

# Karnataka Neeravari Nigam Limited (A Government of Karnataka Enterprise

No.1, Coffee Board Building, 4th Floor, Dr B R Ambedkar Veedhi, Bangalore 560 001 CIN No. U85110KA1998SGC024503

Tel No. (080) 22283074-78, Fax (080) 22386015, e-mail knnl@knnlindia.com, www.knnlindia.com Statement of un-audited Financials Results for half year ended 30th Sep, 2016

(Rs. in lakhs)

(b) Other Operating Income  2 Expenditure (a) Employee Remunneration and Benefits (b) Deprociation (c) Repairs and Maintainence (Irrigation Assets) (c) Compairs and Maintainence (Irrigation Assets) (d) Expenditure on GCN Scheme (e) Other expenditure (f) Total (f) To	SI. No.	Particulars	6 months ended 30.09.2016	Corresponding 6 months ended 30.09.2015
(b) Other Operating Income  2 Expenditure (a) Employee Remunneration and Benefits (b) Deprociation (c) Repairs and Maintainence (Irrigation Assets) (c) Compairs and Maintainence (Irrigation Assets) (d) Expenditure on GCN Scheme (e) Other expenditure (f) Total (f) To			Unaudited	Unaudited
(a) Employee Remuneration and Benefits 4,011.92 3,379. (b) Deprocation 10,361.36 8,106. (c) Repairs and Maintainence (Irrigation Assets) 2,762.79 2,351. (d) Expenditure on GCK Scheme 4,896.92 3,647.1 (e) Other expenditure 11,620.63 1,255. (f) Total 23,653.62 19,340.  Profit (+) / Loss (-) from Operations before Other Income interest and Exceptional Items -23,563.62 19,340.  4 Other Income a) Government Grants b) Other some and Government Grants b) Others 11,704.73 12,044. 5 Profit (+) / Loss (-) before interest and Exceptional items -5,796.86 2,137. 5 Profit (+) / Loss (-) before interest and Exceptional items -6,060.45 -5,061. 6 Interest 8,237.43 5,082. 7 Exceptional Items 0,000 8 Profit (+) / Loss (-) before interest and Exceptional items -14,297.88 -10,143. 9 Tax expense	1			97.47
(b) Depreciation (c) Repairs and Maintainence (Irrigation Assets) (d) Expenditure on GOK Scheme (e) Other expenditure (f) Otal (g) Other expenditure (h) Other Income	2	Expenditure		
Col Repairs and Maintainence (Irrigation Assets)   2,762.79   2,981.				3,379.77
(d) Expenditure on GOK Scheme (4,896.92 3,647.1 (e) Other expenditure (1,620.63 1,225.1 (f) Total 22,653.62 119,340.1 (f) Total 22,653.62 119,340.1 (f) Total 22,653.62 (f) Total 22,652.04 (f) Total 22,653.62 (f) Total 22,652.04 (f) Total 22,652.0				
(e) Other expenditure (f) Total (f)				3,647.86
(f) Total   23,653,62   19,340.2     Profit (+) / Loss (-) from Operations before Other Income interest and Exceptional items   -23,562,04   -19,243.2     4 Other Income   11,704.73   12,044.2     5 Others   5,796,86   2,137.2     5 Profit (+) / Loss (-) before interest and Exceptional items   -6,060.45   -5,061.2     6 Interest   8,237,43   5,082.2     7 Exceptional Items   0.00   -2     8 Profit (+) / Loss (-) from Ordinary Activities before tax   -14,297,88   -10,143.2     9 Tax expense   -1   -14,297,88   -10,143.3     10 Extraordinary Items   -14,297,88   -10,143.3     11 Extraordinary Items   -14,297,88   -10,143.3     12 Paid-up equity share capital (Rs, 1,000/- each)   22,21,668,49   18,97,466.7     14 Paid up Debt Capital   1,96,372,37   1,61,165,0     Reserves excluding Revaluation Reserves as per balance   Shert of previous accounting year   -2,40,766.57   -1,42,623.3     18 Earnings Per Share (EPS) - Basic (Face value of Rs, 1,000/- per Share)   -6,88   -5,5     18 Earnings Per Share (EPS) - Diluted   -6,45   -5,5     19 Debt Equity Ratio   0.10   0.00     Debt Service Coverage Ratio   0.52   0.00     ADDITIONAL DISCLOSURES AS PER SUB-REGULATION 52 OF LISTING AGREEMENT   -2,240,766,47   11,901929     A Asset Cover available (for NCD + Term Loan)   10,7060647   11,901929     b i. Credit Rating   None   None   None   Convertible bonds   1, Previous due date for payment of interest (NCB)   31,03,2016   31,03,2016   1, Previous due date for payment of principal non   Convertible bonds   1, Previous due date for repayment of principal non   Convertible bonds   1, Previous due date for repayment of principal non   Nil				1,255.78
1			23,653.62	19,340.78
a) Government Grants b) Others 5,796.66 2,137. Frofit (+) / Loss (-) before interest and Exceptional items 6,060.45 5,796.66 6,137. Exceptional Items 0,00 - 8, Profit (+) / Loss (-) from Ordinary Activities before tax 1-4,297.88 1-10,143. 9, Tax expense - 10, Profit (+) / Loss (-) from Ordinary Activities after tax 1-14,297.88 1-10,143. 11, Extraordinary Items 12, Net Profit (+) or Loss (-) for the period 13, Paid-up equity share capital (Rs. 1,000/- each) 14, Paid up Debt Capital 15, Seserves excluding Revaluation Reserves as per balance 16, Seserves excluding Revaluation Reserves as per balance 17, Seserves excluding Revaluation Reserves as per balance 18, Seserves excluding Revaluation Reserves as per balance 19, Debet Equity Ratio 10, 10, 10, 10, 10, 10, 10, 10, 10, 10,	3		-23,562.04	-19,243.32
D) Others	4	Other Income		
5		a) Government Grants		12,044.25
Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year share)   Peberture Redemption Reserve   Partings Per Share (EPS) - Diluted   Pebet Equity Ratio   Peter Stare)   Pebet Equity Ratio   Peter Stare)   Peter Stare (EPS) - Diluted   Peter Stare)   Peter S		b) Others	5,796.86	2,137.79
Tax expense	5	Profit (+) / Loss (-) before interest and Exceptional items	-6,060.45	-5,061.28
8	6	Interest	8,237.43	5,082.16
8	7	Exceptional Items	0.00	T. C.
9 Tax expense			-14 297 88	-10.143.45
10   Profit (+) / Loss (-) from Ordinary Activities after tax			11,277,00	
11 Extraordinary Items 12 Net Profit (+) or Loss (-) for the period 13 Paid-up equity share capital (Rs. 1,000/- each) 14 Paid up Debt Capital 15 Reserves excluding Revaluation Reserves as per balance 16 Sheet of previous accounting year 17 Share) 18 Earnings Per Share (EPS) - Basic (Face value of Rs.1,000/- per share) 19 Debt Equity Ratio 10 Debt Equity Ratio 10 Debt Service Coverage Ratio 11 Interest Service Coverage Ratio 12 Abset Cover available (for NCD + Term Loan) 13 Destroy and the Ar-(SO) 14 Paid up Debt Capital 15 Asset Cover available (for NCD + Term Loan) 16 Destroy and the Ar-(SO) 17 Destroy and the Ar-(SO) 18 Destroy and the Ar-(SO) 19 Destroy available (for NCD + Term Loan) 10 Destroy available (for NCD + Term Loan) 10 Destroy available (for NCD + Term Loan) 11 Destroy available (for NCD + Term Loan) 12 Destroy available (for NCD + Term Loan) 13 Destroy available (for NCD + Term Loan) 14 Destroy available (for NCD + Term Loan) 15 Destroy available (for NCD + Term Loan) 16 Destroy available (for NCD + Term Loan) 17 Destroy available (for NCD + Term Loan) 18 Destroy available (for NCD + Term Loan) 19 Destroy available (for NCD + Term Loan) 10 Destroy available (for NCD + Term Loan) 10 Destroy available (for NCD + Term Loan) 10 Destroy available (for NCD + Term Loan) 11 Destroy available (for NCD + Term Loan) 12 Destroy available (for NCD + Term Loan) 13 Destroy available (for NCD + Term Loan) 14 Destroy available (for NCD + Term Loan) 15 Destroy available (for NCD + Term Loan) 16 Destroy available (for NCD + Term Loan) 17 Destroy available (for NCD + Term Loan) 18 Destroy available (for NCD + Term Loan) 19 Destroy available (for NCD + Term Loan) 10 Destroy avai			14 207 00	10 142 45
12 Net Profit (+) or Loss (-) for the period	-		-14,297.00	-10,145.45
13   Paid-up equity share capital (Rs. 1,000/- each)   22,21,668.49   18,97,466.71     14   Paid up Debt Capital   1,96,372.37   1,61,165.01     15   Reserves excluding Revaluation Reserves as per balance   -2,40,766.57   -1,42,623.11     15   Debenture Redemption Reserve   -2,40,766.57   -1,42,623.11     16   Debenture Redemption Reserve   -2,40,766.57   -1,42,623.11     16   Debenture Redemption Reserve   -2,40,766.57   -1,42,623.11     16   Debenture Redemption Reserve   -2,40,766.57   -1,42,623.11     17   Earnings Per Share (EPS) - Basic (Face value of Rs.1,000/- per share)   -6.88   -5.11     18   Earnings Per Share (EPS) - Diluted   -6.45   -5.11     19   Debt Equity Ratio   0.10   0.10     20   Debt Service Coverage Ratio   0.52   0.10     20   Debt Service Coverage Ratio   0.52   0.10     21   Interest Service Coverage Ratio   0.52   0.10     22   ADDITIONAL DISCLOSURES AS PER SUB-REGULATION 52 OF LISTING AGREEMENT     a   Asset Cover available (for NCD + Term Loan)   10.7060647   11.901929.11     b   i. Credit Rating   AA-(SO)   AA-(SO)     ii. Change in Credit rating   None   None     c   i. Previous due date for payment of interest (NCB)   31.03.2016   31.03.2016     ii. Whether paid   Yes   Yes   Yes     i   Previous due date for repayment of principal non   Nil   Nil     ii. Whether paid   N.A   N.A     ii. Whether paid   N.A   N.A     ivertupe of the payment of interest on NCB   31.03.2017   31.03.2017     ii. Next due date for repayment of principal NCB   31.03.2024   31.03.2024	11		(#)	-
14         Paid up Debt Capital         1,96,372.37         1,61,165.0           15         Reserves excluding Revaluation Reserves as per balance         -2,40,766.57         -1,42,623.0           16         Debenture Redemption Reserve         -         -           Earnings Per Share (EPS) - Basic (Face value of Rs.1,000/- per share)         -         -           17         share)         -         -           18         Earnings Per Share (EPS) - Diluted         -         -           20         Debt Equity Ratio         0.10         0.0           20         Debt Service Coverage Ratio         0.52         0.0           21         Interest Service Coverage Ratio         0.52         0.0           ADDITIONAL DISCLOSURES AS PER SUB-REGULATION 52 OF LISTING AGREEMENT         a         Asset Cover available (for NCD + Term Loan)         10.7060647         11.901929           b         i. Credit Rating         AA-(SO)         AA-(SO)         ii. Credit Rating         None         None           c         i. Previous due date for payment of interest (NCB)         31.03.2016         31.03.2016         31.03.2016           ii. Whether paid         N.A         N.A         N.A           ii. Whether paid         N.A         N.A         N.A      <	12	Net Profit (+) or Loss (-) for the period	-14,297.88	
Reserves excluding Revaluation Reserves as per balance   5   5   5   5   5   5   5   5   5	13	Paid-up equity share capital (Rs. 1,000/- each)	22,21,668.49	18,97,466.77
15   sheet of previous accounting year   -2,40,766.57   -1,42,623.1     16   Debenture Redemption Reserve   -   -   -     Earnings Per Share (EPS) - Basic (Face value of Rs.1,000/- per share)   -6.88   -5.1     17   share)   -6.88   -5.1     18   Earnings Per Share (EPS) - Diluted   -6.45   -5.1     19   Debt Equity Ratio   0.10   0.0     20   Debt Service Coverage Ratio   0.52   0.0     21   Interest Service Coverage Ratio   0.52   0.0     ADDITIONAL DISCLOSURES AS PER SUB-REGULATION 52 OF LISTING AGREEMENT     a   Asset Cover available (for NCD + Term Loan)   10.7060647   11.901929c     b   i. Credit Rating   AA-(SO)   AA-(SO)     ii. Change in Credit rating   None   None     c   i. Previous due date for payment of interest (NCB)   31.03.2016   31.03.2016     ii. Whether paid   Yes   Yes   Yes     i. Previous due date for repayment of principal non   d convertible bonds   Nil   Nil   Nil     ii. Whether paid   N.A   N.A   N.A     e   Next due date for repayment of interest on NCB   31.03.2017   31.03.2017     f   Next due date for repayment of principal NCB   31.03.2024   31.03.2024	14	Paid up Debt Capital	1,96,372.37	1,61,165.00
Earnings Per Share (EPS) - Basic (Face value of Rs.1,000/- per share)  -6.88  -5.  18 Earnings Per Share (EPS) - Diluted  -6.45  -5.  19 Debt Equity Ratio  0.10  0.0  20 Debt Service Coverage Ratio  0.52  0.52  0.52  1 Interest Service Coverage Ratio  ADDITIONAL DISCLOSURES AS PER SUB-REGULATION 52 OF LISTING AGREEMENT  a Asset Cover available (for NCD + Term Loan)  i. Credit Rating  i. Credit Rating  ii. Change in Credit rating  None  None  c i. Previous due date for payment of interest (NCB)  ii. Whether paid  yes  Yes  i. Previous due date for repayment of principal non do convertible bonds  ii. Whether paid  N.A  N.A  N.A  N.A  N.A  Next due date for payment of interest on NCB  Next due date for repayment of principal NCB  Next due date for repayment of principal NCB  Next due date for repayment of principal NCB  31.03.2017  31.03.2024	15		-2,40,766.57	-1,42,623.63
17   share	16	Debenture Redemption Reserve	\*.	*
19 Debt Equity Ratio 0.10 0.10 20 Debt Service Coverage Ratio 0.52 0.2 21 Interest Service Coverage Ratio 0.52 0.52  ADDITIONAL DISCLOSURES AS PER SUB-REGULATION 52 OF LISTING AGREEMENT a Asset Cover available (for NCD + Term Loan) 10.7060647 11.9019290 b i. Credit Rating AA-(SO) AA-(SO) ii. Change in Credit rating None None c i. Previous due date for payment of interest (NCB) 31.03.2016 31.03.2016 ii. Whether paid Yes Yes i. Previous due date for repayment of principal non convertible bonds N.A N.A e Next due date for payment of interest on NCB 31.03.2017 31.03.2017 f Next due date for repayment of principal NCB 31.03.2024 31.03.2024	17		-6.88	-5.45
20 Debt Service Coverage Ratio 0.52 0.  21 Interest Service Coverage Ratio 0.52 0.  ADDITIONAL DISCLOSURES AS PER SUB-REGULATION 52 OF LISTING AGREEMENT  a Asset Cover available (for NCD + Term Loan) 10.7060647 11.9019290  b i. Credit Rating AA-(SO) AA-(SO)  ii. Change in Credit rating None None  c i. Previous due date for payment of interest (NCB) 31.03.2016 31.03.2016  ii. Whether paid Yes Yes  i. Previous due date for repayment of principal non convertible bonds Nil Nil Nil  iii. Whether paid N.A N.A N.A  e Next due date for payment of interest on NCB 31.03.2017 31.03.2017  f Next due date for repayment of principal NCB 31.03.2024 31.03.2024	18	Earnings Per Share (EPS) - Diluted	-6.45	-5.27
21 Interest Service Coverage Ratio  ADDITIONAL DISCLOSURES AS PER SUB-REGULATION 52 OF LISTING AGREEMENT  a Asset Cover available (for NCD + Term Loan)  10.7060647  11.9019290  b i. Credit Rating  AA-(SO)  ii. Change in Credit rating  None  None  c i. Previous due date for payment of interest (NCB)  ii. Whether paid  Yes  Yes  i. Previous due date for repayment of principal non donvertible bonds  ii. Whether paid  Nil  Nil  Nil  iii. Whether paid  N.A  N.A  N.A  N.A  N.A  N.A  N.A  Next due date for payment of principal NCB  Next due date for repayment of principal NCB  31.03.2017  31.03.2024  31.03.2024	19	Debt Equity Ratio	0.10	0.09
ADDITIONAL DISCLOSURES AS PER SUB-REGULATION 52 OF LISTING AGREEMENT  a Asset Cover available (for NCD + Term Loan)  b i. Credit Rating  c i. Change in Credit rating  d ii. Change in Credit rating  c i. Previous due date for payment of interest (NCB)  ii. Whether paid  ii. Previous due date for repayment of principal non convertible bonds  ii. Whether paid  Nil  Nil  Nil  Nil  Nil  Nil  Nil  N	20	Debt Service Coverage Ratio	0.52	0.59
a Asset Cover available (for NCD + Term Loan)  b i. Credit Rating  ii. Change in Credit rating  c i. Previous due date for payment of interest (NCB)  ii. Whether paid  ii. Previous due date for repayment of principal non convertible bonds  iii. Whether paid  Nil Nil  Nil Nil  iii. Whether paid  Next due date for payment of interest on NCB  Next due date for repayment of principal NCB  31.03.2017  31.03.2017  31.03.2024  31.03.2024	21	Interest Service Coverage Ratio	0.52	0.60
a Asset Cover available (for NCD + Term Loan)  b i. Credit Rating  ii. Change in Credit rating  c i. Previous due date for payment of interest (NCB)  ii. Whether paid  ii. Previous due date for repayment of principal non convertible bonds  iii. Whether paid  Nil Nil  Nil Nil  iii. Whether paid  Next due date for payment of interest on NCB  Next due date for repayment of principal NCB  31.03.2017  31.03.2017  31.03.2024  31.03.2024		ADDITIONAL DISCLOSURES AS PER SUB-REGULA	TION 52 OF LISTING AC	GREEMENT
b i. Credit Rating ii. Change in Credit rating  C i. Previous due date for payment of interest (NCB) ii. Whether paid ii. Previous due date for repayment of principal non convertible bonds iii. Whether paid Nil Nil Nil Nil Ni. Whether paid Nil Ni. Whether paid Nil	a		C ACRONIBERC SMOOTHER BOOK	11.90192961
ii. Change in Credit rating  C i. Previous due date for payment of interest (NCB)  ii. Whether paid  ii. Previous due date for repayment of principal non donvertible bonds  iii. Whether paid  Nil			AA-(SO)	
c i. Previous due date for payment of interest (NCB)  ii. Whether paid  ii. Whether paid  ii. Previous due date for repayment of principal non convertible bonds  iii. Whether paid  Nil Nil Nil  iii. Whether paid  N.A N.A  Next due date for payment of interest on NCB  Next due date for repayment of principal NCB  Next due date for repayment of principal NCB  31.03.2017  31.03.2024	D			
ii. Whether paid Yes Yes  i. Previous due date for repayment of principal non d convertible bonds Nil Nil Nil  ii. Whether paid N.A N.A N.A  e Next due date for payment of interest on NCB 31.03.2017 31.03.2017  f Next due date for repayment of principal NCB 31.03.2024 31.03.2024			31 03 2016	31 03 2016
i. Previous due date for repayment of principal non d convertible bonds Nil Nil Nil Nil ii. Whether paid N.A N.A N.A  e Next due date for payment of interest on NCB 31.03.2017 31.03.2017  f Next due date for repayment of principal NCB 31.03.2024 31.03.2024	c		- ALTOMOROUS CONTROL CONTROL	MANAGE SCHOOL SECTION
ii. Whether paid   N.A   N.A     e   Next due date for payment of interest on NCB   31.03.2017   31.03.2017     f   Next due date for repayment of principal NCB   31.03.2024   31.03.2024		i. Previous due date for repayment of principal non	SLI AND	
e         Next due date for payment of interest on NCB         31.03.2017         31.03.2017           f         Next due date for repayment of principal NCB         31.03.2024         31.03.2024	u			
f Next due date for repayment of principal NCB 31.03.2024 31.03.2024	-			
g Net worth 20,15,933.95 18,24,976.8		Net worth FOR MANIAN & RAO	20,15,933.95	8,24,976.85

Place: Bengaluru Date: 14.12.16

R. SRIKANTH Partner Membership No. - 203 Bangalore

(R. Rudraiah) Managing Director

#### Notes:

- 1. 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 without profit motive. 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), Six Minor Irrigation works of Uttar Kannada District etc.,. 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. 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.
- 2. The above results have been reviewed by the Audit Committee of the Board of Directors in the meeting held on 14th December 2016 and approved by the Board of Directors in their meeting held on the same day. The Statutory Auditors have subjected the same to limited review vide their report dated 14<sup>th</sup> December, 2016.
- 3. The half yearly financial results have been prepared as per the stipulations contained in the SEBI circular CIR/IMD/DF1/69/2016 dated August 10, 2016 in continuation to circular NO.CIR/CFD/FAC/62/2016 dated 5<sup>th</sup> July, 2016. As per clause 2.2 of the guidelines contained in the circular, the existing formats prescribed in SEBI Circular dated November 27,2015 shall continue till the period ending on or before 31<sup>st</sup> December, 2016. Further as per clause 2.8(iii) of the circular dated August 10, 2016, the comparative financial figures as per IND AS for the preceding full year is not mandatory.
- 4. The Company has adopted IND AS from 1<sup>st</sup> April, 2016 and accordingly the financial results have been prepared in compliance with IND AS. In the preparation of the ffinancial results, the same accounting policies and practices followed by the Company in preparation of financial statements for the year ended 31<sup>st</sup> March 2015 have been followed except that the provisions of IND-AS to the extent applicable and the transition provisions under IND AS-101 have been adopted by the Company. However, in the opinion of the Chartered Accountant firm specifically appointed for ascertaining the impact on adoption of IND AS, the effect on the accounts on adoption of IND AS is minimal and do not have any effect on the results compiled for the half year ended 30<sup>th</sup> September, 2016 / 30<sup>th</sup> September, 2015. Consequently, no adjustments have been carried out to the Balance Sheet and Statement of Profit & Loss on account of transition from the previous Indian GAAP to IND AS.
- 5. In terms of SEBI Circular No. CIR/IMD/DFI/69/2016 dated 10th August 2016, relaxations have been allowed to the entitles (which have listed their debt securities), for the first half year of the adoption of IND AS and accordingly the financial results are being submitted within the extended timeline of 75 days from the end of the half year.



The IND AS compliant financial results pertaining to corresponding half year ended on 30th September, 2015, have not been subjected to limited review or audit. However, the management has exercised due diligence to ensure that the financial results provide a true and fair view of the Company's affairs.

- 6. The statutory audit for the previous financial year ended 31<sup>st</sup> March, 2016 is under progress and opening balances as on 01.04.2016 have been incorporated on provisional basis and may undergo change, the impact of which is not ascertainable. The financial results do not include figures for the previous year ended 31<sup>st</sup> March, 2016 as per SEBI Circular NO. CIR/IMD/DF1/69/2016 dated August 10, 2016.
- 7. The Company is executing various irrigation projects in the State of Karnataka there are no reportable segments as per IND AS 108 "Operating Segments".
- 8. Debenture Redemption Reserve is not created as the Company has not earned profits and the repayments of principal amount of the Bonds and Term Loans and payment of interest thereon are guaranteed and wholly funded by the Government of Karnataka.
- 9. Deferred Tax Assets/ Liabilities as per IND AS 12 "Income taxes" has not been recognized due to uncertainty in the recovery of the same as there is huge accumulated unabsorbed losses for the Company under Income tax Act.
- 10. The previous period/ year figures have been regrouped/ reclassified wherever necessary.
- 11. Formula used for computation of coverage ratios
  - a) DSCR= Profits before Interest and Depreciation less tax/ Interest plus Principle repayment of Long term Debts.
  - b) ISCR= Profits before Interest and Depreciation less tax/ Interest.
- 12. Status of investors' Grievance for the half-year ended on 30.09.2016:
  - (i)\* Pending as on 01.04.2016: Nil
  - (ii) Received during the period from 01.04.2016 to 30.09.2016: Nil
  - (iii) Disposed off during the period from 01.04.2016 to 30.09.2016: Nil

(iv) Pending at the end of 30.09.2016: Nil.

Place: Bengaluru

Date: 14.12.16

For MANIAN & RAO
Chartered Adcountants
FRN-00/983S

R. SRIKANTH
Partner

R. Rudraiah

Managing Director

DIN:06453760

11/12



Limited Review Report

The Board of Directors, Karnataka Neeravari Nigam Ltd., Coffee Board Building, Bangalore - 560 001.

### INTRODUCTION

1. We have reviewed the accompanying statement of unaudited financial results of Karnataka Neeravari Nigam Limited for the half year ended 30th September, 2016 being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Attention is drawn to the fact that the figures for the corresponding half year ended 30<sup>th</sup> September2015, including the reconciliation of loss under IND AS of the corresponding half year with loss reported under previous GAAP (adjustments not considered necessary by management based on materiality), as reported in these financial results have been approved by company's Board of Directors but have not been subjected to review. This Statement is the responsibility of the Company's management and has been taken on record and approved by the Boardof Directors.Our Responsibility is to issue a report on the statement basedon our review.

#### SCOPE OF REVIEW

2. We have conducted our review in accordancewith Standardson Review Engagement (SRE) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. A review is substantially less in scope than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

## BASISFORQUALIFIED CONCLUSION

- 3. Attention is drawn to the following non-compliances / deviations:
- Non provision of liability in respect of additional quantity of works executed by the Contractors, Crop compensation to farmers & compensation to land losers and which is not ascertainable.
- The apportionment of administrative and other general overheads (including expenses which may not be attributable) on the basis of consolidated CWIP; Non-capitalization of expenditure during construction on assets capitalized during the period which is not in accordance with IND AS 16 "Property, Plant & Equipment" and the impact on the financial results are not ascertainable.

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- The excess allocation of expenditure during construction on those assets completed and put to use in earlier years but capitalized during the period and not charging prior period depreciation in respect of assets capitalized during the period but completed in earlier years, the consequent effect of the same which is not quantifiable.
- iv) For the purposes of depreciation, the life of assets capitalizedduring the year (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 IND AS16 is to be provided over the residual useful life of the main asset.
- v) Non-ascertainment of impairment loss and making necessary provision in the accounts by establishing "value in use" for the cash generating units (CGU assets) as required under IND AS 36 "Impairment of Assets".
- vi) Reconciliation and non-capitalization of establishment expenses since inception of the Company incurred by Special Land Acquisition Officers (GOK) which is not ascertainable and which has resulted in understatement of Fixed Asset/CWIP andoverstatement of Long Term loans & Advances.
- vii) Provision towards leave encashment and gratuity made on estimated basis, the adequacy of which could not be determined.
- viii) Provision and remittance of workers welfare cess at 1% for the works entrusted to contractors prior to November 01, 2006 is accounted on estimated basis and not on actual basis, the adequacy of which could not be determined.
- 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 is accounted on estimated basis and not on actual basis, theadequacyof which could not be determined.

## **QUALIFIED CONCLUSION**

4. Based on our review, with the exception of the matters described in the Basis for Qualified Conclusion paragraph no.3 above, the effect ofwhich could not be quantified, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results read with notes thereonprepared in accordance with applicableIndian Accounting Standards (IND AS) prescribed under section 133 of the Companies Act,2013 read with relevant rules issued thereunder and other recognized accounting policies and practices generally accepted in Indiahas not disclosed the information required to be disclosed in terms of clause 29 of standard listing agreement for debt securities including the manner in which the information needs to be presented and disclosed, or that it contains any other misstatement

## EMPHASIS OF MATTER

- 5. Without qualifying we draw attention to the following notes to the results:
  - Note 4 wherein adjustment to Balance sheet / Profit & Loss account have not been carried in the financials on transition from Indian GAAP to IND AS based on opinion that impact being not material;
  - b) Note 6 wherein the opening balances as on 01/04/2016 have been incorporated on provisional basis as the statutory audit for the financial year ended 31st March, 2016 is yet to be completed and the impact of the same on the financial results is not ascertainable;
  - c) Note 9 regarding non-recognition of deferred tax asset/ liability because of huge carried forward of losses under Income tax Act.

Place: Bengaluru

Date: 14<sup>th</sup> December, 2016



for Manian & Rao, Chartered Accountants Firm Regn.No: 001983S

SRIKANTH. R Partner Membership No. 203138