

NORTH KARNATAKA EXPRESSWAY LIMITED

ANNUAL REPORT

2012-13

DIRECTORS' REPORT

The Shareholders

NORTH KARNATAKA EXPRESSWAY LIMITED

Your Directors have pleasure in presenting the Eleventh Annual Report along with the Audited Statements of Accounts for the year ended March 31, 2013

FINANCIAL RESULTS

The financial results of the Company are as under:

	Year ended March 31, 2013	Year ended March 31, 2012
Total Income	1,132,579,051	1,119,352,881
Total Expenses	903,299,751	947,768,078
Profit Before Tax	229,279,301	171,584,803
<u>Less:</u> Provision for Tax	(45,900,000)	(35,370,000)
Profit After Tax	183,379,301	136,214,803
Balance carried forward	502,484,580	319,105,279

(Amount. in ₹)

OPERATIONS:

Your Company continued to maintain the Belgaum Maharashtra Border project road to high quality standards and in accordance with the contractual requirements. The Company has received the annuity payments of ₹101.03 Crores during the year 2012-13.

DIVIDEND:

During the year under review, your Directors recommend a dividend of ₹ 1 per share on 5,93,91,100 Equity Shares of ₹ 10/- each. The proposed dividend, if approved at the Annual General Meeting will absorb a sum of ₹6,90,25,821/- including a 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 1,720 debentures as of date including 635 debentures redeemed during the year under review

DIRECTORS:

During the year under review, Mr Hari Easwaran, Nominee Director of Punj Lloyd Limited resigned as Directors of the Company and in his place Mr S K Goyal was appointed as Nominee Director of Punj Lloyd Limited effective February 22, 2013. The Directors placed on record their sincere appreciation for the valuable guidance and support rendered by Mr Easwaran

In terms of the provisions of Section 260 of the Companies Act, 1956 (the Act) Mr. Harish Mathur is liable to retire by rotation at the forthcoming Annual General Meeting (AGM) of the Company and being eligible offer himself for re-appointment. Your Directors recommend his re-appointment

AUDITORS:

During the year, M/s. Deloitte Haskins & Sells, Chartered Accountants, has intimated their unwillingness for being re-appointed as the Statutory Auditors of the Company. In the view of the foregoing, M/s. M. P. Chitale & Co., Chartered Accountants, were appointed as the Statutory Auditors of the Company at the Annual General Meeting (AGM) held on September 28, 2012 for the financial year 2012-2013

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

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 19, 2012, July 19, 2012, October 18, 2012 and January 18, 2013. 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	1
2	Mr George Cherian	4	4
3	Mr Harish Mathur	4	4
4	Mr Rajiv Dubey	4	2
5	Mr Hari Easwaran (upto February 22, 2013)	4	2
6	Mr S K Goyal (w.e.f. February 22, 2013)	0	0

The Audit Committee and Allotment & Transfer Committee has been constituted for good corporate governance and focused attention on the affairs of the Company

The Audit Committee is comprised of Mr Pradeep Puri, Chairman, Mr George Cherian and Mr Harish Mathur. The Audit Committee met four times during the year under review on April 19, 2012, July 19, 2012, October 18, 2012 and January 18, 2013.

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

SD/-
Chairman

Date : April 18, 2013
Place : Mumbai