respect of these employees during their period of service in the Company. b) However, leave encashment availed by such employees during their service with the Company is regulated as per Karnataka Civil Service Rules (KCSR) c) The leave salary contributions of Managing Director are being provided for/remitted to the Government on actual basis as per the terms of appointment.	No provision is required as the Company has been exempted from contribution by the Government.	a) The Company has been exempted from contributing towards pension during their period of service in the Company. b) The pension contributions of Managing Director are being provided for/remitted to the Government on actual basis as per the terms of appointment.	No contribution from the Company.
On Deputation from Other PSUs	Applicable leave salary contribution is being provided for/remitted as per terms of the deputation on actual basis.	Applicable contribution is being provided for/remitted as per terms of the deputation on actual basis.	Applicable pension contribution is being provided for/remitted as per terms of the deputation on actual basis.	Applicable contribution is being provided for/remitted as per terms of the deputation on actual basis.
KNNL Cadre Employees	The Company provides leave salary contribution based on the valuation by independent actuary on each balance sheet date.	The Company provides for retirement benefits in the form of gratuity contribution valued by independent actuaries on each balance sheet date.	Not applicable	Applicable contribution as per the PF Act is being provided / remitted by the Company.
Supernumerary employees	Leave Salary, if any, shall be recognised and accounted on payment.	Gratuity, if any, shall be recognised and accounted on payment.	Pension benefits, if any, shall be recognised and accounted on payment.	Provident Fund and ESI benefits are not extended to Supernumerary employees.

2.13 BORROWING COST

a. Borrowing cost includes interest on bonds, term loans, and guarantee commission payable to GOK, arrangers fees, listing fees, rating & surveillance, trusteeship fees etc.,

b. Borrowing costs are allocated only to projects that subsisted during the years of such borrowings.

c. The primary allocation of such borrowings is affected to all executive divisions under the said projects in the proportion of capital expenditure incurred by such divisions.

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d. The secondary allocation is effected on the individual project assets (canals, distributories, dams, Lift Irrigation Schemes etc.) in proportion of expenditure incurred in the total of such expenditure incurred during the year at such divisions.

e. Further such allocated borrowing costs are apportioned to assets capitalised during the year and to CWIP carried forward in proportion to their respective values as at the year end.

f. The borrowing costs attributed to such capitalised assets is charged to the profit and loss account.

g. The manner of such allocation approximates the attributable borrowing costs to the qualifying assets though the allocation is attributed also to the period after the assets have been capitalised.

2.14 RELATED PARTY DISCLOSURES

Remuneration paid to key managerial personnel other than Independent Non Executive Directors is disclosed as "Managerial Remuneration (including provisions)" in the Notes on Accounts.

2.15 ACCOUNTING FOR LEASE

Asset acquired under lease when a significant position of the risk & rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals on operating lease are charged to profit and loss account on accrual basis.

2.16 ACCOUNTING FOR TAXES ON INCOME

Income Tax expense is accounted in accordance with AS-22 which includes deferred taxes. Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient taxable income will be available to realise such assets.

2.17 PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets, if any, are neither recognised nor disclosed in the financial statements.

2.18 EARNING PER SHARE

Basic earnings per share are computed by dividing the net profit/ net loss after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit/ loss after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of dilutive potential equity shares.

2.19 GOVERNMENT GRANTS

Government grants are recognized on receipt by the Company.

Government grants received for meeting specific debt obligation is bifurcated as grants for interest and principal. The grants for meeting principal repayment are treated as capital reserve. The grants received for interest payments are accounted as income.

The funds released to SCP, TSP & CADA are shown as Other Income - Grants and the expenditure is accounted under Expenditure under GOK Schemes.

2.20 WORK BILLS AND EXPENDITURE

Liability for work bills (in respect of both capital and revenue account) as at the end of the year is recognised in respect of such of those bills received at the Central Office upto 31st May of succeeding financial year.

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Claims on the Company for price variation in respect of Contracts are accounted for on acceptance by the competent authority.

2.21 EXPENDITURE ON GOVERNMENT SCHEMES

Expenditure incurred on Government schemes like Namma Hola Namma Raste, Nammura Bandaras, SCP, TSP, CADA works charged to the profit and loss account as period costs.

2.22 PROVISION FOR DOUBTFUL DEBTS

Provision for Doubtful debts is created in the books in respect of 'Demands for water charges outstanding for collection for more than 3 years, as a prudent measure, even though such debts are recoverable as arrears of land revenue as per the Karnataka Irrigation Act, 1965.

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3. SHARE CAPITAL

Particulars	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Share Capital				
Authorised capital:				
20,00,00,000 (Previous Year- 10,00,00,000) Equity Shares of Rs.1,000/- each.	200,000,000	200,000,000,000	100,000,000	100,000,000,000
Issued capital:				
8,62,26,565 (Previous Year- 8,62,26,565) Equity Shares of Rs.1,000/- each fully paid up.	86,226,565	86,226,565,000	86,226,565	86,226,565,000
Subscribed and paid up capital:				
8,62,26,565 (Previous Year- 8,62,26,565) Equity Shares of Rs.1,000/- each fully paid up.	86,226,565	86,226,565,000	86,226,565	86,226,565,000
Note: Out of the above, 86,79,873 (Previous Year - 86,79,873) equity shares of Rs.1,000/- each have been issued as fully paid up, without payment having been received in cash, in consideration for net value of assets transferred to the Company by Government of Karnataka (GOK) during the year 2001-02.				
Total	**86,226,565**	**86,226,565,000**	**86,226,565**	**86,226,565,000**

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

Particulars	Equity Shares			
	As at 31 March 2013		As at 31 March 2012	
	Number	Amount in ₹	Number	Amount in ₹
Shares outstanding at the beginning of the year	86,226,565	86,226,565,000	86,226,565	86,226,565,000
Add: Shares Issued during the year	Nil	Nil	Nil	Nil
Shares outstanding at the end of the year	**86,226,565**	**86,226,565,000**	**86,226,565**	**86,226,565,000**

The Company has issued only one class of equity shares having a face value of₹ 1000 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after settling the dues of preferential and other creditors as per priority.

No terms and conditions are attached to the Equity Shares.

B. P. RAO & CO. Bangalore 560 001. Chartered Accountants

Details of shares held by each shareholder holding more than 5% shares of the aggregate shares of the Company

Name of the Shareholder	Equity Shares			
	As at 31 March 2013		As at 31 March 2012	
	Number of Share held	% age of Holding	Number of Share held	% age of Holding
Government of Karnataka *	84,156,266	98	84,156,266	98

* The above shares (98%) are held by Governor of Karnataka and his nominees on behalf of the Government of Karnataka.

4. RESERVES AND SURPLUS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Surplus in Statement of Profit and Loss		
Opening Balance	(4,997,975,328)	(2,644,150,838)
Add: Profit/ (Loss) during the year	(1,725,664,635)	(2,353,824,490)
Closing Balance	**(6,723,639,963)**	**(4,997,975,328)**

5. SHARE APPLICATION MONEY PENDING ALLOTMENT

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Share Application Money Pending Allotment		
Advance towards equity		
Opening Balance	36,17,50,53,399	12,035,278,399
Add: Amount received during the year	22,00,19,26,000	24,239,775,000
	58,17,69,79,399	36,275,053,399
Less: Shares allotted during the year	-	-
	58,17,69,79,399	36,275,053,399
Less: Adjustments for Revenue grants received from GOK*	3,472,700,000	100,000,000
Closing Balance	**54,704,279,399**	**36,175,053,399**

* Adjustment has been made as per intimation dated 09.12.2013 made by GOK to treat to the extent of amount mentioned therein as revenue grant instead of advance towards equity. The advance money was received from the GOK for funding its projects.

The Company has proposed to issue the shares only at par.

The Company is required to complete the allotment formalities.

The Company has enhanced the Authorised Share Capital in its 14th AGM held on 31.12.2012. In its Board Meeting held on 28.08.2013 had allotted 5,10,19,438 shares of ₹1000/- each to GOK and 4,20,000 shares of ₹1,000/- each to KSFC.

The Company has not issued any document inviting application for shares. The entire amount of advance towards equity has been received from GOK.

The period before which shares shall be allotted is not determined.

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6. LONG TERM BORROWINGS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured Loans		
Term loans from others		
a) Loan from GOK	14,700,000	19,600,000
(Instalments due within one year - Rs.49,00,000 (Previous year - Rs.1,96,00,000))		
Total Long Term borrowings	**14,700,000**	**19,600,000**

Nature of Security

a) Long term borrowings guaranteed by Directors - Nil.

b) The Company has not defaulted in repayment of loans and interest during the year.

c) For the current maturities of long term borrowings, Refer Note No.10 Other Current Liabilities.

d) The Government of Karnataka had released ₹ 49,000,000 (70%) as loan towards road works vide GO No. PWD 117 FBC 2005 dt 14.03.06. The loan is repayable in 10 equal instalments. Interest accrued but not due amounts to ₹ 2,156,000 (Previous Year - ₹ 2,695,000). The Company has repaid to the State Government an amount of ₹ 4,900,000 (Previous Year – ₹ 4,900,000) towards Principal and ₹ 2,156,000 (Previous Year - ₹ 2,695,000) towards Interest for the period ended March 31, 2013, during June 2013.

7. OTHER LONG TERM LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Others		
(i) Security Deposits	1,286,979,346	978,993,846
(ii) Stale Cheques	25,441,875	8,346,723
Total	**1,312,421,221**	**987,340,569**

a) Security Deposits include Earnest Money Deposit (EMD) & Further Security Deposit (FSD) relating to the contracts which have completed the maintenance period and are due to the contractor. It is paid on the request given by contractor.

8. LONG TERM PROVISIONS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Provision for Leave Encashment	4,019,016	2,538,140
Provision for Gratuity	3,442,686	1,908,757
Total	**7,461,702**	**4,446,897**

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9. TRADE PAYABLES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
A. Trade Payables		
- For Contracts	6,292,529,552	7,183,756,714
- For Expenses	110,736,020	92,768,759
- For Supplies / Services	54,235,024	52,118,050
- Due to Contractors – CADA FIC	17,090,209	13,787,191
B. Others		
- For Salaries	36,604,627	34,995,634
- For Medical Reimbursement	709,274	1,468,712
- For Dues to Employees	19,565	26,286
- Guarantee Commission Payable	196,356,380	190,731,380
Total	**6,708,280,651**	**7,569,652,725**

a) The Company is in the process of obtaining confirmations from the vendors with regard to their status under the Micro, Small and Medium Enterprises Development Act, 2006 and wherever confirmations are received, there are no dues to such enterprises as at March 31st 2013 based on the certificates provided by the Executive Engineers of the respective division.

b) Sundry Creditors for contractors' payments includes provisions made for work bills relating to work done upto March 31, 2013, the payments for which are not made upto May 31, 2013. The value of such provisions amounting to ₹ 2,032,580,534 (Previous Year: ₹ 2,578,366,191) is based on the certification given by Chief Accounts Officer and relied upon by the Auditors. Payments made after May 31, 2013 for the work relating to the year ended March 31, 2013 or earlier are accounted subsequently when payments are made. Such treatment is in accordance with the Company's policy.

c) No provision has been made towards additional quantity (over and above approved by competent authority) of works executed by the contractors pending finalisation and approval by competent authority in respect of rates as well as additional quantity for which payment has to be effected. The same is recognised as an expense in the year in which such amount is released. However, in view of the management, the impact of not providing for such expenses is not expected to be material. → Competent authority should approve according to Construction cost. → guidelines.

d) The Company pays crop compensation to farmers and land owners due to loss caused to them on removal of standing trees, spoilage of crop cultivated etc based on the Chief Engineer Report (CER) or Section Engineer Report (SER) and a joint inspection conducted by the concerned GOK departments. Crop compensation is recognised during the time of payment and no provision relating to crop compensation payable is recognised. Compensation should be approve the competent authority, is only provided.

e) Due to Contractor – CADA FIC refers to amount payable by the Company to contractors on account of CADA FIC works completed. As per the Tender agreement, contractor is entitled to claim the contract value in full, on completion of the work. The Company has withheld 10% of the contract value from payments made to contractors for the said work in lieu of recovery from the beneficiary farmers.

As per the Sanction order regarding CADWM Programme No.2-10/2001- CAD, a minimum of 10% contribution by the beneficiary farmers, as part of the state share, is mandatory for these activities.

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10. OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Current maturities of long-term debt		
Term Loans	-	1,249,897,171
Unsecured loans Due to GOK	4,900,000	4,900,000
(b) Interest Accrued but not due on Loans	2,156,000	2,695,000
(c) Other Payables		
(i) Statutory Liabilities	476,957,902	614,433,390
(ii) Due to Others	4,781,451	5,090,959
(iii) Security Deposits	-	98,600
Total	**488,795,353**	**1,877,115,120**

a) The Company ensures that contractors are registered with Provident Fund (PF) and Employee State Insurance (ESI) authorities at the time of awarding contracts to them. It is the contractor's liability to remit PF/ ESI dues and the same is ensured by the company while making payment to the contractors.

b) The divisions of the company are yet to file monthly and annual professional tax returns as required by The Karnataka Profession Tax Act.

c) The Company is required to compute Workers Welfare Cess (WWC) at 1% of cost of construction, relating to contractual agreements entered prior to November 01, 2006 and remit to "Karnataka State Building & Other Construction Workers Welfare Board". The Company has neither computed WWC on the contract value paid upto November 01, 2006 nor on the running bills cleared thereafter relating to contractual agreements entered prior to November 01, 2006. The Company has neither quantified nor recognised any liability under this scheme in its books.

11. SHORT TERM PROVISIONS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Provision for Leave Encashment	16,814,894	19,785,578
Provision for Gratuity	151,770	770,927
Provision for Wealth Tax	230,507	140,000
EPF / GPF	5,032,379	5,360,661
Total	**22,229,550**	**26,057,166**

a) The Company is following the procedures provided in the Karnataka General Provident Fund Rules 1957 with respect to all deputed employees of the State Government and has not yet adopted the New Defined Contributory Pension Scheme in respect of the new recruits joining service on or after 01.04.2006.

The GOK vide GO No. FD.(Spl) 28 PEN 2009, Dt. 19.01.2010 based on G.O. No. FD(SPL)04 PET 2005, Bangalore, dated 31st March 2006 in respect of new recruits to Karnataka Government Service, the option of the GPF Contribution is withdrawn and the New Defined Contributory Pension Scheme shall be mandatory to all new recruits to the State Government service joining on or after 01.04.2006. Company has applied for allotment of Pension Numbers to the newly recruited / deputed employees to the GOK.

The Company has neither quantified nor recognised any liability under this scheme in its books.

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12. TANGIBLE ASSETS

(Amount in ₹)

Particulars	Gross Block			Depreciation					Net Block	
	As at 01-Apr-12	Additions/ Adjustments during the year	Deletions/ Adjustments during the year	As at 31-Mar-13	As at 01-Apr-12	For the year	Withdrawn/ Adjusted during the year	As at 31-Mar-13	As at 31-Mar-12	As at 31-Mar-13
Free hold Land	9,192,810,995	2,132,254,992	-	11,325,065,987	-	-	-	-	9,192,810,995	11,325,065,987
Building and Colonies	375,835,563	9,816,398	632,957	385,019,004	108,466,604	12,723,458	226,299	120,963,763	267,368,959	264,055,241
Office Equipments	57,783,826	9,915,252	1,972,180	65,726,898	9,593,508	3,001,914	493,312	12,102,110	48,190,318	53,624,788
Machineries and Equipments	14,669,297	-	170,750	14,498,547	8,721,789	696,219	110,513	9,307,495	5,947,508	5,191,052
Roads, Bridges and Culverts	1,423,507,482	371,308,359	6,000,000	1,788,815,841	144,885,107	57,566,065	400,800	202,050,372	1,278,622,375	1,586,765,469
Vehicles	77,735,840	12,323,645	1,355,513	88,703,972	52,774,636	6,351,274	1,025,484	58,100,426	24,961,204	30,603,546
Furniture and Fixtures	50,164,029	7,545,109	21,415	57,687,723	26,458,155	3,794,578	4,409	30,248,324	23,705,874	27,439,399
Computer Systems	25,692,797	4,695,404	578,655	29,809,546	13,424,084	3,311,288	538,779	16,196,593	12,268,713	13,612,953
Dams and Barrages	6,609,925,902	968,724,964	-	7,578,650,866	131,861,416	68,752,644	-	200,614,060	6,478,064,486	7,378,036,806
Canals and Branches	15,557,269,500	3,561,143,568	-	19,118,413,068	265,110,668	187,344,691	-	452,455,359	15,292,158,832	18,665,957,709
Distributaries and Laterals	6,735,159,075	1,467,935,602	-	8,203,094,676	121,928,735	79,650,542	972	201,578,305	6,613,230,340	8,001,516,371
Lift Irrigation Schemes	150,172,035	391,180,387	-	541352,422	10,721,004	30,908,211	-	41,629,215	139,451,031	499,723,207
Tanks	26,647,126	1,346,187	-	27,993,313	532,944	279,057	-	812,001	26,114,182	27,181,312
Sub Total – A	**40,297,373,467**	**8,938,189,867**	**10,731,470**	**49,224,831,863**	**894,478,650**	**454,379,941**	**2,800,568**	**1,346,058,023**	**39,402,894,817**	**47,878,773,840**

Assets held pending transfer to GOK * Harinala Project										
Canals	236,870,439	-	-	236,870,439	9,255,782	2,368,704	-	11,624,486	227,614,657	225,245,953
Dams	461,436,449	-	-	461,436,449	18,438,195	4,614,364	-	23,052,559	442,998,254	438,383,890
Distributaries	40,457,003	-	-	40,457,003	1,619,385	404,569	-	2,023,954	38,837,618	38,433,049
Land	308,973,196	7,456,104	-	316,429,300	-	-	-	-	308,973,196	316,429,300
Sub Total – B	**1,047,737,087**	**7,456,104**	-	**1,055,193,191**	**29,313,362**	**7,387,637**	-	**36,700,999**	**1,018,423,725**	**1,018,492,192**
Total (A+B)	**41,345,110,554**	**8,945,645,971**	**10,731,470**	**50,280,025,054**	**923,792,012**	**461,767,578**	**2,800,568**	**1,382,759,022**	**40,421,318,542**	**48,897,266,032**
Previous Year	**35,974,678,105**	**5,639,956,766**	**251,898,236**	**41,362,736,635**	**548,372,914**	**379,993,746**	**4,574,648**	**923,792,012**	**35,426,304,536**	**40,438,944,623**

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(i) Fixed Assets

a) The Government has so far transferred the assets and liabilities relating to Upper Tunga Projects (excluding existing canals), Ghataprabha and Malaprabha projects only. These are taken *ipso facto* into the books of account of the Company and are subject to physical verification, reconciliation and review for provision, write off and/or adjustments. The assets and liabilities relating to other projects shall be accounted as and when these are transferred to the Company.

b) Fixed assets held by the Company exclude assets physically available with the Company but are yet to be transferred by the GOK. Upon sale of such assets by the Company, the consideration received is reflected as amounts due to GOK.

c) During the year, assets aggregating to ₹ 8,911,166,561 (Previous year – ₹ 5,610,747,135) have been capitalised. In respect of assets capitalised by way of transfer from Capital Work In Progress (CWIP) outstanding as on March 31, 2012, though completed earlier have been capitalised uniformly as on April 01, 2012, as identifying the actual date of completion is not feasible.

d) The assets capitalised by the Company as on March 31, 2013 exclude the portion of the work executed by the Government of Karnataka prior to transferring the projects to the Company. Further, EDC prior to handing over the projects to the Company are disclosed as a component of CWIP and not considered for apportionment to the assets.

e) During the year the Company has capitalised land aggregating to ₹ 1,913,906,952 (Previous year - ₹ 1,168,557,373) based on the utilisation certificates received from concerned Special Land Acquisition Officer's (SLAO). The cost of land is subject to finalisation of various procedures including land acquisition awards, consent awards and interest, if any.

f) The Company has acquired a total land of 113,847 acres and 1 guntas (Previous year - 104,417 Acres and 24 guntas) in respect of various projects. Against this the mutation entries has been created for – 82,447 Acres and 15 guntas (Previous year - 73,965 Acres and 32 guntas) in favour of the Company and balance mutation for 31,399 acres and 26 guntas (Previous year – 30,451 Acres and 32 guntas) is yet to be made.

(ii) Harinala Project

Harinala Project undertaken by the Company is completed and as per GOK letter No. WRD 12 KNN 2008, dt 22.09.08 the Government has directed to exhibit the assets of Harinala Project under "Assets pending transfer to GOK". An amount of ₹ 73,87,637 (Previous year – ₹ 2,93,13,362) has been charged as depreciation on the assets of this project. This amount is not directly comparable with the previous years' charge since the depreciation amount for the previous year included depreciation provided retrospectively from the date of completion till March 31, 2012.

(iii) Depreciation

a) In case of some assets as stated in Note 12.1 (c) though completed earlier have been capitalised uniformly as on April 01, 2012 and consequently depreciation on such assets has been computed from 1/4/2012.

b) As Per Company's Accounting policy stated in Note 2.7 Depreciation has been charged on Roads, Bridges, Culverts, Buildings & Colonies at 3.34% against 1.63% as per Schedule XIV of The Companies act 1956. However no bonafide technological evaluation has been made by the company for justifying the higher rates of depreciation.

c) During FY 2011–12 the Company migrated to a new software package for assets. At the time of migration, the Company could not record for the individual moveable assets, buildings and roads with regard to opening balance as on 01st April 2010, because of which the depreciation, is overstated on account of depreciation being continued to be charged on those assets whose useful life is completed. The impact of the same is not ascertainable.

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13. CAPITAL WORK IN PROGRESS

(Amount in ₹)

Particulars	As at 01-Apr-12	Additions during the year	Adjustments/ Capitalisation during the year	As at 31-Mar-13
Building and Colonies	218,310,067	118,280,925	8,966,398	327,624,594
Dams, Barrages and Submergence	4,683,083,782	1,133,074,039	968,724,964	4,847,432,857
Lift Irrigation Schemes	15,992,972,241	3,600,946,891	391,180,387	19,202,738,745
Canals and Branches	37,329,479,770	5,137,053,101	3,561,330,216	38,905,202,655
Distributaries and Laterals	11,119,167,758	4,262,866,452	1,463,190,031	13,918,844,179
Roads, Bridges and Culverts	1,354,366,506	576,755,270	388,706,877	1,542,414,899
Tanks	917,520,547	71,378,100	1,346,187	987,552,460
Irrigation Structures	1,175,481,628	32,615,409	-	1,208,097,037
Rehabilitation and Resettlement	776,218,480	288,007,197	186,788,030	877,437,647
Electricals and Electrical Fittings	5,332,431	75,586	-	5,408,017
Other assets	3,345,094,057	19,924,560	-	3,365,018,617
Expenditure During Construction (Pending Capitalisation)	77,125,662	1,596,303	43,009,263	35,712,702
Total	**76,994,152,929**	**15,242,573,833**	**7,013,242,353**	**85,223,484,409**
Previous Year	60,156,779,473	21,241,530,591	4,404,157,134	76,994,152,929

(i) Capital Work In Progress

a) CWIP includes

- assets completed and ready to use as on March 31, 2013 but not certified by the Chief Engineers as on March 31, 2013.
- assets which are completed as on March 31, 2013, but are not ready to be put to use for reasons beyond the control of the Company.
- assets which are completed and put to use/ ready to be put to use as on March 31, 2013, as documents required for accounting are not complete in all respects.
- Capital expenditure on roads where transfer of ownership is yet to be completed.
- the portion of the work executed by the Government of Karnataka prior to transferring the projects to the Company. Further, EDC prior to handing over the projects to Company are not considered for apportionment of the assets.

b) Other Assets under Capital Work in Progress includes:

- ₹ 2,735,524,561 (Previous Year - ₹ 2,735,524,561) representing establishment and other administrative expenditure transferred by Government on incorporation.
- ₹ 583,449,041 (Previous Year ₹ 572,826,797) representing share of common expenditure (along with Government of Maharashtra) incurred in respect of Doodhganga Project on the basis of claims received from Government of Maharashtra. Further, ₹ 554,958,173 (Previous Year ₹ 552,510,315) has been capitalised from 2010-11 under Canals and Distributaries.

(ii) Allocation of Expenditure During Construction

a) The establishment expenditure like administration and other general overheads other than provision for bad & doubtful debts, depreciation on assets, etc of the current year with respect to other than Executive Engineer Offices are apportioned to respective CWIP of EE Office in the proportion of the total CWIP as at 31.03.2013.

b) Establishment expenses like administration and other general overheads other than repairs and maintenance of dams, barrages, canals, branches, distributaries, Lift Irrigation Schemes, provision for bad & doubtful debts, depreciation on assets, etc are apportioned to CWIP and forms as a part of cost of the construction project. Since identifying administration expenses and other general overheads which are specifically attributable to construction of a project or to the acquisition of a fixed asset or bringing it to its working condition is not practicable, all establishment and administrative charges is considered for apportionment.

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(iii) Modernisation Projects

a) The Company has been entrusted with modernisation work for lining of canals, filling of leakages in the structures like aqueducts, super passages and sluices with respect to Bhadra Modernisation Project (BMP) and Modernisation of Tungabhadra left bank canal project. The Company has also been entrusted with modernisation of Vijayanagar Channels, Tunga Anicut and Gondi Anicut, which are in the preliminary stage. Modernisation works has led to increase in revenue earning capacity of the company by stabilisation of suffering atchkuts and GOK has also provided budgetary allocation for capital expenditure for the said projects in its budget under the Head 4701 in the form of equity. Hence the Company has considered the amount spent upto March 31, 2013 aggregating to ₹ 1,883.62 crores (Previous year - ₹ 1,529.27 Crores), on these projects as CWIP.

b) GOK vide letter No. WRD 43 NPC 2007, dt.28.11.07 had directed the Company to arrange to make payment upto ₹ 27.37 crores towards pending bills for Bhadra Modernisation Works prior to entrustment of the works to the Company. Of the said sum, the Company has incurred an amount of ₹20.28 crores (Previous Year - ₹ 20.28 crores) upto March 31, 2013. Such payments have been considered as CWIP. No provision for the balance of ₹ 7.09 crores (Previous Year - ₹ 7.09 crores) towards pending bills for Bhadra Modernisation Works, have been made in the books of account.

14. NON CURRENT INVESTMENTS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Long Term Investments (Unquoted @ Cost)		
a) Investment in Ghataprabha Water Users Co-op Federation 20 (Previous year - 20) Shares of Rs.50,000 each , fully paid	1,000,000	1,000,000
b) Investment in Malaprabha Water Users Co-op Federation 20 (Previous year - 20) Shares of Rs.50,000 each , fully paid	1,000,000	1,000,000
Total	**2,000,000**	**2,000,000**

15. LONG TERM LOANS & ADVANCES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
(a)Capital Advances		
Secured, Considered Good		
Mobilisation advance paid to contractors	1,199,589,044	1,498,469,925
Unsecured, Considered Good		
Advance for Land acquisitions	4,830,317,277	3,357,363,869
(b) Others		
Unsecured, Considered Good		
Due from GOK	813,267,273	748,292,305
Advance to Minor Irrigation Department	180,000,000	180,000,000
Amount released for Netravathi Project / Hirehalla Project	240,529,336	221,429,336
Contractors - Receivables	8,188,606	8,193,959
Deposit with Government Agencies	66,658,945	62,673,313
Due from Income Tax Department	3,712,931	3,712,931
MSTC – Sales Due	355,155	355,155
Refund due from Income Tax Department	50,581,306	50,937,644
Total	**7,393,199,873**	**6,131,428,438**

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a) Balance with Special Land Acquisition Officers (GOK)

₹ 4,830,317,277 balance with Special Land Acquisition Officers represents sums released towards land acquisition and other maintenance expenditure of some of the SLAO offices. Closing balance as per bank Confirmation is ₹ 514,200,883. The difference amount of ₹ 4,316,116,394 represents advances paid to land owners by SLAO but utilisation certificates not yet issued due to litigation proceedings related to those survey numbers. The Company is yet to obtain confirmation and utilisation details of such disbursements.

The Company has capitalised an amount of ₹ 9,564,063,397 (Previous Year – ₹ 7,650,156,445) out of advance released ₹ 14,394,380,674 (Previous Year – ₹ 11,007,520,314) upto March 31, 2013, based on the utilisation certificates furnished by the Special Land Acquisition Officers.

b) The amount shown in the balance sheet under Long Term Loans & Advances (clause b), Other Non-Current Assets and Short Term Loans and advances, which includes balances due for beyond three years and are subject to confirmation. No provision has been created on such over dues, as in the management's view, they are fully recoverable.

The Company has released amount upto 31.03.2013 towards Netravathi project, Hirehalla Project and Minor Irrigation Department respectively as per GOK instructions. There is no further clarification from GOK for recovery of the same.

c) The recoveries made from the employees for the advances given are not yet reconciled at the division levels. Necessary entries will be effected on reconciliation of staff advances with the records maintained in divisional/field Offices, which is under progress.

d) Debts due from:
Directors or other Officers of the Company – Nil
Amounts due from Firms in which any Director is a partner – Nil
Amount due by Private Company in which any Director is a Director or Member – Nil
Amount due from GOK- ₹ 81,3267,273.

e) Refund orders relating to the assessments completed upto March 31, 2011, is yet to be received. The Company is in the process of following up with the Income tax Department in this regard.

16. OTHER NON – CURRENT ASSETS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Due from Karnataka Power Corporation Limited	364,755	364,755
Due from Krishna Bhagya Jala Nigam Limited	602,920	602,920
Total	**967,675**	**967,675**

17. INVENTORIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
a) Stores & Spares	1,05,56,870	1,10,18,451
Less: Provision for obsolescence	72,42,087	74,19,490
Closing Balance (A)	**33,14,783**	**35,98,960**
b) Tools & Plants	1,92,60,819	1,97,20,092
Less: Provision for obsolescence	1,92,46,549	1,97,05,822
Closing Balance (B)	**14,270**	**14,270**
c) Released Articles	2,06,477	2,44,427
Less: Provision for obsolescence	2,06,477	2,44,427
Closing Balance (C)	-	-
Total (A+B+C)	**33,29,053**	**36,13,230**

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a) Hard rock and soil extracted during excavation for civil work and PCC slabs removed during the modernisation work are not valued as the realisability is contingent upon its utilisation/sale in its present form. The same is brought to books upon sale.

b) The Government of Karnataka had transferred stores, spares, tools, plants and released articles to the Company upon transferring the Upper Tunga, Ghataprabha and Malaprabha projects. The Company has made provision for obsolescence of such stock amounting to ₹ 26,695,113 (Previous year - ₹ 27,369,739) as they are not used by the Company. Such provisions are reversed to the extent any issues are made to the contractor or sold as scrap. Further, the physical stock of inventory includes such inventory which have not been listed in the stock register at the time of transfer from GOK vide the respective Government orders. Upon sale of such inventory, the consideration received is reflected as an amount due to GOK.

c) Inventory excludes stock available physically with the divisions but which are pending transfer from GOK. Upon sale of such inventory, the consideration received is reflected as an amount due to GOK.

18. TRADE RECEIVABLES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Debts outstanding for a period less than six months		
Unsecured, considered good	58,222,540	58,398,568
Debts outstanding for a period exceeding six months		
Unsecured, considered good	76,314,216	66,450,017
Considered doubtful	393,120,335	376,529,037
	469,434,551	**442,979,054**
Less: Provision for doubtful debts	393,120,335	376,529,037
	76,314,216	66,450,017
Total	**134,536,756**	**124,848,585**

a) Dues from farmers

The Trade receivables comprises of the water charges receivable from the farmers and Water Users Co-operative Society (WUCS) ₹ 87,078,536 (P.Y. ₹ 80,568,637) and dues from farmers under CADA scheme ₹ 7,163,388 (P.Y. ₹ 3,186,735). In the absence of adequate information, aging of dues from farmers and WUCS have been done on Last In First Out (LIFO) basis and accordingly disclosed and provision is made for the dues which are outstanding for more than 3 years as per policy. However, an amount of ₹ 83,072,766 (P.Y. ₹ 72,364,354) due to WUCS towards the maintenance charges payable to them on the basis of water charges collectible from farmers through them which has been shown under Note No.9 has not been considered at the time of Provision for doubtful debts.

b) Balances under Loans & advances and receivables accounts are subject to confirmation and reconciliation.

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19. CASH AND CASH EQUIVALENTS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Balances with Banks		
In Savings Bank accounts *	6,063,279	9,288,857
In Current accounts **	426,683,269	3,475,457,947
In Escrow accounts	8,506,744	27,591,858
In Deposit accounts	229,870,516	461,830,340
In District Treasury accounts	165,571,819	9,573
Cheques/DDs on hand	48,150	49,811
Total	**836,743,777**	**3,974,228,387**

* Relates to amounts held in trust in the name of the Executive Engineer in case of seven divisions.

** The balance in current account are inter changeable with the balances in flexi deposit account. Balance in Current Accounts and Deposit Accounts are the funds released by the GOK as of last week of March 2013 and are expended on work bills of the projects during the month of April 2013.

20. SHORT TERM LOANS AND ADVANCES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured, Considered Good		
Advances to Suppliers/Services	77,378,029	89,164,809
Advances to Staff	13,307,037	11,594,377
Tax Deducted at Source	5,113,786	6,531,942
Prepaid expenses	801,719	605,776
Total	**96,600,572**	**107,896,904**

21. OTHER CURRENT ASSETS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Interest accrued on mobilisation advance paid to contractors	131,847,062	117,237,536
(b) Interest accrued but not due on deposits	40,543,656	9,776,527
(c) Rent Receivable	574,048	386,795
Total	**172,964,766**	**127,400,858**

22. REVENUE FROM OPERATIONS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Water Rates		
Farmers & WUCS	23,079,840	51,688,763
Others	10,885,523	6,365,662
Total	**33,965,363**	**58,054,425**

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23. OTHER INCOME

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Interest on deposits (Tax deducted at source - ₹ 5,113,786) (Previous year ₹ 6,531,905)	51,738,565	66,004,887
Interest on Mobilisation Advance given to Contractors	141,812,994	203,904,729
Other interest income	3,060,931	803,572
Sundry balance written back	858,942	19,81,676
Rent received	22,780,500	12,511,361
Sale of Tender Books	1,701,046	-
Sale of Rubbles	57,532,916	62,003,099
Penalties Recovered	9,439,666	-
Enrolment & Registration Fees	1,205,000	1,245,000
EMD/FSD Forfeited	4,116,709	3,715,232
Excess Provision Written Back	1,904,433	1,162,415
Refund from Court Deposit	-	3,534,930
Miscellaneous Income	613,191	48,66,719
Revenue Grants Received	276,806,246	364,700,000
Grants towards SCP/TSP	3,472,700,000	-
Administration charges recovered on Worker's Welfare Cess	2,611,204	872,627
Prior Period Income	19,211,540	425,654
	4,068,093,884	727,731,901
Add: Adjusted with WIP	-	31,875
Total	**4,068,093,884**	**727,763,776**

a) Sale of rubbles
The Company has been recovering the value of rubbles found and sold to contractors during construction of the projects against payables to contractors. Such sale of rubbles has been treated as other income.

b) Due from Karnataka Power Corporation Limited
Agreement is yet to be executed with the corporation in respect of revenue towards use of water for power generation. Consequently, income has not been accrued/ accounted during the year.

c) Administrative charges on Workers Welfare Cess
The Company has received a notification from Government of Karnataka vide Corrigendum No: LD 300 LET 2006 to retain 1% of workers welfare cess collected from contractors as administrative charges and to remit the balance 99% to the Department.

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23.1 PRIOR PERIOD INCOME

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Depreciation	(288)	8,931
Other Misc Income	44,519	17,302
Other Misc Liability	1,96,952	4,85,010
Stock Shortage received	-	(85,589)
Worker Welfare cess	39,46,925	-
Salary	3,680	-
Sales Tax	(14,294)	-
Rent	1,27,375	-
Interest - Advance	14,116,926	-
Stock Shortage received	(91,168)	-
Water Charges	86,259	-
Sale of Tender Forms	7,94,654	-
Total	**1,92,11,540**	**4,25,654**

24. EMPLOYEE REMUNERATION AND BENEFITS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Employees Remuneration and Benefits		
Salary	1,182,925,759	1,006,794,463
Leave Encashment	20,104,487	6,812,625
Medical Reimbursement	6,317,187	9,310,133
Home Travel Concession	6,267	11,540
Company's Contribution to Provident Fund	1,692,192	1,444,539
Gratuity	1,813,235	710,015
Uniform Expenses	37,241	30,400
Staff Welfare Expenses	1,840,976	1,762,968
	1,214,737,344	1,026,876,683
Less: Amount transferred to WIP	770,375,732	640,470,052
Total	**444,361,612**	**386,406,631**

Managerial Remuneration

(Amount in ₹)

Names	Designation	Pay & Allowances	Other Benefits
Shri R Rudraiah (from 05.12.2012 onwards)	Managing Director	3,41,676	19,305
Shri N Lakshman Rao Peshwe (upto 27.06.2012)	Managing Director	3,94,659	7,896

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Related Party disclosures

Remuneration paid to key managerial personnel other than independent non Executive Directors is disclosed as Managerial Remuneration.

25. FINANCE CHARGES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Finance Charges		
Interest on Bonds	-	14,690,680
Interest on Term Loans	44,898,635	156,690,208
Guarantee Commission	5,625,000	23,310,416
Rating and Surveillance Fee	1,449,276	2,106,840
Interest on Unsecured Loan	2,156,000	2,695,000
Listing Fees	-	136,334
Registrar and Transfer Agent's Fee	-	22,873
	54,128,911	199,652,351
Less: Amount transferred to WIP	6,120,546	18,682,562
Total	**48,008,365**	**180,969,789**

26. EXPENDITURE ON GOK SCHEMES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Expenditure on CADA	155,319,869	273,192,453
Expenditure on Nammura Bandaras	27,057,994	10,453,311
Expenditure on SCP/TSP Works	3,472,703,074	1,318,316,254
Total	**3,655,080,937**	**1,601,962,018**

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27. OTHER EXPENSES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Other Expenses		
Afforestation Expenses	-	41,985,330
Consultancy Charges	1,758,455	2,006,000
Rent	13,992,986	12,842,923
Insurance	1,304,262	1,047,978
Loss on Sale of Inventories	551,498	128,808
Rates & Taxes	53,464,854	504,680
Postage & Telephone Expenses	5,667,310	5,911,934
Printing and Stationary	17,547,681	17,422,716
Electricity Charges	157,169,522	85,098,197
Travelling Expenses		
- Managing Director & Other Directors	365,717	369,743
- Others	23,098,936	21,004,697
Auditors Remuneration	1,604,500	1,604,500
Bank Charges	126,368	145,531
Crop Compensation	621,287	898,661
Hire Charges	19,436,315	17,791,913
Testing Fee	154,495	839,092
Publication Of Notices	24,263,382	16,892,270
Legal And Professional Charges	24,579,068	18,775,463
Sitting Fees	257,500	273,500
Software & Network Expenses	299,777	964,596
Publicity Expenses / Inaugural Exp	3,105,083	2,702,450
Other Administration Expenses	13,791,719	23,599,210
Water Charges	260,049	1,553,823
Assets Maintenance Expense	924,794,123	649,165,091
Prior Period Expenses	233,540,989	29,331,518
Provision for Doubtful Debts	16,641,641	24,839,371
	1,538,397,517	977,699,995
Less: Amount transferred to WIP	310,161,626	389,323,749
Total	**1,228,235,891**	**588,376,247**

27.1 Statutory Auditor's remuneration:		
Audit Fee	1,123,600	1,123,600
Tax Audit Fee	280,900	280,900
Out of Pocket Expenses	200,000	200,000
	1,604,500	**1,604,500**

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27.2 PRIOR PERIOD EXPENSES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Printing and Stationary	35,47,001	89,584
Leave encashment	1,07,14,311	2,07,438
Salary	2,85,67,247	1,16,29,548
E- TDS	74,589	34,897
Travelling expenses	1,12,86,849	68,73,614
Telephone, Postage & Courier charges	19,017	4,201
Hire charges paid	3,65,908	20,000
Electricity charges	2,36,35,638	37,355
Exp on TSP	19,029	-
R&M Buildings	(50,81,584)	25,33,812
R&M Dams	4,20,621	3,47,045
R&M Canals & Branches	93,28,986	31,39,002
R&M Dist & Laterals	1,90,33,468	22,50,664
R&M Tanks	7,78,559	-
R&M Roads	11,93,53,779	-
R&M LIS	3,18,827	-
Videography & Photography	16,267	1,47,900
Newspapers & Periodicals	6,525	1,572
R&M Vehicles, Vehicle Maintainence & Insurance	15,56,367	7,71,509
Sales Tax	23,929	-
Medical Reimbursement	14,73,469	1,09,638
Other contractors recoveries	(1,79,600)	-
Crop Compensation	2,91,296	-
Testing charges	17,216	-
Publication of notices	26,05,497	9,04,195
R&M Computers & Printers	3,33,980	-
R&M Dams	17,08,693	-
R&M office equipments	4,06,721	10,33,191
Office maintenance	2,67,137	-
Staff training	35,000	-
Rates & Taxes	4,46,181	20,00,260
Rent Paid	24,795	11,365
Internent Browsing Charges	6,436	-
Bank Charges	11,393	-
Support staff Salary	24,236	-
Professional Charges	8,92,138	1,06,076
Statutory Audit Expenses	49,697	16,558
Wealth Tax	12,612	-
CWIP Canals	11,28,759	-
Depreciation	-	(29,37,906)
Total	**23,35,40,989**	**2,93,31,518**

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28. EXTRAORDINARY ITEMS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Profit/ (Loss) on sale/damage of Fixed Assets	(1,065,577)	(1,794,304)
Interest received not in ordinary course of business	11,022,066	-
Total	**9,956,489**	**(1,794,304)**

29. ADDITIONAL INFORMATIONS TO THE FINANCIAL STATEMENTS

A) CAPITAL COMMITMENTS:

(Amount in ₹)

Particulars	31.03.2013	31.03.2012
Estimated amount of contracts remaining to be executed on capital account and not provided for (to the extent of ascertained). The cash flows relating to the amount specified may be expected to occur during the financial year 2013-14 and subsequent years. The amounts are based on the certification given by the Company and relied upon by the Auditors.	**19,325,45,69,000** 19325456900	21,275,86,00,000 21275860000

B) CONTIGENT LIABILTIES:

(Amount in ₹)

Particulars	31.03.2013	31.03.2012
i) Claims against the company not acknowledged as debt	1,094,924,965	86,279,8476
ii) Other monies for which the Company is contingently liable - Land acquisition cases (including enhanced compensation / interest / penalty) - Claims on account of various arbitration proceedings, labour cases and court cases The Company does not expect any reimbursements in respect of the above contingent liability.	amount not ascertainable	amount not ascertainable
ii) Guarantees	Nil	Nil

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C) OTHER CONTINGENCIES

On account of Service Tax on works contract on Reverse charge mechanism ₹ 297,757,584 including interest Nil. (Previous year Nil) (The company has been advised by the Law Department, Govt. of Karnataka that it is a Government authority constituted by the Government for implementation of Irrigation projects in drought prone areas and as such is exempted vide notification No.25/2012 from payment of service tax on works contract related to construction of Dams/canals etc., Accordingly service tax liability to such services are not recognized.

30. GENERAL

a) Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

b) Section 441A of the Companies Act, 1956, inserted by the Companies (Second Amendment) Act, 2002 requires the company to pay cess at such rate not less than 0.005% and not more than 0.1% on the value of annual turnover of the company or its annual gross receipt, whichever is more, as the Central Government may from time to time, specify by notification in the Official Gazette. The Central Government may, by rules made in this behalf, specify the manner in which the cess shall be paid. The Central Government has neither notified the quantum of such cess payable nor specified the manner in which the cess shall be paid. Consequently, the Company has neither made provision nor made payment.

c) The present status of the respective projects is enclosed in Annexure I as certified by the management and relied upon by the auditors.

31. DISCLOSURE REQUIREMENTS OF ACCOUNTING STANDARDS ISSUED UNDER THE COMPANIES (ACCOUNTING STANDARDS) RULES, 2006

i. NET PROFIT OR LOSS FOR THE PERIOD, PRIOR PERIOD ITEMS AND CHANGES IN ACCOUNTING POLICIES (ACCOUNTING STANDARD 5):

a) Net profit or loss for the period

During the year the Company has recognised prepaid expenses amounting to ₹ 801,719 (Previous Year – ₹ 605,776). The value of the prepaid expense is provided by the management and relied by the Auditors.

b) Prior period items

The Company has recognised prior period expenses amounting to ₹ 233,540,989 (Previous year – ₹29,331,518) which relates to the expenses of earlier years. The proportion of prior period expenses that relates to capital work in progress is not disclosed as a prior period item as the same would get capitalised to the projects.

The Company has recognised prior period incomes amounting to ₹ 19,211,540 (Previous year – ₹425,654) which relates to the income of earlier years.

ii. GOVERNMENT GRANTS (ACCOUNTING STANDARD 12):

During the year, the Company has recognised/received ₹ 276,806,246 (Previous Year – 364,700,000) as grants from Government of Karnataka for payment of Interest servicing on Term Loan and Road maintenance which has been shown under Other Incomes- Revenue Grants Received. Further, GOK vide letter dated 09.12.213 has permitted to adjust from Advance towards Equity to grants for ₹3,472,700,000 towards expenditure under SCP/TSP (P.Y. Nil) which has been shown under Other Incomes- Grants against SCP/TSP.

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iii. EMPLOYEE BENEFITS (ACCOUNTING STANDARD 15):

Disclosures of Employee Benefits as defined in the Accounting Standard 15 are given below:

Defined Benefit Plans:

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

(Amount in ₹)

Particulars	GRATUITY (Unfunded)		LEAVE ENCASHMENT (Unfunded)	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Change in Defined Benefit Obligation				
Opening Defined Benefit Obligation	**26,79,684**	**20,31,734**	**36,61,003**	**27,76,495**
Current Service Cost	3,26,091	3,25,382	795,489	884,508
Interest Cost	2,25,347	1,73,870	-	-
Actuarial Losses/(Gain)	11,37,159	1,48,698	-	-
Past Service Cost	-	-	-	-
Actuarial Losses/(Gain) due to Curtailment	-	-	-	-
Liabilities extinguished on settlements	-	-	-	-
Liabilities Assumed on Acquisition/(Settled on Divestiture)	-	-	-	-
Exchange Difference on Foreign Plans				-
Benefits Paid	**(773,825)**	-	-	
Closing Defined Benefit Obligation	**35,94,456**	**26,79,684**	**44,56,492**	**36,61,003**
Change in Fair Value of Assets				
Opening Fair Value of Plan Assets	-	-	-	-
Expected return on plan assets	-	-	-	-
Actuarial Gain/ (Losses)	-	-	-	-
Assets Distributed on Settlements	-	-	-	-
Contributions by Employer	**773,825**	-	-	-
Assets Acquired on Acquisition / (Distributed on Divestiture)	-	-	-	-
Exchange Difference on Foreign Plans	-	-	-	-
Benefits paid	**(773,825)**	-	-	-
Closing Fair Value of Plan Assets	-	-	-	-

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Expected Employer's Contribution Next Year	1,51,770	7,70,927	-	-
Assumptions				
Discount Factor	8.60%	8.15%	8.60%	8.60%
Estimated rate of return on plan assets	0.00%	0.00%	0.00%	0.00%
Salary Increase	6.00%	6.00%	6.00%	6.00%
Retirement Age	60 Yrs	60 Yrs	60 Yrs	60 Yrs
Amount recognised in Balance Sheet				
Present Value of Unfunded Obligations	35,94,456	26,79,684	44,56,492	36,61,003
Net Liability	**35,94,456**	**26,79,684**	**44,56,492**	**36,61,003**
Current	1,51,770	7,70,927	437,476	11,22,863
Non Current	34,42,686	19,08,757	40,19,016	2,538,140
Expense to be recognised in Statement of Profit & Loss Account				
Current Service Cost	3,26,091	3,25,382	7,95,489	884,508
Interest on Defined Benefit Obligation	2,25,347	1,73,870		
Expected Return on Plan Assets	0	0		
Net Acturial Losses/(Gains) recognised in Year	11,37,159	1,48,698		
Past Service Cost	0	0		
Losses/(Gains) on "Curtailments & Settlements	0	0		
Losses / (Gains) on Äcquisition / Divestiture	0	0		
Effect of the limit in Para 59(b)	0	0		
Total, included in Employee Benefit Expense"	**16,88,597**	**6,47,950**	**795,489**	**884,508**
Actual Return on Plan Assets	0	0	0	0

* As per Actuarial Valuation Report dated June 04, 2013.

a) The Liability was determined using Projected Unit Credit Method taking into account the probabilities of Death, leaving service or retirement in the calculations. The valuation is done as per Accounting Standard 15 issued under the Companies (Accounting Standards) Rules, 2006, certified by the Actuary and relied upon by the Auditors.

b) Retirement benefits of Supernumerary employees is recognised and accounted on payment basis as per Company's Accounting Policy in Note 2.12.

iv. BORROWING COST (ACCOUNTING STANDARD 16):

The GOK till FY 2010-11 had provided the interest cost on borrowings to the Company as Equity. During the year the GOK had provided the interest cost on borrowings as grants. Hence the interest cost specific to construction of assets capitalised during the year amounts to₹191,389 (Previous Year – ₹ Nil crores). The borrowing cost other than interest viz., guarantee commission, Registrar & Transfer Agent's fees, Surveillance fee specific to construction of assets capitalised during the year amounts to₹61,20,546 (Previous Year – ₹18,682,562).

v. SEGMENT REPORT (ACCOUNTING STANDARD 17):

The Company is executing various irrigation projects entrusted to it by the Government, which are under various stages of progress. Hence, the company has no reportable segments.

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vi. RELATED PARTY TRANSACTIONS (ACCOUNTING STANDARD 18):

The Company is a state controlled enterprise (as defined in clause 10 of the Standard). Other disclosures are as follows:

- Controlling entity
  - ✓ State Government of Karnataka (GOK)
- Key Management Personnel *
  - ✓ Shri R Rudraiah Managing director (from 05.12.2012)
  - ✓ Shri N.Lakshmana Rao Peshve, Managing director (upto 27.06.2012)
  - ✓ Shri. D.N.Desai, Director & Technical Sub Committee Chairman
- List of transactions with related parties

(Amount in ₹)

Nature of transaction & Related parties	Year ended March 31, 2013	Year ended March 31, 2012
Remuneration (including other benefits) Key Management personnel*	763,536	507,598
Loan repaid during the year	4,900,000	4,900,000
Advance received towards equity	18,529,226,000	24,139,775,000
Revenue Grants received	276,806,246	364,700,000
Specific Grants received for SCP/TSP	3,472,700,000	-

As there are numerous transactions pertaining to revenue items entered into with GOK, details have not been furnished.

- List of outstanding balances with related parties

(Amount in ₹)

Nature of transaction & Related parties	As at March 31, 2013	As at March 31, 2012
Dues from GOK (net off amounts payable)	813,267,273	748,292,305
Advance received towards equity	54,704,279,399	36,175,053,399

Related party relationship is as identified by the Company and relied upon the Auditors.

vii. OPERATING LEASE (ACCOUNTING STANDARD 19):

The Companies' leasing arrangements are in respect of operating leases in respect of operating leases of premises for offices and residential use of employees. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable.

Lease rentals in respect of premises for offices and residential use of employee's amounts to ₹13,992,986 (Previous year - ₹ 12,842,923) for the year ended March 31, 2013.

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viii. EARNINGS PER SHARE (ACCOUNTING STANDARD 20)

Following are the disclosure requirements as per the accounting standard:

Particulars	Weighted average No. of shares 31.03.2013	Weighted average No. of shares 31.03.2012
Profit/(loss) after tax as per statement of Profit & Loss used as numerator for calculation of Basic and Diluted EPS (Rs.)	**(1,72,56,64,635)**	**(2,35,38,24,534)**
Outstanding shares as at April 01,	8,62,26,565	8,62,26,565
Add: Weighted average of shares issued during the year	-	-
Basic number of shares	**8,62,26,565**	**8,62,26,565**
Add: Weighted average of deemed shares in advance towards equity	5,10,19,438	3,61,75,053
Diluted Number of Shares	**13,72,46,003**	**8,62,26,565**
Earnings per equity share (₹)		
(1) Basic	**(20.01)**	**(27.30)**
(2) Diluted	**(12.57)**	**(19.23)**

Since the Company has received advance towards equity on various dates, the weighted average shares has not been disclosed.

The net loss considered for both basic and diluted earnings per share are the same at ₹ **1,725,664,635/-**.

ix. TAXES ON INCOME (ACCOUNTING STANDARD 22):

The Deferred Tax as at 31st March comprises of the following:

(Amount in ₹)

SL.No	Particulars	31.03.2013	31.03.2012
A	Deferred Tax Liability (Relating to Fixed Assets)	2,602,496,579	1,526,539,298
B	Deferred Tax Asset on account of:		
	Unabsorbed Depreciation/Business Loss*	2,433,647,654	1,357,265,774
	Provision for doubtful debts	125,954,828	122,164,846
	Preliminary Expense	10,125,018	15,187,527
	Provision for Gratuity	1,166,221	869,423
	Section 43B Disallowances	31,602,858	31,051,728
C	Net Deferred Tax Liability/Asset (A-B)	Nil	Nil

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* During the financial year, in the absence of virtual certainty, Deferred Tax Asset on account of Unabsorbed Depreciation and Business Loss has been recognised to the extent it can be realised against reversal of Deferred Tax Liability on account of depreciation.

x. IMPAIRMENT OF ASSETS (ACCOUNTING STANDARD 28):

The Company is yet to identify the assets (other than projects) which need to be subjected to impairment. Consequently, no provision has been made for impairment loss.

For and on behalf of the Board

K.S. Raveendra Prasad
General Manager - Finance

G.S. Prakash
Company Secretary

J. R. K. Karadi
Director
DIN: 02388497

R. Rudriah
Managing Director
DIN: 06453760

Place: Bangalore
Date: 12.12.2013

As per our report of even date attached
For B.P. Rao & Co.,
Chartered Accountants
Firm Reg No. 003116S

C.B. Satish Rao
Partner
M. No.024559

B. P. RAO & CO. Bangalore 560 001. Chartered Accountants

Annexure 1: PROGRESS REPORT OF PROJECTS UNDER KNNL AS ON 31/03/2013

Sl. No.	Particulars	Progress as on 31/3/2013
1.	**Ghataprabha Project**	
	(1) Dam works	Completed.
	(2) GLBC (109 Km.)	GLBC has been completed to its full length of 109 km and water has been let out for irrigation in all 61 blocks.. GLBC lining works are taken up under Ghataprabha stage – III. About 80.95 kms Main Canal lining, 187.85 kms of Branch Canal lining & 444.38 kms of Distributory lining work is completed. For the balance reaches, lining works are being taken up in the closure period. Lining works are under progress. Government has accorded administrative approval to the revised project estimate of Ghataprabha Project Stage III amounting to Rs.1210.51 crores vide GO dated 18/10/2009
	(3) GRBC (199.093 Km.)	Out of total length 199.033 Kms a length of 196 Km has been completed, except lining n some reaches. Works in Km. 197 to 199.33. balance work yet to be started. Water letout for irrigation upto Km. 176 & trial run upto Km. 190.
	(4) Distributories under GRBC (37 nos.)	There are total 37 distributary blocks under GRBC. Works are completed in distributary blocks 1 to 26, 28 to 33 except Km 12 to 15 in forest of Bl.No.24. Works in Bl.No. 27 is in progress. Works in Bl.No 34 (except km.13) & 37 are completed. Works in Bl.No. 35 to 36 are in progress.
	(5) Chikkodi Branch Canal (88 Km.)	Completed to its full length of Kms. 88 and water is let out for irrigation.
	(6) Distributories under CBC (25 nos.)	All works are completed
2.	**Malaprabha Project**	Malaprabha Project comprises a dam across the river Malaprabha, near Navilutheertha in Belgaum district to provide irrigation to an extent of 2,20,028 ha. in Belgaum, Bagalkot, Gadag and Dharwad districts. Government has accorded administrative approval to the revised project estimate of Malaprabha Project amounting to Rs.1383.48 crores vide GO No.WRD 51 MPS 2009, dated 07.10.2009. Project Comprises of: Dam Malaprabha Right Bank Canal (MRBC) – 142 Km. Distributories under MRBC - 60 Nos. Malaprabha Left Bank Canal (MLBC) – 150 Km. Distributories under MLBC - 58 Nos. Malaprabha Left Bank Canal: Total length of MLBC is 150Kms. The works are generally completed up to 150Km. and water has been let out for irrigation up to Km.135. Remodeling works in Km 0 to 19, 34, 35, 40 to 52, 54 to 66 and 70 to 73 are completed. Tenders for the work

		of Remodeling works in 85 to 87 is under evaluation. Compliance to observations of on DTP's of Remodeling in Km.74 to 80 (2 Packages) Km. 143 are to be attended. Remodelling wrks Km. 22 to 32 modified estimates are to be prepared. Malaprabha Right Bank CanalWater let out upto 142 km. Works from km. 0 to 142 completed. Remodeling works upto Km. 93 completed except Km. 61 to 65 and Km.70 to 73 for which package tenders are called . Distributaries: Works completed in all block nos.1 to 60. Remodeling works in progress upto block 45, 47, 47(B), 48(B) except block no. 15 and Mantur & Shishuvinahalli distributories. Tenders for the works of Remodeling works in Block 48(A)(Km.1 to 7)-Evaluation report cleared from the Board. Estimate of remodeling work in 48(A) Block-Km.8 to 16 is to be sanctioned. Devalapur LIS: The jackwell installation of pumping machinery, electric-substation of 33KV, rising main work etc are completed. Power supply from KPTCL i.e, overhead line is completed. Trial run has been conducted. Performance test is also conducted. The length of LBC is 5Kms and RBC is 1.60Km both are completed. The total irrigable area is 1328Ha. and water is also let out in the canal. Government has accorded administrative approval to the revised project estimate of Malaprabha Project amounting to Rs.1383.48 crores vide GO No.WRD 51 MPS 2009, dated 07.10.2009.
3.	**Hippargi Project**	**Dam & Allied works:** **Barrage proper:** Barrage proper: The barrage works are completed. b) Crest gates: Fabrication & erection of crest gates works completed and water impounded (stored) in the reservoir since 2004. **Lifting systems:** The works for the lifting systems of two foreshore LI schemes, namely Halyal and Ainapur. The works of Ainapur lifting system and Halyal stage-I & II stage completed. Karimasuthi 3rd stage under Halyal LIS is completed and Savalgi –Tungal 4th stage completed under Halyal LIS . **Ainapur LIS:** Works of Pump House, Rising main & Delivery Chamber are completed. Length of East canal is 0 to 27.52 km is completed & West canal is 0 to 12 km is completed. Distributories completed and FIC's are under progress. 180 Ha completed.

Ainapur 2nd Stage:- For the works of Pump House, Rising main & Delivery Chamber works are under progress. For East branch canal 0 to 30 km, 0 to 20 Km under progress nearing completion. West branch canal 0 to 7 km works. Distributory works from Km. 1 to 11 coming under east & west branch canal and DY. 1 to 2Km nearing completion.

Halyal L.I.S.: Works of pump House, Jackwell, Delivery Chamber & Rising Main under Stg-1 & 2 are completed. Work of Intake Canal is completed. Lead off canal works are completed. Halyal east canal km.0 to 40 completed except 40th Km. There are 21 Dys in East canal. 1 to 15 not under taken due to irrigation by pipe line. 17th to 21 Dy are completed. 16th Dy not yet awarded. 8 to 11 Dy completed. For Halyal west canal Km. 0 to 22 completed.

Under west canal there are 11 Distributoreis 1 to Km. 4 not under taken due to irrigation by pipeline. 5 to 7th is under progress. 8 to 11 Dys are completed. FIC's survey work completed & Estimate Sanctioned. FIC estimates for 16 to 21 under east DY and 8 to 11 in DY are approved. Tender work are under process.

Karimasuti L.I.S.: Head work completed. For east canal from 0 to 75 completed. There are 40 Dys under east canal. 1 to 12 Dys. Completed. 13 to 19Dys. under progress. 20 and 21 Dy are completed. 22 to 24 Dy are under progress. 25, 26, 28 Dy are completed. 29 to 36 Dys under progress. 37 to 40 Dys are nearing completion. FICs survey work completed & Tenders invited. For West canal all works from Km. 0 to 36 completed. There are 19 Dys. 1 to 6 Dy are completed. 7 to 10 Dy are nearing completion. 11 to 19 Dys are completed. FIC Survey completed and estimates yet to be sanctioned.

Karimasuti 2nd Stage:- Head work and rising main work under progress. For North Branch canal 0 to 7 Km and for south branch 0 to 6Km tenders are approved and works under progress. Distributories nearing completion. There is no FIC work in this stage.

Savalgi-Tungal L.I.S.: Head work completed. Intake canal nearing completion. For east canal of 0 to 24 except at Km. 7 all works are completed. At Km. 7 tunnel work is under progress. For west canal 0 to 7 Km all works are completed. For FIC survey works completed. Estimates under sanction stage. Dy under west canal 1to 5 all completed. Dy under east canal 1 to nearing completion. Dy. 15 to 18 under progress.

		Land acquisition: **Submergence:** The total submergence of land at FRL is about 3000 ha, out of which 1659 ha (4100 Acres) is cultivable land and 1341 ha (3314 Acres) is in river portion. Canals: Total extent of cultivable land required for this project is about 9884A 15 Guntas. The status of acquisition of cultivable land is as follows: a) Land acquired so far: 4057 A 24 Guntas b) Balance land under different stage of award: 5827A 31 Guntas c) An amount of Rs.55.81 crores have been paid towards acquisition of lands. **R&R works:** A total of 26 villages consisting of 15,291 families involving a population of 1,04,976 will be affected. Now the government has approved the R&R package amounting to Rs.555.00 crores. Action is being taken to implement the same . Government has accorded administrative approval to the revised project estimate of Hippargi project amounting to Rs.1521.78 Crores vide GO No. WRD/21/MBI/2008 dated 26.02.2008. The Project is included in the PM's Package and the GOI has released Rs.115.00 crores during 2008 – 09.
4.	**Markandeya Project**	**Dam & Allied works**: The dam and allied works have been entrusted to KSCC Ltd. The concreting work of dam is completed, dyke works are also completed. Construction of parapet is completed and electrification work and erection of 6 crest gates are completed. Water is impounded since 2005 **Canal works:** Total length of Markandeya Left Bank Canal is 15 Kms, works in Km no. 1 to 15 are completed. The Right Bank Canal has a length of 71 kms. Km.1 to 71 are completed. Water is let out on trial run upto Km.71. **Distributories:** Total No. of distributory blocks are 45 under Right Bank Canal. All the works are completed except Dy.No.2,3 & 12 which are stopped due to land acquisition problem Under Left Bank Canal Dy.No.3, 4A, 4B 6A , & 6B are completed and balance Dy.works in 1, 2, 3, 4 and 5 are in progress. **R&R works:** This project involves submergence of 7 villages affecting 833 families consisting of 3800 persons. Two Rehabilitation centers at Santi-Bastiwad and Waghwad are already

		completed. Shifting of PAFs to these R&R centers is also completed. Developmental works at this center are also completed. Government has accorded administrative approval to the revised project estimate of Markandeya Project amounting to Rs.341.84 crores vide GO No. WRD 08 VEBYAMA 2003 dated 28/7/07. **Chachadi – Murgod LIS:** The GOK has accorded administrative approval during April 07 for taking up the LI Scheme. The estimate and DTP for the above lift component are approved in the TSC & now alternative proposal for Murgod LIS was placed before the TSC and the observations made by TSC are to be complied by Chief Engineer. The cost of above scheme is Rs.47.13 crores.(SR of 2003 – 04). The contemplated atchkat is 2718 and 1939 Ha respectively.
5.	**Harinala Project**	Harinala project envisages construction of an earthen dam across Harinala, a tributary to river Malaprabha to irrigate **3,480 Ha.** in Bailahongal taluk of Belgaum district. **Dam & Allied works**: The dam works including head regulators for LBC and RBC are completed. Water is impounded in the dam. **Canal works:** The entire length of RBC (11 km) and LBC (9 km) are completed. Total potential of 3480 ha under this project has been created. FIC works are completed. **R&R works:** The project involves partial submergence of only one village involving 256 families. Out of 256 R & R works for 58 families are completed. For balance of 198 families R & R works are to be taken up.
6.	**Upper Tunga Project**	Upper Tunga Project envisages construction of a new dam 100m downstream of the existing Tunga anicut near Gajanur in Shimoga district to irrigate 80,494 Ha in Shimoga, Honnali, Haveri, Harihara, Hirekerur, Ranebennur and Hanagal taluks.
	(1) Dam works	Dam works is completed in all respect. Water is being stored in the Dam since 2007. The instrumentation work and electrification works are completed. Power block portion of mini hydel project is completed and further work of power house with tail race channel is taken up by private agency. Agreement for lease of land to the agency is executed. Earth work excavation for construction of power house and tail race channel is completed. Fixing of penstocks is under progress
	(2) Head Regulator	Completed
	(3) Main Canals (339 Kms.)	Main canal works from 0 to 195 are completed. Water in the main canal has been let out upto Km. 195 to cater an irrigation potential of about

		20,000Ha. Tunnel from KM 168.50 to 174 :- Completed is all respects. Railway bridge at Ch: 176.533 KM of main canal:- Estimates and design constructing railway bridge has been completed. Main canal Km. No.195 onwards: Works are in progress from km 195 to 242 KM.
	(4) Distributory canal:	Dy. No.1(Off-taking at km 108.35): Total length of Dy. is 20.58 Km. The works are completed. Dy. No. 2 (Off-taking at km 166.267 of UTP): Total length is 62.50 Km. out of which alignment is approved upto 40.46Km. In this reach upto 20 KMs works are almost completed. In reach 20 to 30 KM , the contract of 8 KMs are rescinded on``as is where is basis`` and balance works is being assessed for inviting fresh tenders. Works are to be started in reach 30 to 40.46 KM the rescind of contract is approved and further action is to be taken as per directions of the 97th TSC Beyond this alignment runs in forest land and alternative alignment work is being studied. **Under Dy No.2, road crossing at NH-4 & Railway bridge: Road bridge at km.32.823 km is completed by NH authorities.** The railway bridge at Ch.33.842 km work is completed. **Dy. No. 3 (Off-taking at km 176.83):** Total length is 23 km. All the kilometer except 2 to 6 KM are entrusted and are in progress. The tenders for KM 2 to 6 KMs including aqueduct from Ch: 2.237 to 5.856 is to under progress. **Dy. No. 4 (off taking at Km. 201.055Km):** Total length 20.32 Km. Potential : 10,900 Ha. The works are in progress. **(iv) R & R works: By construction of UTP dam, 3 villages of Theerthally taluk and two villages of NR Pura taluk will be affected.** Proposals for acquiring lands are mooted and 6(1) notification is already published in Gazette and 50% payment is made. 208 structures are affected due to construction of dam and layout formation, and sites are handed over to affected people. As per the decision of Rehabilitation Committee for payment of ex-gratia amount to affected people, a package of Rs.20.475 crores is approved vide G.O. No.ಕಂಇ 113 ಆರ್‌ಇಹೆಚ್ 2003 ದಿನಾಂಕ: 1/12/06. Revised administrative approval for UTP Rs.1052.33 crores is accorded vide G.O. No. ಜಸಂಇ 38 ವಿಬ್ಯಾಇ 2005 (ಭಾಗ-1) ದಿನಾಂಕ:

		21/11/06. This cost is now reported to be about Rs.2330.60 crores as per 2011-12 WRD SR and submitted to Government for revised administrative approval.
7.	**Singatalur Project**	The project comprises of construction of a barrage across Tungabhadra river near Hammige village of Mundargi taluk in Gadag district, to provide irrigation facilities to an extent of 1,20,236 acre (1,40,677acre of cropped area) with the irrigation intensity of 117% using 12.03 TMC of water as per the directions of the KNNL board during the 24th meeting held on 22.02.05. The Board noted that the economic viability of the scheme would improve with the modification and approve the physical cropped area, Stage-I with an utilisation of 7.64TMC to irrigate 76181 acre and Stage-II with an utilisation of 4.39TMC to irrigate 44055 acre. Accordingly the CE, ICZ, Munirabad has submitted the modified DPR and revised estimate costing Rs.657.00 crores to this office for according revised administrative approval. The same is submitted to Government for revised administrative approval vide letter No. 252 dated 21.04.05. Government has accorded approval to implement this scheme with the utilization of 12.0TMC of water in the GO dated 29.06.06. EIA/EMP reports in respect of SLIS entrusted to Bangalore university have been submitted and public hearing is to be conducted. Further as per the direction of the Government, action is being taken to implement the Scheme with an utilisation of 15.991 TMC of water to irrigate 1.70 lakh acres (1.90 Lakh Cropped area). Accordingly, modified DPR of the Scheme is prepared and cleared by TSC and Board of KNNL for Rs.1894.50 crores. The DPR is usbmitted for GOK for administrative Approval. **Barrage** : The Govt. of Karnataka has directed to entrust the work of Barrage and other allied works through M/s. KSCC. Accordingly, the works are taken up and are in progress. Barrage work completed except Parapet. All 26 gates are erected. The works of protection bund completed. Intake canal on left side is in progress and intake canal on right side is completed. **Canal works on Right Side:** Rajwala branch canal: The balance work of.4.0Km is completed. Distributory works under Rajawala branch canal are nearing completion. Ayyanahalli branch canal: The balance work of 5.7Km. canal is completed._Distributory works under Ayyanahalli branch canal are in progress. ❖ Magala and Hadagali branch canal:

		Works are in progress for Hadagali branch canal. Works are completed for Magala Branch canal including distibutories . Syphon work is also completed. ❖ Singtalur LIS Right side 1st Lift : The work is physically completed. ❖ Singtalur Right side 2nd Lift: Works nearing completion. ❖ Canals on left side: LBMC reach I. Constrction of for aqueduct is in progress. LBMC reach II works and 4 packages of Mundargi branch canal works are in progress. Agency fixed for package – I of LBMC reach – III and work started. ❖ Mundwad and Hemmige Lift : works are entrusted on turnkey basis by tender and works nearing completion. Tenders are finalised for canal works under this lift and works are in progress. ❖ Singtalur left side 1st Lift: Works entrusted for M/s. IVRCL on turnkey basis and work is in progress. ❖ Singtalur Left 2nd and 3rd Lift: Works are entrusted to M/s. GVPR and works are in progress. **Land Acquisition:** • Land acquisition for submerged area 1315.17acre on left flank is completed and compensation are already paid. • Land acquisition for submerged area of 1718 acre on right flank is completed and compensation are already paid. All the sites of right side 1st lift are handed over to the contractor except the Magala raising main for which for the 6(1) notification has been issued. For Hadagali branch canal 4(1) proposal upto 15 km is submitted to revenue authorities.

8.	**Bhima Lift Irrigation Scheme**	Bhima Lift Irrigation Scheme comprises a barrage near Sonna village of Afzalpur taluk in Gulbarga district to irrigate **24,292 Ha.** in Gulbarga district through two foreshore lift points. Original estimated cost (based on SR of 93-94) is Rs. 107.70 crore. Revised estimate cost (based on SR of 2008-09) is Rs. 588.37.00 crore. ➢ **Dam** Length - 2.10 Km Height - 18.40 mtr Gross Storage – 3.09 TMC Live Storage - 2.41 TMC Allocation & Utilisation – 6.00 TMC ➢ **Lifting Systems** Two foreshore lifts at Balundgi & Allagi(B) Length of the Balundgi lift canal – 63.76 Km. Length of the Allagi lift canal – 35.787Km ❖ **Dam & allied works:** Construction of earthen embankments on left and right flanks were completed and construction of barrage including erection of all 29 gates is also completed. Water impounding has been started, water has been stored upto RL 403.50m as against FRL of 406.40m in the year 2012-13. ❖ **Balundgi Lift**: Concreting for jackwell is completed. Laying of PSC pipes is also completed. Delivery chamber is completed , *test and trail run of Balundgi lift is completed on 07-03-2012, water is flowing in the main canal upto 25th Km.* ❖ **Balundgi Canal**: Construction of Balundgi intake canal is nearing completion. Construction of Balundagi main canal from 0 to 25 km is 98% completed and 25 to 45 km is 90% completed and from 45 to 63.76 Km work is under progress. ❖ **Allagi Lift**: Formation of jackwell is completed. Excavation for rising main is completed. Laying of PSC pipes is also completed. Construction of Allagi intake canal is nearing completion. ❖ **Allagi Canal** : Construction of Allagi main canal work from Km 0.00 to 20.00 is rescinded. Now from 0-10Km it has been made into 2 packages 0 to 5Km and 5 to 10 Km since to complete the work early. The work of 0 to 5 km is under progress . 5 to 10Km has been entrusted & the work is under progress & the work from 10 to 20 & from km 20 to 35.787 Km the work is under progress.

		Acres-Guntas *Total lands to be acquired* - *5976.08* *Land acquired so far* - *3817.28* *Award stage* - *547.17* *After 4(1) JMC under progress* - *78.17* *At stage of issues of 4(1) notification* - *887.21* *Proposals submitted for 4(1)* - *151.26* **CWC Clearance:** The Project was administratively approved for Rs. 551.93 Crores in October 2009. The Planning Commission of GOI approvd the project in December 2009 for Rs. 551.93 Crores. **Rehabilitation and Resettlement:** Villages affected due to submergence – 10 Nos. Population affected – 8801 Families affected – 1658 Government vide GO dated 18.5.05 have constituted District Level Rehabilitation Advisory Committee. R&R Package are approved by GOK. Construction of Balundgi rehabilitation is completed and handed over to Grampanchayat. Tarapur Rehabilitation Centers is under progress. The Duddanagi, Bankaliga, Hiriyal, Byadagihal and Mangalore RH centers are in progress and providing amenities to the Madnalli RH Centre formed by the Revenue Authority is under progress. The estimate of Tavarhed RC is under Progress. Allgi (B) Rehabilitation Centre estimate is sanctioned tenders in 5 packages called for. Tender process is in progress for 3 packages.

9.	**Gandorinala Project**	**Dam & allied works:** The works were carried out by KSCC and the same are already completed. The work of providing & erection of radial crest gates is completed. **Canal works:** **RBC:** Completed to its full length of 7 Kms. Potential of 566Ha has been created. **LBC:** Total length of LBC is 89.32 KMs. Almost all Kms. Upto 89.32 Km is completed. **Distributories:** Under RBC 3 distributories works are completed. Under LBC 40 distributories are completed. **FIC:** From Km. 0 to 7 Km. of RBC & from Km.0 to89.32 of LBC works are nearing completion. Km.60 to 89.32 works are under progress. Potential of 7943 as on march 2013 already created.
10.	**Tunga Lift Irrigation Scheme**	The Tunga LIS was administratively approved for Rs.12.37 crores vide GO dated 02.02.91 and revised administrative approval was accorded for Rs.24.12 crores vide GO dated 27.02.99 and handed over to KNNL. The alignment of the raising main was running in the Shettihalli wild life sanctuary. The forest department did not permit to takeup the survey work, instead directed to take an alternative alignment avoiding the forest area. The alternative proposal was discussed with the Hon'ble Minister for Water Resources. The Hon'ble Minster suggested to takeup works of filling up of series (29tanks) MI tanks of Haihole, Barehalla, Gowdanakere upto Savalang tank to feed suffering atchcut and augmenting tanks for rejunveting ground water resources laying between Gowdanakere and Savalanga Tanks. The revised DPR is submitted to Government for revised Administrative Approval. The Government accorded Revised Administrative approval for Rs. 71.336 Crores. Tenders on trunkey and is under process.
11.	Kalasa Nala & Bandur Nala diversion Schemes :	➢ These two projects envisage diversion of 7.56 TMC of water to Malaprabha dam by construction of dam across the above nalas and diversion canals. Administrative approval for these two projects is accorded by Government in August 2000. Forest clearance for these projects is pending for want of CWC clearance for the project. The in principle clearance given by CWC to these projects has been kept in abeyance and inspite of repeated attempts by Government of Karnataka, the Union Government has not been able to with draw the order of abeyance on "IN PRINCIPLE CLEARANCE".

		➢ The KNNL Board has recommended in its 25th meeting held on 7.6.2005 to take up works in non-forest area by entrusting the work to any Government agency. Accordingly the Government vide its order No.JASAME 22 VEBYATA 2004 (Part-1) Bangalore dated 9.10.06 has approved to take up Kalasa Nala Banduranala diversion schemes in non-forest area. (4.40 km out of 4.80 km of Kalasanala and 4.90 km out of 5.80 km of Banduranala). ➢ Further the Government vide letter No.JASAME 22 VEBYATA 2004 dated.21.10.06 has given directions to take-up the above works through KSCC duly following all the necessary procedures as per KTPP Act 1999. ➢ Since the project is a inter-state dispute project and some time was required for KSCC to take up works on tender basis, the works in non-forest areas were taken-up by entrusting 2 works on piece work basis, each not exceeding Rs.5.00 lakhs, in respect of Kalasa Nala diversion scheme. ➢ In the meantime the Government vide Order No.WRD 36 VEBYATA 2006, Bangalore dated 15.3.2007, has approved to execute the works of Kalasanala diversion scheme in non-forest areas on piece work basis, till the tendering process for balance work is completed. ➢ In this order, Government has withdrawn the works entrusted to KSCC and has instructed KNNL to proceed with tendering process for balance works immediately duly following the prescribed procedure as per KTPP Act 1999. ➢ The CE, Belgaum was addressed to take necessary action as per the above Government Order. ➢ Accordingly tender for the balance work of ICC from Kalasa to Malaprabha river (phase-I) was invited and work awarded and executed by the agency. ➢ The phase – II of the balance works of ICC from Kalasa to Malaprabha river (Earthwork and Box pushing technique) are in progress. ➢ The phase – II, Stage-II of balance work of Kalasa ICC are in progress. ➢ Tender process is completed for rejuvenation of Mahulidevi temple. Work is yet to start.
12.	Doodhganga project	Doodhganga Irrigation Project is an interstate

project of Maharastra and Karnataka. The project envisages construction of composite dam across the river Doodhganga near village Asangaon of Radhanagari taluk in Kolhapur District of Maharastra state. This project would provide irrigation benefits to 44,766 Ha. in Maharastra state and 15,167 Ha in Karnataka state. The planned utilisation is 28.00 TMC. Outlet potential created to end of Jan '10 is 3800Ha. The original estimated cost - Rs.124.00 crore (based on SR of 1999-2000). Further the comprehensive estimates of Rs. 1460.57 crores (including Rs. 309.80crores) at 2007-08 price level prepare by Govt. of Maharastra was approved by Planning Commission, GOI.

Allocation for Karnataka State – 4.00 TMC

Project comprises of from 1st entry in to Karnataka: Nidhori Branch canal (NBC), Bidari Branch canal(BBC) Dattawad Branch Canal (DBC) and Kurundwad Branch Canal (KBC)

- NBC : Total length is 25.607 Kms (21.567 Kms Only in Karnataka)
- BBC : Total Length is 21.195 Kms (15.510 Kms, Only in Karnataka)
- DBC : Total Length is 26.570 (26.57 Kms Only in Karnataka)
- KBC : Total Length is 21.32 Kms (9.61 Kms Only in Karnataka)

Nidhori branch canal (State entry at 25th Km.)

- Total Length of Nidhori branch canal : 25.607 Km
- Works completed from Km.25 to50 (Tail end). All distributory blocks are completed.3617 Ha. of O.P. has been created on NBC. FIC potential of 3383.10 Ha created upto end of Jan- 2010

Bidiri Branch Canal

Total Length of Bidri branch canal : 21.195Km

The works are from Km. 46 to 50 and 54 to 62 are completed. The works in Km.44, 45 & 50 are under progress. For the works of Km. 51 and 52 (tunnel from Ch. 49.500 to 51.200 Km. with approaches and exit) tunnel work is in progress. Execution of approach and exit of tunnle is completed. The tunnel 800 MTs length completed. The work of Km. No. 53 stands deleted due to modified alignment. The works of Km. 63 to 65 are held up due to LAQ n Maharastra. Works of Dy. Blocks are under progress and nearing completion. An op of 182.72 Ha is created on Bidari branch canal.

		Dattawad branch canal : (i) Dattawad link canal is 0.700 Km work in Karnataka area is partly tackled. However, work is rescinded due to LAQ problem in Maharastra. (ii) Dattawad RBC from Ch. 0+000 to Ch.7+650 km (tail end) alignment approved and LAQ proposals is submitted. (iii) Alignment of Dattawad LBC from Ch.0+000 to 12+000Km is approved and survey of Km.13 to 19 (tail end) is in progress. **Kurundwad branch canal**: The Kurndawad branch canal is to be executed by Maharastra State (including 9.61 Km long canal of Karnataka)
13.	Basapur LIS	This Project envisages lifting of water near Basapura Village of Hangal Tq. Haveri district from Varada River and providing water facility to 13 villages covering an area of 2000 Ha. in Hangal Taluk. ➢ 0.60 TMC of water has been allocated to this Project. ➢ The estimated cost of the project : Rs. 38.00 Crores ➢ Total expenditure incurred : Rs. 17.80 crores ➢ Atchkat : 2000 Ha. ➢ Status of project: ➢ The first stage of this Project is commissioned and water is allowed for 890 Ha. coming under this stage. The second stage works are taken up on turnkey tender and the works are in progress. Atchkat of 1110 Ha. is proposed to be created during 2014-15.
14.	Itagi-Sasalwad LIS	This Project envisages lifting water near Itagi village near Shirahatti Taluk from left flank of Tungabhadra River and to provide water to 1983 Ha. of Khariff Crops coming under Shirahatti, Mundaragi and Haveri Taluks. ➢ 0.55 TMC of water has been allocated to this project. ➢ The estimated cost of the project : Rs. 26.00 Crores ➢ Total expenditure incurred : Rs. 22.00 crores ➢ Atchkat : 1983 Ha. Status of project: This project was completed during 2010-11 and commissioned to provide water facility to 1983 Ha.
15.	**Bennithora**	Bennithora project is a major irrigation project, which comprises of construction of dam across River Bennithora near Heroor village, Chittapur taluk, Gulbarga District. There are two canals

		covering an Irrigable area of 20,234 Ha in Gulbarga District. The utilisation for the project is 5.75 TMC. **Dam:** Work is completed and water is being stored in reservoir since Dec'01. **Right Bank Canal (82 KM):** Works are completed .Tenders for the strengthening of embankment in vulnerable reaches & concrete lining has been invited for Rs 1163 lakhs .Total atchkat is 13435 Ha. **Left Bank Canal (60 km):** All distibutories on LBC are completed. Tenders for the strengthening of embankment in vulnerable reaches & concrete lining has been invited for Rs 795 lakhs .Total atchkat is 6799 Ha. The revised estimate cost of this project is 389.50 Crores. Cumulative expenditure upto end of December 2011 is Rs. 378.00 Crores. A dry potential of 20234 Ha has been created to end of 8/2012 The wet potential of 19970.70 Ha. is created up to end of 12/2012 & Balance 256 Ha. To be declared. ICC committee is formed to allow water through canal for irrigation.
16.	**Lower Mullamari Project**	Lower Mullamari Project envisages construction of a dam across the River Mullamari a tributary to River Bhima in Krishna basin. The project is located near Nagaral village in Chincholi Taluk of Gulbarga District. The utilisation under this project is 2.61 TMC and it is planned to provide irrigation facilities to 9713 Ha. of land in Chincholi taluk. The project has been originally estimated for Rs. 45.00 crores at 1990-91 schedule of rates. The latest estimated cost of the project is Rs. 220.00 Crores and expenditure to end of March 2011 is Rs. 194.08 Crores. **Earthen Dam**: Completed including erection of spillway gates. Water is being stored in reservoir since August 2001. **Right Bank Canal** (80 km): Works are completed. Distributaries (66 Nos.): 65 are completed and water is letout in distributaries. Total Atchkat : 9713 Ha. Outlet potential created: : 9377 Ha. Balance to be created : 336 Ha. **R&R** : Out of 7 Nos. of rehabilitation centre 6 nos. are completed. Balance 1 no. is nearing completion. (Gadilingadahalli Rehabilitation Centre No.3)

		➢ Rectification works of RBC : Works from Km. 0 to 40 km are nearing completion & Works from Km. 40 to 80 km are under progress Total irrigation potential from the project is 9713 Ha. And irrigation potential of 9400 Ha. created upto end of March 2013.
17.	Varahi Project	Varahi river is a major west flowing river in west coast. The river takes its origin near Guddakoppa village in Hosanagar Tq, Shimoga district. Across this river a dam is constructed by K.P.C.L near Mani village for power generation, there is a continuous tail race discharge of about 1100 cusecs though out the year. It is proposed to make use of this water by constructing a diversion weir as major irrigation project. It is proposed to provide irrigation to 15702 Ha. (Flow : 12979 Ha. & Lift : 2723 Ha.) in Udupi district. ➢ **Diversion weir works**: Work is completed. **Right Bank Canal (46.80 Km.)**: River aqueduct works are completed. Upto 14 km (including tunnel) works are under progress. From Km. 2 to 3, 3 to 4, 8.40 to 9, 10 to 11 & 14 to 18.425Km works are under progress. **Left Bank Canal (44.32Km.)**: Upto 21 km works are completed. Major aqueducts at Km.9, 12 & 13 of VLBC are completed & 29.00 Km to 30.00 Km are completed. Km.21 to 28 works are under progress. **Lift irrigation canal (33 Km.)**: Power connection received and commissioned on trial basis. Head works commissioned at 0.00 of LBC and is functioned and 0.00 to 33.3KM fixing of alignment is finalised and balance survey work is under progress.
18	**Amarja Project:**	
	Dam works	➢ Amarja project is situated in Aland taluk of Gulbarga district. It envisages to provide irrigation to an extent of 8903Ha in Aland and Afzalpur taluks. ➢ Amarja Dam: Works completed and water is being stored since 1999. ➢ The work is transferred to KNNL during April '05vide GO No.WRD/29/TMZ/04dated 18.04.05.
	Right Bank canal(43 Kms): Left bank canal (55 Kms): Distributories under RBC (38 Nos): Distributories under LBC (40 Nos):	The detailed investigation on the balance work and rectification of existing canal system (including existing structures), detailed survey, preparation of designs, drawings, estimates and DTPs for works of main canal distribution system including FIC's has been entrusted to M/s.Secon surveys Ltd., Bangalore and the work is completed. The work of rectification of RBC of Amarja project in 3 packages are in progress. From Km. 0.000 to 42.48 main canal of RBC

		completed. Distributories and FIC's are in progress. The rectification work from Km. 0.000 to 54.748 of LBC of Amarja project in 2 packages are in progress. Main canal, from Km. 0.000 to 30.00 is completed.& 30 to 54.784 km is under progress.
19.	**Hiyranyakeshi LIS**	➢ Hiranyakeshi LIS is proposed to lift 8 TMC of water from Hiranyakeshi river to feed GRBC during Khariff season. ➢ 8.00 TMC of water has been allocated under scheme 'A' of KWDT. ➢ This scheme has been proposed to meet the likely shortage of water due to over utilisation under GLBC. ➢ The said LIS has been entrusted to M/s Kirloskar Brothers Pvt. Ltd, on turnkey basis and is under progress. ➢ The intake channel work is under progress. ➢ The Jackwell work is Under Progress. ➢ Pumphouse is under progress. ➢ Raising Main work is under progress. ➢ Procurement of Pumping machinery is Under Progress.
20.	**Bennihalla LIS**	It is constructed near Nargund taluk of Gadag district. The scheme proposes series of weirs at Banahatti, Kuralageri, Surkod, Khanapur and Radder Naganur to irrigate the suffering atchkat of 3868 ha under NBC. **Banahatti:** Deliver chamber completed. Out of 3664M about 3557M of raising main is completed. Jackwell-cum-Pumphouse work is under progress. Other works like Diversion weir, intake canal, control room are in progress. Pumps & motors procured yet to be installed. Electrical line work is completed. **Kuralageri:** Except construction of diversion weirs remaining all works are completed. **Surkod :** Head works like intake canal, Jackwell-cump-Pumphouse, delivery chamber are completed. Raising main laying (5940M) is completed. Control room work is under progress. Diversion weir is partly completed. Pumps and motors are installed. Electrical line work is in progress. **Khanapur :** Head works like intake canal, Jackwell-cum-Pumphouse are completed. Diversion weir is completed. Construction Control room is under progress. **Radder Naganur:** Diversion weir, intake canal, Jackwell-cum-Pump house, control room, delivery chamber and raising main are completed. Pumps and motors are installed. Electrical line work is in progress
21.	**Kolachi LIS**	The LIS is being constructed in Ron taluk, of Gadag district. The scheme proposes to lift 2.59 Mcum of water per year at Asoti from Bennihalla

		for providing irrigation to suffering atchkat of 1538 ha under KRBC. The above LIS is entrusted to M/s. SPML on turnkey basis. Head works like intake canal, Jackwell-cum-Pumphouse, Control room, Raising main, Delivery chamber are completed. Diversion weir is also completed. Pumps and motors are installed. Powerline erection is in progress.
22.	**Konnur LIS**	It is constructed near Nargund taluk Gadag district. The scheme proposes to lift 0.39 TMC of water at Konnur from Malaprabha river for providing irrigation benefit to suffering atchkat of 1578 ha. under NBC. The above LIS entrusted to M/s. SPML on turnkey basis. Delivery chamber is completed. Out of 8600M. length 6545M raising main is completed. Diversion weir, Intake canal, Jackwell-cum-Pumpshouse, Control room works are completed. Pumps and motors are installed. Electrical line work is completed.
23.	**Sri Rameshwara LIS**	This lift Irrigation is proposed to irrigate 13800 Ha areas of Gokak, Ramadurga and Savadatti Taluks of Belgaum District by utilising the 2.2 TMC of water. The water will be drawn from Ghataprabha river by suitable intake structure. **Rising main:** Total length 17.50 km 90% of work is completed. **Jackwell:** Civil works completed, crane erected, pump erection completed. **Intake Channel:** Total length is 275m out of that 225 m completed. Remaining work under progress. **Land Acquisition :** Intake Channel, Pump House, Jack well & Sub Station: These are Located near Aralimatti Village covering an area of 5.10 Acres for which 6(1) Notification has been issued, awarded and payment made. **Electromechanical Components:** Design & Drawings of Electro mechanical works such as Pumps, Motors, 110 KV sub-stations is approved. Erection work completed. **Canal Network :** Approximate length of main canal System is about 79 Km and approximate length of distributory network system is about 150 Km. All the 79 Km works are under progress.

		Tenders called for distributories. The total approved estimated cost of the Project is Rs.331.55 Crores. DPR of modified estimate amounting to Rs.331.55 crores is submitted to CWC for approval.
24.	**Javaluhalla LIS**	LI Scheme from Javaluhalla near Kittur Village of Ramdurg Taluk for suffering of atchkat of 1917Ha. of Shirsangi distributory under NBC of MRB Canal. The Scheme is entrusted on turnkey basis to M/s.Coramandel Prestcrete (Pvt) Ltd., construction of Bhandara is completed except fixing of planks to Bhandara. Construction of intake canal, jackwell/pump house work is completed. Construction of delivery chamber work is completed. Construction of raising main work is completed except fixing of Air Valve and thrust block. Erection of pumping machineries motors and electrification work is completed. Trial running has been conducted. Protection works like pitching, revetment and construction of grayons are to be taken up.
25.	**Umbrani Amruthapura LIS**	The Ubrani-Amruthapura LIS envisages to stablise 11818 acres of land in Chennagiri and Tarikere taluk by lifting of water from upstream of a diversion structure across Bhadra river near Gourapura village near Bhadravathi. ➢ 1.00 TMC of water has been allocated to this Project. ➢ The estimated cost of the project : Rs. 115.40 Crores ➢ Total expenditure incurred : Rs. 71.31 crores ➢ Atchkat : 5261 Ha. ➢ Status of project: This Project is taken up under AIBP . Phase –I was comprising of electromechanical items of 1st and 2nd stage is entrusted on turnkey basis and the works are in progress. The 2nd Phase works comprising delivery chamber and distributor network is entrusted to other agency and the works are completed and dedicated to nation.
26.	**Guddada Mallapura LIS**	The scheme envisages lifting 1.00 TMC of water in two stages from Varada river near Byatanal to irrigate 13000 acres (5261 Ha) of lands in Byadagi taluk of Haveri district. The above LIS's entrusted to M/s.Coramandel Prestcrete Pvt. Ltd,

		on turnkey basis. The agency had stopped the work. The work was rescinded as per the instruction of the TSC. Fresh Agency fixed for the balance work of lifting arrangements by inviting fresh tenders and works started. Further tenders are also finalised for the balance canal works of Guddada Mallapura LIS where in phase – I lift work 80% of work is completed. Phase – II works is under progress.
27.	**Bellary Nala Project**	The Bellary nala irrigation project envisages to irrigate 8200 ha of land in Gokak and Saudatti taluks of Belgaum districts by constructing a dam across Bellary nala which is a main tributory to Markendaya river. The master plan committee has allocated 1.68 TMC of water under scheme 'A' of KWDT. The work construction of Bellary nala irrigation project has been entrusted to M/s. EPI Ltd (A Government of India undertaking) by Government of Karnataka. Excavation for dam foundation, concreting in block 1 to 6 and 8 to 18 are under progress. Main canal has been tackled to the length of 43.50 Km out of 106 Kms. All the works of main canal are carried out in various stages except canal length coming under forest area. Government has accorded administrative approval to the revised project estimate of Bellarynala Irrigation Project amounting to Rs143.55 crores vide GO No.WRD 02 VEBYAMA 2005, dated 28/7/07. At present, the works of Bellarynala project has been started and works are under progress.
28.	**Upper Bhadra Stage-I**	The Government vide its order dated 23.8.03 has administratively approved the Upper Bhadra Project Stage-I for Rs.2813.00 crores (including Ubrani-Amruthapur LIS) to utilise 23 TMC of water based on 2000-01 schedule of rates. As per the decision taken in the meeting held on 17.9.05 under the Chairmanship of Hon'ble Chief Minister, a Committee under the Chairmanship of Sri. K.C. Reddy was constituted by Government order dated 24.10.05 to look into availability of water and impact on environment by implementation of the project. This Committee submitted its report to Government in July 2006. The Government accepted the report and entrusted the implementation of Upper Bhadra Project to KNNL vide Government order dated 17.11.06 based on recommendation contained in the above report.

		The approach paper for implementation of Upper Bhadra Project was discussed in 70th & 71st TSC meeting of KNNL, and based on recommendation of TSC, Board in its meeting held on 14.12.06 (32nd meeting) approved the approach paper. The cost of the project as per Sri. K.C. Reddy's report is Rs.4150.00 crores (at SR of 2003 -04) which includes the following components: ❖ Diverting 15 TMC of water from Tunga to Bhadra reservoir. ❖ Lifting 21.5 TMC from Bhadra reservoir the common canal and lifts. ❖ Modernisation of Bhadra Canal System Modernisation of Tunga, Gondi & Vijayanagar channels. ❖ Construction of Chitradurga branch canal and its network (including filling up tanks in the command) to irrigation about 1lakh Hectares. ❖ Construction of barrage in Vedavathi valley ❖ Water supply, scheme to Tumkur and Kolar taluks. ❖ Desilting of tanks. ❖ The works for modernisation of Bhadra canals have been taken up under 15 packages. Further, tenders have been received for another 10 packages. ❖ Government has accorded in-principle approval to modified estimate of UBP for Rs. 5985.00crores vide its GO dated 15.09.08 and 01.12.08 and also given permission to go ahead with the irrigation component works of UBP ❖ The Modified cost as per SR of 2007-08 ❖ Irrigation Component : Rs. 3388 crores ❖ Drinking water supply : Rs. 2597 crores. Total : Rs. 5985 crores. ➢ Tenders for the following 3 packages of Upper Bhadra project are finalised and works are under progress. ➢ Diverting 15 TMC of water from Tunga to Bhadra reservoir (Package-I). ➢ Lifting 21.5 TMC of water from Bhadra reservoir to delivery chamber near proposed tunnel near Ajjanapur (Package-II). ➢ The work of construction of tunnel of approximately 6.9 km length near Ajjanapur (Package-III) ➢ Package – I, II & III work under progress. Environmental clearance is accorded to UBP by MOEF.
29	**Sanyasikoppa LIS**	➢ This Project envisages lifting of water from Kumadvathi River near Sanyasikoppa to provide water to 1791 Ha. (Khariff Crops) of Shikaripura taluk. ➢ 0.44 TMC of water has been allocated to this

		project. ➢ The estimated cost of the project : Rs. 12.60 Crores ➢ Total expenditure incurred : Rs. 10.41 crores ➢ Atchkat : 1791 Ha. ➢ Status of project: The trial run is completed and proposed to be completed in all respects by June 2013.
30	**Dandavathi Reservoir Project**	This Project envisages construction of earthen dam near Marur village of Sorab Taluk, Shimoga district across Dandavathi River to irrigate an area of 6933 Ha. The administrative approval for the Project cost of Rs. 272.00 Crores is accorded by the Government vide Government ltr. No. WRD/72/MMB/2008, Dtd: 12.01.2009. The tender has been awarded for dam portion of the work and the work could not be commenced as there was stay from the Krishna Water tribunal is withdrawn now work is to be commenced.
31	**Shiggaon LIS**	➢ The Scheme envisages to irrigate 9900Ha in Shiggaon, Savanur and Hanagal taluks of Haveri district. The GO vide dated 13.01.09 has administratively approved for Rs. 238.00 crores. The works on turnkey basis entrusted to M/s. L&T Ltd., Bangalore on tender basis. ➢ Jackwell cum pump house including Intake canal, Raising main and Delivery chambers works are completed. ➢ The work for adopting sprinkler irrigation system for providing water to the fields is entrusted on Turnkey basis to M/s.Jain Irrigations Ltd., Bangalore and work is under progress. ➢ 11 KVA substation almost completed except for connection to CTPT. ➢ Tenders for construction of Diversion weir in under process.
32	**Sangam Bandara**	➢ The Government vide GO dated 4/10/2010 has administratively approved the DPR for Rs.11.05 crores. ➢ Now, the revised estimate amounting to Rs.49.70 crores is submitted to Government for according revised administrative approval for the estimate.
33.	**Bhadra Modernisation**	Bhadra dam is constructed across the river Bhadra in Chikkamagalur District, Tarikere taluk near Lakkavalli village during 1959. The storage capacity of the dam is 2025 Mcum (71.53 tmc) and irrigates an area of 1,05,570 ha (2,60,694 acres) in the district of Chikkamagalur, Davanagere and Shimoga. As the canal constructed was unlined, at many reaches canal has lost its shape and seepage was observed in the structures. Hence, it was planned to Modernise the whole canal system by providing CC lining to canals and by renovating and reconstructing the structures. The Government of Karnataka has administratively approved the project for

		Rs.951.00 Crores vide GO No. Ja. Sam. E/20/MBI/2008, Bangalore, dated:26.02.2008. The project contemplates modernising main canal of length 460 km, distributory 1534 Km and structures 3825 Nos. The project was commenced on 2007 and to the end of June 2013 447 Km of main canal, 1310 km of Dy and 2381 Nos of structures has been modernised with financial progress of Rs.1025 00 Crores. The modernisation of this project has helped in pushing water in all the tail end reaches of the project where the authorised atchkat was suffering due to insufficient water. It has also helped in utilising the water optimally. It is proposed to complete the project in all respect during 2013-14.
34	**Tunga Modernisation:**	Tunga anecut constructed earlier across the river tunga in Shimoga District, near Gajanur village during 1955 irrigates an area of 8705 Ha coming in the districts of Shimoga and Davanagere. By retaining the same canal system water is now being supplied through upper tunga dam newly constructed at 100 M below the old Tunga anecut. As the canal constructed was unlined, at many reaches canal has lost its shape and seepage was observed in the structures. Hence, it was planned to Modernise the whole canal system by providing CC lining to canals and by renovating and reconstructing the structures. The Government of Karnataka has administratively approved the project for Rs.309.00 Crores vide GO No. Ja. Sam. E/23/MBB/2012, Bangalore, dated:28.08.2012. The DPR of this project is submitted to CWC for obtaining clearance for getting AIBP assistance.
35	**Vijayanagara canal Modernisation:**	During Vijayanagara Dynasty, 18 Channel networks were constructed in Tungabhadra basin through an irrigation sluice on right side of Tungabhadra Reservoir to Siraguppa. Out of these 18 Channels 16 channels covers an area of 16241 ha coming in the districts of Bellary, Raichur and Koppal. These channels are provided with size stones masonry lining and is completely damaged. Also some of the structures are in dilapidated condition. For modernising the existing canal system, DPR has been prepared and the Government of Karnataka has administratively approved the project for Rs.255.00 Crores vide GO No. Ja. Sam. E/107/MTP/2012, Bangalore, dated:21.01.2013. The DPR of this project is submitted to CWC for obtaining clearance for getting AIBP assistance.
36	**Gondi Modernisation:**	Gondhi Anicut is built across river Bhadra, near

		Gondhi of Shivamogga Dist. The Anicut is located at 14.50 Km downstream of Bhadra Reservoir. The anecut of anicut was constructed 1926 with storage capacity of anicut is 0.37 TMC to irrigate an area of 4600 Ha. As the canal constructed was unlined, at many reaches canal has lost its shape and seepage was observed in the structures. Hence, it was planned to modernise the whole canal system by providing CC lining to canals and by renovating and reconstructing the structures. The Government of Karnataka has administratively approved the project for Rs.82.00 Crores vide GO No. Ja. Sam. E/24/MBB/2012, Bangalore, dated: 18.08.2012. The DPR of this project is submitted to CWC for obtaining clearance. This project is proposed to be taken up under externally aided fund by Asian Development Bank along with introduction of Integrated Water Resources Management (IWRM) programme under the selected projects of Upper Tungabhadra basin.
37	RAJANAHALLY LIS (Davanagere 22 Tanks) :	This Project envisages lifting water near Thimmapur of Harihar Tq. from Tungabhadra River to augment water for 22 tanks of Davangere district and providing water to Hagribommanahalli tank. 1.00 TMC of water has been allocated to this Project. Administrative approval has been accorded for Rs. 100.00 crores vide Government order No. MI/33/LIS/2006/05.01.2007. This work is entrusted on Turnkey basis and the work is in progress. ➢ The estimated cost of the project : Rs. 112.70 Crores (As per tender) ➢ Total expenditure incurred : Rs. 71.35 crores ➢ Status of project: This Project is proposed to be completed.
38	**Kinaye Project**	Kiniye irrigation project is at Kiniye in Belgaum district envisages construction of an earthen bund across Mangathri Nala. It is proposed irrigate an area of 1200 Ha in Khariff season and 275 Ha in Rabi season which is spread over Kiniye, Bhadravadi, Ranikundi villages of Belgaum district. The administrative approval has been accorded for Rs. 9.309 crores under GO dated 22.09.2007. The revised estimate for Rs.35.43 crores has approved. The detailed estimate is cleared and the revised estimate of Rs. 79.00 crores for obtaining administrative approval is submitted to Government.
39	**Thiluvalli LIS:**	This Project envisages lifting water from Varada River near Tiluvalli villages, Hangal taluk, Haveri district to irrigate an area of 1011 Ha. 0.76 TMC

		of water has been allocated to this Project. Administrative approval has been accorded for Rs. 34.00 crores by the Government letter vide Government No. WRD/63/MMB/2009, Dtd: 05.01.2010. The work is awarded on turnkey basis for with an estimated cost of Rs. 41.76 crores and the work is in progress.
40	**Kalluwadda Halla New Tank**	This project envisages construction of new tank across Kalluvaddahalla near Kunduru of Shikaripura Taluk, Shimoga District to provide water 1450 Ha. Of atchkat. Government has administratively approved vide Order No. WRD:122:MMB:2004 dated 30-8-2006 for Rs. 20.42 Crores and attached this project to KNNL. The revised project estimate was submitted for Rs. 35.33 Crores along with the compliance to the TSC observation.

Karnataka Neeravari Nigam Limited
Cash Flow Statement for the year ended March 31, 2013

(Amount in ₹)

Particulars	Year ended March 31, 2013 Amount	Year ended March 31, 2012 Amount
Cash Flow from operating activities:		
Net loss after taxation	(1,72,56,64,635)	(2,35,38,24,490)
Adjustments for:		
Finance charge	4,80,08,365	18,09,69,789
Interest Income	(19,66,12,490)	(27,07,13,188)
Provisions and Liabilities no longer required written back	(60,21,142)	(97,97,229)
Depreciation	46,17,67,578	37,99,93,746
Amortisation	(1,80,94,986)	6,99,43,792
Provision for Doubtful Debts	1,66,41,641	2,48,39,371
Profit on sale of assets	-	-
Loss on sale of assets	10,65,577	17,94,304
Provision for Wealth Tax	2,25,987	1,40,000
Operating profit before working capital changes	(1,41,86,84,105)	(1,97,66,53,905)
Changes in working capital:		
(Increase)/Decrease in Trade receivables	(2,63,29,812)	(4,87,43,084)
(Increase)/Decrease in Loans and advances	(1,25,04,75,103)	(31,52,59,780)
(Increase)/Decrease in Inventories	2,84,177	5,87,241
(Increase)/Decrease in other current and non-current assets	(2,74,68,922)	59,38,13,150
Increase/(Decrease) in Long term liabilities, Current liabilities and Trade payables	(1,92,46,11,189)	2,01,03,20,574
Increase/(Decrease) in Provisions	49,82,344	1,11,39,507
Net cash flow from/ (used in) operating activities	(4,64,23,02,609)	27,52,03,703
Cash Flow from investing activities:		
Purchase of fixed assets and change in capital work in progress *	(17,16,25,64,627)	(22,46,09,07,753)
Proceeds from sale of fixed assets	80,29,151	24,84,67,190
Interest received	19,66,12,490	27,07,13,188
Expenditure on assets pending transfer to GOK	(74,56,104)	1,69,47,618
Net cash flow from/ (used in) investing activities	(16,96,53,79,091)	(21,92,47,79,756)
Cash Flow from financing activities:		
Share capital issued	-	-
Advance towards equity	18,52,92,26,000	24,13,97,75,000
Repayment of long term borrowings	(49,00,000)	(1,25,47,97,171)
Finance charges	(4,80,08,365)	(18,09,69,789)
Finance charges capitalised	(61,20,546)	(1,86,82,562)
Net cash flow from/(used in) financing activities	18,47,01,97,089	22,68,53,25,478
Net increase/(decrease) in cash and cash equivalents	(3,13,74,84,611)	1,03,57,49,425
Cash and cash equivalents at the beginning of year	3,97,42,28,386	2,93,84,78,961
Cash and cash equivalents at the end of year	83,67,43,775	3,97,42,28,386

Note :

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the AS-3 on Cash Flow Statements issued by the Companies (Accounting Standards) Rules, 2006.
2. Previous year's figures have been rearranged/ regrouped wherever necessary.
3. The Cash & Cash Equivalents represent Cash and Bank balances including balance in Escrow/Designated Accounts & Deposit with Treasury.
4. * Cash flow from investing activity are inclusive of allocated expenditure.

for and on behalf of the Board

R. Rudriah
Managing Director
DIN: 06453760

J.R.K. Karadi
Director
DIN: 02888497

K.S. Raveendra Prasad
General Manager - Finance

G.S. Prakash
Company Secretary

Place: Bangalore
Date: 12.12.2013

As per our report of even date attached
for B.P. Rao & Co.,
Chartered Accountants
Firm Reg No. 003116S

(B Satish Rao)
Partner
M No. 024559

B. P. RAO & CO. Bangalore 560 001. Chartered Accountants