

NORTH KARNATAKA EXPRESSWAY LIMITED

ANNUAL REPORT

2013-14

North Karnataka Expressway Limited

Regd. Office : The IL&FS Financial Center, Plot C-22, G Block,
Bandra Kurla Complex, Mumbai- 400051
Tel : 022-26533333 Fax : 022-26523979
CIN : U45203MH2001PLC163992

NOTICE OF THE TWELFTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of North Karnataka Expressway Limited will be held at the Registered Office of the Company at The IL&FS Financial Centre, Plot No. C-22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400051 on Tuesday, 30th day of September, 2014, at 2.40 p.m. to transact the following business:

ORDINARY BUSINESS:

- [1] To receive, consider and adopt the Balance Sheet as at March 31, 2014 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon
- [2] To declare a dividend
- [3] To appoint a Director in place of Mr. Rajiv Dubey, who retires by rotation and being eligible offers himself for re-appointment
- [4] To appoint Auditors and fix their remuneration and in this regard to consider and, if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions Section 139 and other applicable provisions, if any of the Companies Act, 2013 and the rules made thereunder, as amended from time to time M/s. M. P. Chitale & Co., Chartered Accountants, Mumbai registered with the Institute of Chartered Accountants of India vide Registration No 101851W be and is hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 17th AGM of the Company to be held in the year 2019 (subject to ratification of their appointment at every AGM) on such remuneration as may be fixed by the Board of Directors of the Company

SPECIAL BUSINESS:

- [5] To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 and also other applicable provisions of the Companies Act 1956 (including any amendments thereto or re-enactment thereof), Foreign Exchange Management Act, 1999 including Rules and Regulations framed thereunder, and subject to any other approvals, if required, consent of the Company be and is hereby accorded to the Board of Directors or Committee thereof to borrow moneys by way of loans/debentures (whether secured or unsecured) /bonds/ deposits/fund based/non-fund based limits/guarantees or any other mode for

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the purpose of the business of the Company to the extent of ₹1000,00,00,000 (Rupees One Thousand Crores Only) outstanding at any time either in Indian or Foreign Currency from time to time from any bank(s) or any financial institution(s) or any other institution(s), firm(s), body corporate(s) or other person(s) or from any other source in India or outside India notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes

“RESOLVED FURTHER THAT the Board of Directors of the Company including any Committee thereof be and are hereby authorized to do all such acts, deeds, as they may, in its absolute discretion, consider necessary, expedient or desirable including power to sub-delegate, in order to give effect to this resolution or as otherwise considered by them to be in the best interest of the Company, as they may deem fit

- [6] To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and all other applicable provisions, if any, of the Companies Act, 2013 and also other applicable provisions of the Companies Act 1956 (including any amendments thereto or re-enactment thereof), Foreign Exchange Management Act, 1999 including Rules and Regulations framed thereunder, and subject to any other approval, if required, consent of the Company be and is hereby accorded to the Board of Directors or Committee thereof to create, from time to time, such mortgages, charges and hypothecations, in addition to the mortgages/ charges/ hypothecation created/ to be created by the Company, on such terms and conditions as the Board or Committee thereof may deem fit on the whole or substantially the whole of the Company's undertakings and other properties, both present and/or future, whether movable or immovable comprised in any of the undertakings of the Company as the case may be, in favour of banks and/or financial institutions, both national and international, and/or other bodies corporate or agencies as may be agreed to by the Board for the purpose of securing any issue of any debentures or loans or other financial assistance, by way of cash credit, overdraft, letter of credit and guarantee facilities and the like, whether in Rupees or in foreign currency or currencies subject to a maximum limit of ₹1000,00,00,000 (Rupees One Thousand Crores Only) together with simple and/or compound interest thereon, commitment charges, management fees, service charges, premium on redemption of debentures including any increase as a result of devaluation/evaluation/fluctuation in the rate of exchange of foreign currencies and all other costs, charges and expenses payable from time to time as per terms and conditions prescribed in any loan agreements or other deeds and documents entered into between the Company and the said banks and / or financial institutions, both national and international, or bodies corporate and agencies

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“RESOLVED FURTHER THAT the Board of Directors of the Company including any Committee thereof be and are hereby authorized to finalize and execute all agreements, deeds, documents and other writings, as required, for creating mortgages, charges, and/or hypothecations and to do all such acts, as the Board may, in its absolute discretion, consider necessary, expedient or desirable including power to sub-delegate, in order to give effect to this resolutionö

By order of the Board of Directors
North Karnataka Expressway Limited

Sd/-
Company Secretary

Mumbai
April 23, 2014

Registered Office:
The IL&FS Financial Centre
Plot No.C-22, G Block, Bandra-Kurla Complex
Bandra (East), Mumbai 400 051

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NOTE:

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING**
- b) The relative Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, in respect of the business at Item Nos. 5 & 6 of the accompanying notice are annexed hereto
- c) The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from September 24, 2014 to September 30, 2014 (both days inclusive)
- d) The Final Dividend as recommended by the Board of Directors, if approved by the shareholders at the 12th Annual General Meeting of the Company, shall be paid to those Members whose names appear on the Register of Members of the Company on (Date). In respect of the shares held in electronic form, the Dividend will be payable to the Beneficial Owners of the shares as on the closing hours of business on (Date) as per the details furnished by the Depositories for this purpose
- e) Pursuant to the provisions of Section 125 of the Companies Act, 2013, the amount of dividend which remains unpaid/unclaimed for a period of 7 years would be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government and Member(s) would not be able to claim any amount of dividend so transferred to the fund

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EXPLANATORY STATEMENT

THE FOLLOWING EXPLANATORY STATEMENT SETS OUT THE MATERIAL FACTS WITH RESPECT TO THE NOTICE DATED APRIL 23, 2014 AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013

Item No 5 & 6:

For the purpose of implementation of the Project undertaken by the Company, it would require to borrow funds in excess of its paid up capital and free reserves and /or secure the borrowings by way of a mortgage/charge on the properties/assets of the Company. Since the Company will be mortgaging its immovable and movable properties in favour of the lenders the same may be considered to be disposal of the Company's properties. In view thereof, it is necessary to seek approval of the Members by passing a special resolution u/s 180(1)(a) and Section 180(1)(c) of the Companies Act 2013 before creation of any mortgage/charge on the assets of the Company and borrowing money from the lenders

These are enabling resolutions to empower the Board of Directors to take necessary steps to augment the funds requirement of the Company

Your Directors recommend the Special Resolutions as set out at Item Nos. 5 & 6 of the Notice for approval of the Members

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned with or interested in these Special Resolutions

By order of the Board of Directors
Of North Karnataka Expressway Limited

Sd/-
Company Secretary

Mumbai
April 23, 2014

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Reg Folio No _____

No. of Shares held _____

I/We _____ of _____ being a Member(s) of North Karnataka Expressway Limited hereby appoint _____ of _____ or failing him _____ of _____ as my/ our proxy to vote for me/us on my/our behalf at the Twelfth Annual General Meeting of the Company to be held on Tuesday, 30th day of September, 2014, at 2.40 p.m. or at any adjournment thereof

Signed this the ____ day of _____, 2014

Signed

Affix
15 paise
Revenue
Stamp

Note: This form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting. The Proxy need not be a member of the Company

North Karnataka Expressway Limited

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Attendance Slip

(To be handed over at the entrance of the Meeting hall)

Twelfth Annual General Meeting held on Tuesday, 30th day of September, 2014, at 2.40 p.m.

I hereby record my presence at the Twelfth Annual General Meeting of North Karnataka Expressway Limited held at the Registered Office of the Company at The IL&FS Financial Centre, Plot No. C-22, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051

Folio no. _____

Full name of the Member (in BLOCK LETTERS) _____

Full name of the Proxy (in BLOCK LETTERS) _____

Member's/ Proxy's Signature _____

DIRECTORS' REPORT

The Shareholders

NORTH KARNATAKA EXPRESSWAY LIMITED

Your Directors have pleasure in presenting the Twelfth Annual Report along with the Audited Statements of Accounts for the year ended March 31, 2014

FINANCIAL RESULTS

The financial results of the Company are as under:

(Amount. in ₹)

	Year ended March 31, 2014	Year ended March 31, 2013
Total Income	1,140,964,310	1,132,579,051
Total Expenses	(873,140,342)	(903,299,751)
Profit Before Tax	267,823,968	229,279,301
Less: Provision for Tax	(53,600,000)	(45,900,000)
Profit After Tax	214,223,968	183,379,301
Balance carried forward	578,198,109	433,458,758

OPERATIONS:

Your Company continued to maintain and operate the Belgaum Maharashtra Border Road project to the quality standards in accordance with the contractual requirements. During the year under review, the Company received annuity payment of ₹101.03 Crores from National Highways Authority of India

DIVIDEND:

Your Directors have recommended payment of dividend of ₹1/- per share (Previous Year: ₹1/- per share) for the year under review. The proposed dividend, if approved at the Annual General Meeting, will absorb a sum of ₹6,94,84,618/- including tax on dividend of ₹1,00,93,518/- (Previous Year: ₹6,90,25,821/- including tax on dividend of ₹96,34,721/-)

REDEMPTION OF NON - CONVERTIBLE DEBENTURES:

Your Company had issued 4636 Secured, Rated, Listed, Taxable, Redeemable, Zero-Coupon, Non-Convertible Debentures of Face Value of ₹1,000,000/- each (the "Debentures"), aggregating upto ₹4,636,000,000 on a Private Placement basis on December 9, 2010. Out of the aforementioned Debentures, the Company had redeemed 2,291 debentures as of date including 571 debentures redeemed during the year under review

DIRECTORS:

During the year under review, Mr. Harish Mathur resigned as a Director effective July 17, 2013. The Directors placed on record their sincere appreciation for the valuable guidance and support rendered by Mr. Mathur. In terms of the provisions of the Companies Act, 2013, Mr. Rajiv Dubey,

Director retire by rotation at the forthcoming Annual General Meeting and being eligible has offered himself for re-appointment

AUDITORS:

M/s. M. P. Chitale & Co., Chartered Accountants, Statutory Auditors, retires at the ensuing Annual General Meeting retire at the ensuing Annual General Meeting and have expressed their willingness to continue as Statutory Auditors, if re-appointed

The Company has also received a certificate from M/s. M. P. Chitale & Co. under Section 139(1) and Section 141 of the Companies Act, 2013 confirming their eligibility for re-appointment. Accordingly, M/s. M. P. Chitale & Co., Chartered Accountants, are proposed to be re-appointed at the Annual General Meeting, for a period of five years, subject to annual ratification of their appointment by the Members

DEPOSITS:

Your Company has not accepted any Fixed Deposits during the year under review

CORPORATE GOVERNANCE:

Four Board Meetings were held during the year under review on April 18, 2013, July 18, 2013, October 18, 2013 and January 21, 2014. The numbers of meetings attended by the Directors are as under:

Sr. No.	Name of Directors	No. of Board Meeting held	No. of Board Meetings Attended
1	Mr Pradeep Puri	4	3
2	Mr George Cherian	4	4
3	Mr Rajiv Dubey	4	3
4	Mr. S. K. Goyal	4	2
5	Mr. Harish Mathur (upto July 17, 2013)	2	2

The Audit Committee is comprised of Mr. Pradeep Puri, Chairman, Mr. George Cherian and Mr. S. K. Goyal. The Audit Committee met four times during the year under review on April 18, 2013, July 18, 2013, October 18, 2013 and January 21, 2014. The numbers of meetings attended by the Members are as under:

Sr. No.	Name of Directors	No. of Board Meeting held	No. of Board Meetings Attended
1	Mr Pradeep Puri	4	4
2	Mr George Cherian	4	4
3	Mr Rajiv Dubey	2	2
4	Mr. Harish Mathur (upto July 17, 2013)	2	1

The last Annual General Meeting (AGM) of the Company was held on September 25, 2013 and Chairman of the Audit Committee was present at the AGM

The Chairman of the Audit Committee was present at the AGM

PARTICULARS OF EMPLOYEES:

There were no employees in respect of whom the information is required to be provided pursuant to Section 217(2A) of the Companies Act, 1956

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors based on the representations received from the Operating Management, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that period;
- (c) they 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) they have prepared the annual accounts on a going concern basis

FOREIGN EXCHANGE EARNINGS AND OUTGO:

There was no earning or outgo of foreign exchange during the year under review

Since your Company does not have any manufacturing facility, the other particulars in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable and hence not provided

ACKNOWLEDGMENTS:

The Directors place on record their appreciation for the support and co-operation received from various Government Authorities including National Highway Authority of India, Central and State Government/Agencies, Bankers, Regulatory Authorities and Shareholders of the Company

By the order of the Board

Mumbai, April 23, 2014

Sd/-
Managing Director

Sd/-
Director

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
NORTH KARNATAKA EXPRESSWAY LIMITED**

Report on the Financial Statements

1. We have audited the accompanying financial statements of **North Karnataka Expressway Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

2. Management 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 notified under the Companies (Accounting Standards) Rules, 2006 which as per a clarification issued by the Ministry of Corporate Affairs continue to apply under section 133 of the Companies Act, 2013. 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 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 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 audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, 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, 2014;
 - (b) in the case of the Profit and Loss Account, of the profit 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.

Report on Other Legal and Regulatory Requirements

7. As required by section 227(3) of the Companies Act 1956, 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, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement complies with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 which as per a clarification issued by the Ministry of Corporate Affairs continue to apply under section 133 of the Companies Act, 2013.
 - e. on the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



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 statement on the matters specified in paragraphs 4 and 5 of the Order.

For M P Chitale & Co.
Chartered Accountants
ICAI FR No. 101851W



Murtuza Vajihi
Partner

ICAI M No. 112555



Place: Mumbai,
Date : April 23, 2014

Annexure referred to in paragraph (8) of our report of even date

1. (a) The Company has maintained proper records for fixed assets showing full particulars, including quantitative details and situation of fixed assets.
(b) The Management has during the year conducted physical verification of the major fixed assets. We are informed that no major discrepancies were noticed on such verification
(c) Based on our examination of the records of the Company, we find that no substantial part of the fixed assets has been disposed off during the year.
2. (a), (b) & (c) Since, the Company does not have any inventory, these clauses do not apply to the Company.
3. (a) Company has not granted/taken any unsecured loans to company covered in the register maintained under Section 301 of the Act hence, paras 3 (a) to (d) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services. Further on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weakness in the aforesaid internal control procedures.
5. In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956,
(a) According to the information and explanations given to us, there were no contracts or arrangements referred to in Section 301 of the companies Act 1956 that needed to be entered in the register maintained under the said Section According, sub-clause (b) of clause (vi) of Paragraph 4 of CARO is not applicable to the company
6. As per the information and explanations given to us the Company has not accepted any deposits from public. Consequently the directives issued by Reserve Bank of India and the provisions of sections 58A and 58AA of the Act and the rules framed there under are not applicable.
7. In our opinion, the Company's Internal Audit System is commensurate with its size and nature of its business.



8. As required by the Companies (Cost Accounting Records) Rules, 2011, the Company has obtained a compliance report of the cost accountant in respect of the accuracy and completeness of the cost records maintained by the Company relating to activities of the company
9. (a) According to the information and explanations given to us and on the basis of books and records produced and examined by us, undisputed statutory dues have generally been regularly deposited with the appropriate authorities and that there are no statutory dues that are outstanding for more than six months at the end of the year.
- (b) As at the year-end, according to the records of the Company and information and explanations given to us, there are no disputed dues on account of income tax, sales tax, customs duty, excise duty, cess, wealth tax, service tax which have not been deposited with respective authorities.
- (c) Details of dues of Income-tax which have not been deposited as on March 31, 2014 on account of disputes are given below

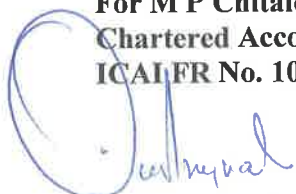
Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates (Assessment year)	Amount involved (Rupees in crores)
Income Tax Act, 1961	Income Tax	Income Tax	2005-06	10.61
		Appellate Tribunal		
		Commissioner of Income Tax	2008-09	0.77
Total				11.38

10. The Company does not have any accumulated losses as at March 31, 2014 and has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
11. As per books and records maintained by the Company and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to debenture holders.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



13. The Company is not a chit fund / nidhi /mutual benefit fund / society. Hence, the provisions of any special statute as specified under clause (xiii) of Paragraph 4 of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities.
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
16. The company has not availed any term loans.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, there have been no funds raised by the company during the year on a short-term basis hence, this para is not applicable
18. The Company has not made any preferential allotment of shares during the year to parties/companies hence, this para is not applicable
19. According to the information and explanations given to us, the Company has created a charge in respect of debentures issued in earlier financial years
20. The Company has not raised any money through a public issue during the year.
21. Based on information and explanations furnished by the management, which have been relied upon by us, no frauds on or by the Company were noticed or reported during the year.

For M P Chitale & Co.
Chartered Accountants
ICAI FR No. 101851W



Murtuza Vajihi
Partner
ICAI M No. 112555



Place: Mumbai,
Date : April 23, 2014

NORTH KARNATAKA EXPRESSWAY LIMITED

Balance Sheet as at March 31, 2014

		Amount in Rupees			
Particulars	Note	As At March 31, 2014		As At March 31, 2013	
I EQUITY AND LIABILITIES					
SHAREHOLDERS' FUNDS					
(a) Share capital	2	59,39,11,000		59,39,11,000	
(b) Reserves and surplus	3	57,81,98,109	1,17,21,09,109	43,34,58,758	1,02,73,69,758
NON-CURRENT LIABILITIES					
(a) Long-term borrowings	4	1,82,90,00,000		2,34,50,00,000	
(b) Other long term liabilities	5	61,92,37,641	2,44,82,37,641	52,93,99,034	2,87,43,99,034
CURRENT LIABILITIES					
(a) Current maturities of long-term debt	6	69,07,00,000		69,99,10,000	
(b) Trade payables	7	21,73,402		10,07,771	
(c) Other current liabilities	8	3,32,397		31,087	
(d) Short-term provisions	9	8,26,58,480	77,58,64,279	8,21,99,683	78,31,48,541
TOTAL			4,39,62,11,029		4,68,49,17,334
II ASSETS					
NON CURRENT ASSETS					
(a) Fixed assets	10				
(i) Tangible assets		1,36,918		1,93,542	
(ii) Intangible assets		2,21,63,67,654		2,65,35,17,978	
(b) Long-term loans and advances	11	2,77,99,795	2,24,43,04,367	3,75,57,085	2,69,12,68,605
CURRENT ASSETS					
(a) Cash and Cash Equivalents	12	92,84,85,708		82,96,90,168	
(b) Short-term loans and advances	13	79,84,11,715		79,87,99,319	
(c) Other current assets	14	42,50,09,239	2,15,19,06,662	36,51,59,243	1,99,36,48,730
TOTAL			4,39,62,11,029		4,68,49,17,334

Notes 1 to 24 form part of the financial statements.

In terms of our report attached.
For **M P Chitale & Co.**
Chartered Accountants

Murtuza Vajithi
Partner
Date : April 23, 2014
Mumbai



For and on behalf of the Board

Managing Director

Director

Company Secretary

Date : April 23, 2014
Mumbai

Statement of Profit and Loss for the Year Ended March 31, 2014

Particulars	Note	Amount in Rupees	
		Year ended March 31, 2014	Year ended March 31, 2013
I REVENUE FROM OPERATIONS	15	1,01,03,40,000	1,01,03,40,000
II OTHER INCOME	16	13,06,24,310	12,22,39,051
III TOTAL REVENUE (I + II)		1,14,09,64,310	1,13,25,79,051
IV EXPENSES			
Operating expenses	17	11,29,58,686	10,56,04,994
Finance costs	18	31,25,17,637	35,15,29,066
Depreciation / Amortisation		43,72,06,946	43,72,14,885
Other expenses (Administrative and general expenses)	19	1,04,57,073	89,50,806
TOTAL EXPENSES		87,31,40,342	90,32,99,751
V Profit / (Loss) before taxation (III-IV)		26,78,23,968	22,92,79,300
VI TAX EXPENSE:			
(1) Current tax		5,36,00,000	4,59,00,000
(2) Deferred tax		-	-
TOTAL TAX EXPENSES (VI)		5,36,00,000	4,59,00,000
VII PROFIT/(LOSS) FOR THE YEAR (V-VI)		21,42,23,968	18,33,79,300
Earnings per share (Face value per share Rupees 10/-):	20		
(1) Basic		3.61	3.09
(2) Diluted		3.61	3.09

Notes 1 to 24 form part of the financial statements.

In terms of our report attached,
For **M P Chitale & Co.**
Chartered Accountants

Murtuza Vajihi
Partner
Date : April 23, 2014
Mumbai



For and on behalf of the Board

Managing Director

Director

Company Secretary

Date : April 23, 2014
Mumbai

NORTH KARNATAKA EXPRESSWAY LIMITED

Cash Flow Statement for the Year Ended March 31, 2014

Particulars	Amount in Rupees	
	For the year ended March 31, 2014	For the year ended March 31, 2013
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	26,78,23,968	22,92,79,300
Adjustments for :-		
Depreciation	43,72,06,946	43,72,14,885
Finance costs	31,25,17,637	35,15,29,066
Interest Income	-13,06,08,311	-11,99,43,886
Profit on sale of fixed assets (net)	-15,999	-
Operating Cash Flow before Working Capital Changes	88,69,24,241	89,80,79,365
Adjustments for :-		
Loans and advances	4,64,184	51,60,318
Other current liabilities and trade payables	14,66,941	-13,16,438
Operating Cash Flows after Working Capital Changes	88,88,55,366	90,19,23,245
Advances payment of Taxes (Net of Refund Received)	-4,38,97,534	-2,47,77,550
Net Cash from Operations (A)	84,49,57,832	87,71,45,695
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Assets additions during the year	-	-55,040
Sale of Fixed Assets	15,999	-
Fixed Deposit encashed / (placed) with original maturity of more than three months	-	40,00,00,000
Interest received (net of taxes deducted)	7,07,58,315	8,31,41,533
Net Cash from / (used in) from Investing Activities (B)	7,07,74,314	48,30,86,493
CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of Non Convertible Debentures (principal repayment)	-57,10,00,000	-63,50,00,000
Finance cost paid	-16,37,36,922	-11,32,90,550
Payment of Dividend along with Taxes	-8,21,99,683	-
Net Cash (used in) Financing Activities (C)	-81,69,36,605	-74,82,90,550
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	9,87,95,541	61,19,41,637
Cash and Cash Equivalents at the beginning of the year	82,96,90,168	21,77,48,531
Cash and Cash Equivalents at the end of the year (As per note no- 12)	92,84,85,708	82,96,90,168
Net change in Cash & Cash Equivalents during the year	9,87,95,541	61,19,41,637

Notes 1 to 24 form part of the financial statements.

In terms of our report attached.

For **M P Chitale & Co.**
Chartered Accountants

Murtuza Vajih

Partner

Date : April 23, 2014

Mumbai



For and on behalf of the Board

Managing Director

Director

Company Secretary

Date : April 23, 2014

Mumbai

Notes forming part of the financial statements for the year ended March 31, 2014**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES****(A) Company Background**

The Company has been set up with the main object of promoting, developing, financing, building / constructing, modifying, operating and maintaining the Belgaum Maharashtra Border Road on NH - 4 and its ancillary facilities. Towards this end, the Company entered into a Concession Agreement with the National Highways Authority of India (NHAI) on November 20, 2001 under the terms of which, the Company obtained a concession to investigate, study, design, engineer, procure, finance, construct, operate and maintain the project / project facilities for a period of 17 years and 6 months commencing on June 20, 2002 and ending on December 19, 2019. The concession agreement entitles the Company to earn an annuity of 30 equal instalments of Rs.505,170,000 each at half yearly rests; the first instalment payable on June 20, 2005 and the final instalment payable on December 20, 2019.

(B) I Basis of preparation of Financial Statements

The Financial Statements have been prepared under the historical cost convention and comply with the Accounting Standards ('AS') specified in the Companies (Accounting Standard) Rules, 2006 notified by the Central Government in terms of Section 211(3C) of the Companies Act, 1956 read with general circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013, to the extent applicable. The Company generally follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties or otherwise accounted for on cash basis.

II Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the Management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosures of an item or information in the financial statements have been made relying on these estimates to a greater extent.

III Fixed Assets and Depreciation

- a Fixed assets other than project assets (Belgaum-Maharashtra Border Road Project) are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any.

The acquisition cost includes the purchase price (excluding refundable taxes) and expenses directly attributable to bring the asset to the site and in the working condition for its intended use, such as, delivery and handling costs, installation, legal services and consultancy services.

- b Expenses incurred on the North Karnataka Expressway Road include direct and attributable / allocated indirect expenses incurred for the construction of the same. Estimated value of components removed or not reused are reduced from the gross block and the cost of overlay or renewal expenses incurred to increase serviceability and throughput or which are in the nature of preservation costs and which extend the original useful life of the road are capitalised on a component basis.
- c The Company has adopted the Straight Line Method of depreciation so as to depreciate 100% of the cost of the following type of assets at rates higher than those prescribed under Schedule XIV to the Companies Act, 1956, based on the Management's estimate of useful life of such assets:
- | Asset Type | Estimated Useful Life |
|-------------------------------|-----------------------|
| Data Processing Equipments | 4 years |
| Specialised Office Equipments | 3 years |
| Assets Provided to Employees | 3 Years |
- d Amortisation on the components of Belgaum-Maharashtra Border Project is charged to the Statement of Profit and Loss on a straight line basis over the period over which the respective component is expected to be overlaid or renewed.
- e Depreciation on fixed assets other than on assets specified in Notes III (c) and (d) is provided on the Written Down Value method using the rates prescribed by Schedule XIV to the Companies Act, 1956.
- f All categories of assets costing less than Rs.5,000 each, mobile phones and items of soft furnishing are fully depreciated in the year of purchase.

IV Impairment of Assets

The carrying values of assets of the Company's cash-generating unit are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.



V Borrowing Costs

Borrowing costs are charged to the Statement of Profit and Loss in the year of its incurrence. Borrowing costs incurred in respect of borrowings specifically made towards construction of North Karnataka Expressway Road were capitalised till the date of commencement of commercial operations. Borrowing costs incurred subsequent to the capitalisation date are charged to the Profit and Loss Account.

VI Debenture

(a) Debenture issue expenditure

These are being charged to Statement of Profit and Loss over the period of redemption of debentures.

(b) Debenture Redemption Premium

Debenture Redemption Premium is charged to P & L account @ 9.00% p.a. (calculated semi-annually)

(c) Creation of Debenture Redemption Reserve (DRR)

Debenture Redemption Reserve created out of profit of the year

VII Taxes on Income

Taxes include taxes on the Company's taxable profits, adjustment attributable to earlier periods and changes in deferred taxes. Current tax is provided based on the amount of tax payable in respect of taxable income for the year as per the Income-tax Act, 1961. Currently, there is no deferred tax applicable since all timing differences between accounting income and taxable income are estimated to arise as well as reverse in the tax holiday period.

VIII Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed

IX Revenue Recognition

Annuity receivable under the Concession Agreement is recognised on a straight line basis over the period of the annuity. Interest Income is recognised on an accrual basis.

X Earnings Per Share

Basic earnings per share is calculated by dividing the profit for the year attributable to equity shareholders of the Company by the weighted average number of equity shares issued during the year / period.

Diluted earnings per share is calculated by dividing the profit for the year attributable to equity shareholders of the company by the weighted number of equity shares determined by assuming conversion on exercise of conversion rights for all potential dilutive securities.

XI Cash and Bank Balances

Cash and bank balances comprises of cash and cash Equivalents and other bank balances. Cash and Cash Equivalents comprised of Cash on Hand, Cheques in Hand, Balance with Banks, Demand and Term Deposits with original maturity of less than 3 months.

XII Cash Flow Statement

The Cash Flow Statement is prepared in accordance with "indirect method" as explained in the Accounting Standard (AS) 3 on "Cash Flow Statements".



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2014

NOTE 2: SHARE CAPITAL

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number of shares	Amount in Rupees	Number of shares	Amount in Rupees
Authorised Equity Shares of Rupees 10/- each	10,05,81,000	1,00,58,10,000	10,05,81,000	1,00,58,10,000
Issued Equity Shares of Rupees 10/- each	5,93,91,100	59,39,11,000	5,93,91,100	59,39,11,000
Subscribed and Paid up Equity Shares of Rupees 10/- each fully paid (refer foot note no. i, ii, and iii)				
TOTAL	5,93,91,100	59,39,11,000	5,93,91,100	59,39,11,000

FOOT NOTES:

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

Particulars	As at March 31, 2014		As at March 31, 2013	
	Equity Shares Number of Shares	Amount in Rupees	Equity Shares Number of Shares	Amount in Rupees
Shares outstanding at the beginning of the year	5,93,91,100	59,39,11,000	5,93,91,100	59,39,11,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	5,93,91,100	59,39,11,000	5,93,91,100	59,39,11,000

ii. Details of Shareholding of more than 5% shares

Name of Shareholder	As at March 31, 2014		As at March 31, 2013	
	Number of Shares held	% of total holding	Number of Shares held	% of total holding
IL&FS Trust Company Limited - ITNL Road Investment Trust (IRIT)	4,39,49,380	74.00%	4,39,49,380	74.00%
IL&FS Transportation Networks Limited	77,20,823	13.00%	77,20,823	13.00%
Punj Lloyd Limited	38,60,456	6.50%	38,60,456	6.50%
Infrastructure Leasing & Financial Services Limited	38,60,441	6.50%	38,60,441	6.50%
TOTAL	5,93,91,100	100.00%	5,93,91,100	100.00%

iii. Of the issued, subscribed and paid up capital of 59,391,100 (as at March 31, 2013: 59,391,100) equity shares, IL&FS Transportation Networks Limited ("ITNL"), the immediate holding company, holds 51,670,203 equity shares including 43,949,380 (as at March 31, 2013: 43,949,380) equity shares held by a fund of ITNL Road Investment Trust ("IRIT") which has issued the entire issued units in the fund to ITNL. Infrastructure Leasing & Financial Services Limited ("IL&FS"), the ultimate holding company, holds 3,860,441 (as at March 31, 2013: 3,860,441) equity shares in the Company.

NOTE 3: RESERVES AND SURPLUS

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Debenture Redemption Reserve				
Opening balance	25,05,68,283		13,62,14,803	
(+) Transferred from the Surplus in Statement in Profit and Loss	21,42,23,968	46,47,92,251	11,43,53,480	25,05,68,283
(b) Profit / (Loss) Surplus				
Opening balance	18,28,90,476		18,28,90,476	
(+) Profit for the current period / year	21,42,23,968		18,33,79,300	
(-) Transfer to debenture redemption reserve	-21,42,23,968		-11,43,53,480	
(-) Proposed Dividends (including dividend tax)	-6,94,84,618	11,34,05,858	-6,90,25,821	18,28,90,476
TOTAL		57,81,98,109		43,34,58,758

FOOT NOTES:

(a) Debenture Redemption Reserve:

Since the company had issued non convertible debentures in the year ended March 31, 2011, in terms of Section 117C of the Companies Act, 1956 read with the General circular No. 9/2002 (General Clarification No. 6/3/2001-CL-V dated April 18,2002) and Circular No 11/02/2012-CL-V dated February 11, 2013 ("the General Circular") issued by the Ministry of Corporate Affairs, the Company being an Infrastructure Company is required to create Debenture Redemption Reserve to the extent of 25% of the value of privately placed Debentures until such debentures are redeemed, to which adequate amounts shall be credited from out of its profits every year. For the year ended March 31, 2014, entire amount at profit for the year has transferred to Debenture Redemption Reserve.



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2014

Note 4: LONG-TERM BORROWINGS

Particulars	Amount in Rupees	
	As at March 31, 2014	As at March 31, 2013
Secured Non-convertible Debentures (refer foot note no. (i) (ii) and (iii) below)	1,82,90,00,000	2,34,50,00,000
(Secured By: (i) all bank accounts of the Company; (ii) all rights, title and interests of the Company in, to and under all movable properties and assets of the Company; (iii) all rights, title and interests of the Company in, to and under all Project Agreements, clearances, Insurance Contracts, incorporeal rights and (iv) all amounts/receivables due to or received by the Company, including those from NHAI under the terms of the Concession Agreement).		
TOTAL	1,82,90,00,000	2,34,50,00,000

FOOT NOTES:

- (i) On December 9, 2010, the Company had issued 4,636 Secured, Rated, Taxable, Zero-Coupon, Redeemable Non-Convertible Debentures ("NCDs") of Rs.1,000,000/- each fully paid carrying a yield to maturity of 9.00% p.a. (calculated semi-annually) on private placement basis (to Deutsche Bank International Asia – Debt Fund and Deutsche Investments India Private Limited (the "Investors")). These NCDs are redeemable in nineteen semi-annual installments commencing from March 11, 2011 and ending on January 15, 2020. The Company has the right to purchase such debentures at any time at the price available in the Debt market in accordance with the applicable laws.

The first charge in favour of the Debenture Trustee acting for the benefit of the Investors has been created and has also been registered.

- (ii) The Details of Redemption of the debentures as at March 31, 2014 are as follow:

REDEMPTION DATE OF DEBENTURES	SERIES OF DEBENTURE	FACE VALUE PER DEBENTURE (Amount in Rupees)	VALUE AT ISSUE DATE (Amount in Rupees)	REDEMPTION VALUE PER DEBENTURE (Amount in Rupees)	REDEMPTION VALUE (Amount in Rupees)
15-Jan-20	Series 19	10,00,000	14,10,00,000	22,29,350	31,43,40,000
15-Jul-19	Series 18	10,00,000	14,80,00,000	21,32,578	31,56,20,000
15-Jan-19	Series 17	10,00,000	15,60,00,000	20,41,483	31,84,70,000
16-Jul-18	Series 16	10,00,000	16,60,00,000	19,53,337	32,42,50,000
15-Jan-18	Series 15	10,00,000	17,60,00,000	18,69,447	32,90,20,000
15-Jul-17	Series 14	10,00,000	18,60,00,000	17,88,298	33,26,20,000
16-Jan-17	Series 13	10,00,000	19,60,00,000	17,12,322	33,56,20,000
15-Jul-16	Series 12	10,00,000	20,70,00,000	16,37,598	33,89,80,000
15-Jan-16	Series 11	10,00,000	21,50,00,000	15,67,268	33,69,60,000
15-Jul-15	Series 10	10,00,000	23,80,00,000	14,99,236	35,68,20,000
TOTAL			1,82,90,00,000		3,30,27,00,000

The Details of Redemption of the debentures as at March 31, 2013 are as follow:

REDEMPTION DATE OF DEBENTURES	SERIES OF DEBENTURE	FACE VALUE PER DEBENTURE (Amount in Rupees)	VALUE AT ISSUE DATE (Amount in Rupees)	REDEMPTION VALUE PER DEBENTURE (Amount in Rupees)	REDEMPTION VALUE (Amount in Rupees)
15-Jan-20	Series 19	10,00,000	14,10,00,000	22,29,350	31,43,40,000
15-Jul-19	Series 18	10,00,000	14,80,00,000	21,32,578	31,56,20,000
15-Jan-19	Series 17	10,00,000	15,60,00,000	20,41,483	31,84,70,000
16-Jul-18	Series 16	10,00,000	16,60,00,000	19,53,337	32,42,50,000
15-Jan-18	Series 15	10,00,000	17,60,00,000	18,69,447	32,90,20,000
15-Jul-17	Series 14	10,00,000	18,60,00,000	17,88,298	33,26,20,000
16-Jan-17	Series 13	10,00,000	19,60,00,000	17,12,322	33,56,20,000
15-Jul-16	Series 12	10,00,000	20,70,00,000	16,37,598	33,89,80,000
15-Jan-16	Series 11	10,00,000	21,50,00,000	15,67,268	33,69,60,000
15-Jul-15	Series 10	10,00,000	23,80,00,000	14,99,236	35,68,20,000
15-Jan-15	Series 9	10,00,000	25,20,00,000	14,35,194	36,16,70,000
15-Jul-14	Series 8	10,00,000	26,40,00,000	13,72,895	36,24,40,000
TOTAL			2,34,50,00,000		4,02,68,10,000

- (iii) There were no defaults in redemptions of Non convertible debentures (including payments of redemption premia along with the redemption of face value of debentures) for years ended March 31, 2014 and March 31, 2013.



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2014

NOTE 5: OTHER LONG TERM LIABILITIES

Particulars	Amount in Rupees	
	As at March 31, 2014	As at March 31, 2013
(a) Trade Payables	-	-
(b) Others Redemption Premium Accrued but not due on debentures	61,92,37,641	52,93,99,034
TOTAL	61,92,37,641	52,93,99,034

NOTE 6: CURRENT MATURITIES OF LONG TERM DEBT

Particulars	Amount in Rupees	
	As at March 31, 2014	As at March 31, 2013
(a) Secured Non-convertible Debentures (refer foot note no.(i) (ii) and (iii) below)	51,60,00,000	57,10,00,000
(Secured By: (i) all bank accounts of the Company; (ii) all rights, title and interests of the Company in, to and under all movable properties and assets of the Company; (iii) all rights, title and interests of the Company in, to and under all Project Agreements, clearances, Insurance Contracts, incorporeal rights and (iv) all amounts/receivables due to or received by the Company, including those from NHAI under the terms of the Concession Agreement).		
(b) Redemption Premium Accrued but not due (on the above)	17,47,00,000	12,89,10,000
TOTAL	69,07,00,000	69,99,10,000

FOOT NOTES:

- (i) On December 9, 2010, the Company had issued 4,636 Secured, Rated, Taxable, Zero-Coupon, Redeemable Non-Convertible Debentures ("NCDs") of Rs.1,000,000/- each fully paid carrying a yield to maturity of 9.00% p.a. (calculated semi-annually) on private placement basis (to Deutsche Bank International Asia – Debt Fund and Deutsche Investments India Private Limited (the "Investors")). These NCDs are redeemable in nineteen semi-annual installments commencing from March 11, 2011 and ending on January 15, 2020. The Company has the right to purchase such debentures at any time at the price available in the Debt market in accordance with the applicable laws.

The first charge in favour of the Debenture Trustee acting for the benefit of the Investors has been created and has also been registered.

- (ii) The Details of Redemption of the debentures as at March 31, 2014 are as follows

REDEMPTION DATE OF DEBENTURES	SERIES OF DEBENTURE	FACE VALUE PER DEBENTURE (Amount in Rupees)	VALUE AT ISSUE DATE (Amount in Rupees)	REDEMPTION VALUE PER DEBENTURE (Amount in Rupees)	REDEMPTION VALUE (Amount in Rupees)
15-Jan-15	Series 9	10,00,000	25,20,00,000	14,35,194	36,16,70,000
15-Jul-14	Series 8	10,00,000	26,40,00,000	13,72,895	36,24,40,000
TOTAL			51,60,00,000		72,41,10,000



The Details of Redemption of the debentures as at March 31, 2013 are as follows

REDEMPTION DATE OF DEBENTURES	SERIES OF DEBENTURE	FACE VALUE PER DEBENTURE (Amount in Rupees)	VALUE AT ISSUE DATE (Amount in Rupees)	REDEMPTION VALUE PER DEBENTURE (Amount in Rupees)	REDEMPTION VALUE (Amount in Rupees)
15-Jan-14	Series 7	10,00,000	27,80,00,000	13,14,250	36,53,61,500
15-Jul-13	Series 6	10,00,000	29,30,00,000	12,57,201	36,83,59,893
TOTAL			57,10,00,000		73,37,21,393

- (iii) There were no defaults in redemptions of Non convertible debentures (including payments of redemption premia along with the redemption of face value of debentures) for the years ended March 31, 2014 and March 31, 2013.

NOTE 7: TRADE PAYABLES :

According to the records available with the Company, there were no dues to Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act 2006. Hence, no disclosures are to be given in respect thereof.

Amount In Rupees

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Trade Payables (Refer foot note above)				
Related parties	4,02,015		-	
sundry creditors (For Expenses)	17,71,387	21,73,402	10,07,771	10,07,771
TOTAL		21,73,402		10,07,771

NOTE 8: OTHER CURRENT LIABILITIES

Amount in Rupees

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Dividend on equity shares (Declared)	-	-
(b) Other payables		
Tax on dividend on equity shares	-	-
Statutory dues	3,32,397	31,087
TOTAL	3,32,397	31,087

NOTE 9: SHORT TERM PROVISION

Amount in Rupees

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Provision for tax (net of advance)	1,31,73,862	1,31,73,862
(b) Proposed dividend on equity shares	5,93,91,100	5,93,91,100
(c) Provision for tax on proposed dividend on equity shares	1,00,93,518	96,34,721
TOTAL	8,26,58,480	8,21,99,683



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of Financial Statements for the year ended March 31, 2014

NOTE 10: FIXED ASSETS

	Gross block (at cost)				Accumulated depreciation			Amount in Rupees	
	Balance as at April 1, 2013	Additions during the year	Disposals	Balance as at March 31, 2014	Balance as at April 1, 2013	Depreciation charge for the year	On disposals	Net block Balance as at March 31, 2014	Net block Balance as at March 31, 2013
Tangible assets									
Furniture and fixtures	1,21,616	-	-	1,21,616	1,16,786	857	-	3,973	4,830
Vehicles	5,44,013	-	-	5,44,013	4,68,682	19,503	-	55,828	75,331
Office equipments	2,06,577	-	-	2,06,577	1,65,564	5,689	-	35,324	41,013
Data processing equipments	4,87,073	-	35,568	4,51,505	4,14,705	30,574	35,567	41,793	72,368
Total - Tangible assets (A)	13,59,279	-	35,568	13,23,711	11,65,737	56,623	35,567	1,36,918	1,93,542
Intangible assets									
Belgaum-Maharashtra Border Road Project	6,13,31,19,243	-	-	6,13,31,19,243	3,47,96,01,265	43,71,50,324	-	2,21,63,67,654	2,65,35,17,978
Total - Intangible assets (B)	6,13,31,19,243	-	-	6,13,31,19,243	3,47,96,01,265	43,71,50,324	-	2,21,63,67,654	2,65,35,17,978
GRAND TOTAL -(A) + (B)	6,13,44,78,522	-	35,568	6,13,44,78,522	3,48,07,67,002	43,72,06,947	35,567	2,21,65,04,572	2,65,37,11,520
As at March 31, 2013	6,13,44,23,482	55,040	-	6,13,44,78,522	3,04,35,52,118	43,72,14,885	-	2,65,37,11,520	



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2014

NOTE 11: LONG-TERM LOANS AND ADVANCES

Particulars	Amount in Rupees	
	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
Security Deposits	64,656	64,656
Prepaid expenses (Refer footnote no. a below)	2,77,35,139	3,74,92,429
TOTAL	2,77,99,795	3,75,57,085

NOTE 13: SHORT-TERM LOANS AND ADVANCES

Particulars	Amount in Rupees	
	As at March 31, 2014	As at March 31, 2013
(a) Loans given to related parties (Unsecured, considered good)		
Short term loan given to IL&FS Transportation Networks Limited	70,00,00,000	70,00,00,000
(b) Other loans and advances (Unsecured, considered good)		
- Sundry Advances	1,64,855	6,27,044
- Advance payment of taxes (net of provision)	8,61,40,688	8,26,69,289
- Prepaid expenses (Refer footnote no. a below)	1,21,06,172	1,55,02,986
TOTAL	79,84,11,715	79,87,99,319

FOOT NOTES:

(a) Prepaid Expenses (Details of debenture issue expenses - Unamortised expenses) are:

Particulars	Amount in Rupees				
	Unamortised as at March 31, 2013 (Estimated to be Amortised within 12 months)	Unamortised as at March 31, 2013 (Estimated to be Amortised after 12 months)	Amortised for the year ended March 31, 2014	Unamortised as at March 31, 2014 (Estimated to be Amortised within 12 months)	Unamortised as at March 31, 2014 (Estimated to be Amortised after 12 months)
Debt syndication fees	76,95,501	1,94,95,485	68,38,892	59,30,249	1,44,21,845
Debt structuring fees	61,01,065	1,54,56,201	54,21,938	47,01,556	1,14,33,772
Legal fees	4,04,062	10,23,632	3,59,085	3,11,374	7,57,235
Stamp duty and registration fees	4,15,524	10,52,672	3,69,271	3,20,208	7,78,717
Acceptance fees	1,83,329	4,64,430	1,62,923	1,41,275	3,43,570
TOTAL	1,47,99,481	3,74,92,420	1,31,52,108	1,14,04,662	2,77,35,139

NOTE 14: OTHER CURRENT ASSETS

Particulars	Amount in Rupees	
	As at March 31, 2014	As at March 31, 2013
(a) Interest accrued but not due on short term loan	14,44,71,499	8,46,21,503
Interest receivable from IL&FS Transportation Networks Limited		
(b) Income accrued but not due	28,05,37,740	28,05,37,740
TOTAL	42,50,09,239	36,51,59,243



NORTH KARNATAKA EXPRESSWAY LIMITED**Notes** forming part of the financial statements for the year ended March 31, 2014**NOTE 12: CASH AND CASH EQUIVALENTS**

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Cash and cash equivalents				
Cash on hand	23,712		14,356	
Balances with banks in current accounts (Including Restricted DSRA balance of Rs 40,00,00,000/-)	92,84,61,996	92,84,85,708	82,96,75,812	82,96,90,168
(b) Other bank balances				
In Fixed Deposits placed for a period exceeding 3 months but not more than 12 months (Restricted)		-		-
TOTAL		92,84,85,708		82,96,90,168
Of the above, the balances that meet the definition of Cash and Cash equivalents as per AS 3 Cash Flow Statements is :-		92,84,85,708		82,96,90,168



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2014

NOTE 15: REVENUE FROM OPERATIONS

Particulars	Amount in Rupees	
	Year ended March 31, 2014	Year ended March 31, 2013
(a) Other Operating Revenues Annuity Income for Belgaum-Maharashtra Border Road	1,01,03,40,000	1,01,03,40,000
TOTAL	1,01,03,40,000	1,01,03,40,000

NOTE 16: OTHER INCOME

Particulars	Amount in Rupees			
	Year ended March 31, 2014		Year ended March 31, 2013	
(a) Interest Income Interest on loans granted Interest on fixed deposits with banks	6,64,99,997 6,41,08,314	13,06,08,311	6,64,99,997 5,34,43,889	11,99,43,886
(b) Other non-operating income Profit on sale of fixed assets (net) Miscellaneous income- Interest Income- Income Tax		15,999 -		- 22,95,165
TOTAL		13,06,24,310		12,22,39,051



NORTH KARNATAKA EXPRESSWAY LIMITED**Notes** forming part of the financial statements for the year ended March 31, 2014**NOTE 17: OPERATING EXPENSES**

Particulars	Amount in Rupees	
	Year ended March 31, 2014	Year ended March 31, 2013
Operation and maintenance expenses for Belgaum Maharashtra Border Road Independent Engineer Fees	10,69,99,314 59,59,372	9,91,90,002 64,14,992
TOTAL	11,29,58,686	10,56,04,994



Notes forming part of the financial statements for the year ended March 31, 2014**NOTE 18: FINANCE COSTS**

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
(a) Other borrowing costs				
Redemption premium on debentures	29,83,50,000		33,57,20,000	
Guarantee commission	-		-	
Amortisation of borrowing costs	1,31,52,108		1,47,99,481	
Other Finance charges	10,15,528	31,25,17,637	10,09,585	35,15,29,066
TOTAL		31,25,17,637		35,15,29,066

NOTE 19: OTHER EXPENSES (ADMINISTRATIVE AND GENERAL EXPENSES)

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
Legal and consultation fees		53,67,352		45,80,426
Auditors' remuneration (Refer footnote (a) below)		9,41,583		8,20,743
Deputation cost (Refer footnote (b) below)		15,87,910		18,51,134
Travelling and conveyance		3,11,407		91,362
Rent		81,182		70,272
Rates and taxes		3,76,171		3,45,575
Repairs and maintenance		6,35,490		2,02,295
Communication expenses		59,718		50,889
Insurance		8,106		14,835
Printing and stationery		59,247		59,348
Electricity charges		27,710		21,264
Directors' sitting fees		2,43,596		2,20,000
Miscellaneous expenses		7,57,601		6,22,663
TOTAL		1,04,57,073		89,50,806

FOOT NOTES:**(a) Auditors' remuneration**

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
Payments to the auditor as:				
a. audit fees		2,00,000		2,00,000
b. tax audit fees		2,00,000		75,000
c. for other assurances services		4,35,000		3,75,000
d. for reimbursement of expenses		3,377		80,458
e. service tax on above		1,03,206		90,285
		9,41,583		8,20,743

(b) Deputation Cost:

The Company does not have any employee on its payroll. Deputation costs are recognised based on amounts charged to the Company by the employers of the respective employees for the period for which resources have provided services to the Company. The cost of deputed personnel for the year ended March 31, 2014 is Rs.15,87,910/- (For the year ended March 31, 2013 was Rs.1,851,134/-). The disclosure required to be made in accordance with the revised Accounting Standard (AS) 15 – "Employee Benefits" have not been made, as such costs are determined by the respective employers for the respective entity as a whole and separate figures in respect of resources on deputation are not available.



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2014

NOTE 20: EARNINGS PER SHARE

Particulars	Unit	Year ended March 31, 2014	Year ended March 31, 2013
Profit after tax and minority interest	Rupees	21,42,23,968	18,33,79,300
Premium on preference shares	Rupees	-	-
Tax on premium on preference shares	Rupees	-	-
Profit / (Loss) for the year attributable to Equity Shareholders	Rupees	21,42,23,968	18,33,79,300
Weighted number of Equity Shares outstanding for calculating Basic and Diluted Earnings Per Share	Number	5,93,91,100	5,93,91,100
Nominal Value per equity share	Rupees	10	10
Basic and Diluted Earnings per share	Rupees	3.61	3.09



NORTH KARNATAKA EXPRESSWAY LIMITED**Notes** forming part of the financial statements for the year ended March 31, 2014**NOTE 21: CONTINGENT LIABILITIES AND COMMITMENTS****A) Contingent liabilities :**

Particulars	Amount in Rupees	
	As at March 31, 2014	As at March 31, 2013
Claims against the company not acknowledged as debt (Income tax demands contested by the Company and other Income Tax matters)	11,37,90,962	38,94,05,419

B) Commitments :

Particulars	Amount in Rupees	
	As at March 31, 2014	As at March 31, 2013
Estimated amount of contracts remaining to be executed on capital account (Overlay Construction Cost)	1,37,01,29,000	1,47,71,28,314



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2014

NOTE 22: RELATED PARTY DISCLOSURES

Current Year	
a	Name of related parties and description of relationship:
Ultimate Holding Company:	Infrastructure Leasing & Financial Services Limited ("IL&FS")
Immediate Holding Company:	IL&FS Transportation Networks Limited ("ITNL")
Entities having Control:	ITNL Road Investment Trust ("IRIT")
Fellow Subsidiaries (only with whom there have been transactions during the year / closing balances at the year end):	IL&FS Securities Services Limited ("ISSL")
Key Management Personnel:	Mr. Cherian George (Managing Director)

b **Transactions / Balances with related parties as mentioned in (a) above** Amount in Rupees

Account head	Name of Entity/ Person	AS at March 31, 2014	AS at March 31, 2013
Balances:			
Interest accrued but not due on short term loan given	ITNL	14,44,71,499	8,46,21,503
Short term loan given	ITNL	70,00,00,000	70,00,00,000
Trade Payable - Debit balance	ITNL	4,02,015	-

Transactions :-		Year Ended March 31, 2014	Year Ended March 31, 2014
Interest on loans granted	ITNL	6,64,99,997	6,64,99,997
Operation and maintenance expenses	ITNL	10,51,41,402	9,91,90,002
Deputation cost	ITNL	15,87,910	18,51,134
Professional Fees	ISSL	22,972	
Director Sitting Fees			
Mr. Pradeep Puri		62,472	20,000
Mr. George Cherian		84,944	80,000
Mr. S. K. Goyal		21,236	-
Mr. Rajiv Dubey		54,944	20,000
Mr Harish Mathur		20,000	80,000
Mr Hari Easwaran		-	20,000

Footnotes:

- (1) Reimbursement of costs is not included above.
- (2) No deputation charges have been claimed by the holding company in respect of Mr. Cherian George, Managing Director.



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2014

NOTE 23: SEGMENT REPORTING

The Company is engaged in infrastructure business and is a Special Purpose Entity formed for the specific purpose detailed in Note No.1 (B) above and thus operates in a single business segment. Also it operates in a single geographic segment. In the absence of separate reportable business or geographic segments the disclosures required under the Accounting Standard (AS) 17 – "Segment Reporting" have not been made.

Note 24: PREVIOUS YEAR FIGURES

Corresponding figures for the previous year have been reclassified and presented in accordance with the current year presentation.

For and on behalf of the Board




Managing Director


Director


Company Secretary
Date : April 23, 2014
Mumbai