

**NORTH KARNATAKA EXPRESSWAY LIMITED**

**ANNUAL REPORT**

**2015-16**

## Board's Report

To,  
The Shareholders,  
North Karnataka Expressway Limited

Your Directors have pleasure in presenting the Thirteenth Annual Report along with the Audited Financial Statements for the year ended March 31, 2016

### FINANCIAL HIGHLIGHTS

The financial highlights of the Company are as under:

(Amount in Rupees)

Particulars	For the Year ended 31.03.2016	For the Year ended 31.03.2015
Total Income	1,130,187,664	1,157,041,822
Less: Total Expenditure	143,710,791	132,090,084
Profit before finance charges, Tax, Depreciation/Amortization (PBITDA)	986,476,873	1,024,951,738
Less : Finance Charges	227,821,612	271,156,851
Profit before Depreciation/Amortization (PBTDA)	758,655,261	753,794,887
Less : Depreciation	424,516,495	400,234,175
Net Profit before Taxation (PBT)	334,138,766	353,560,712
Provision for taxation	74,591,994	74,200,000
Profit/(Loss) after Taxation (PAT)	259,546,772	279,360,712
Provision for proposed dividend	148,477,751	166,295,081
Dividend tax	30,226,577	33,249,039

### DIVIDEND AND RESERVES

The Directors have recommended payment of dividend of ₹ 2.5/- per share (Previous Year: ₹2.8/- per share) for the year under review. The proposed dividend, if approved at the Annual General Meeting, will absorb a sum of ₹ 17,87,04,328/- including tax on dividend of ₹ 3,02,26,577/- (Previous Year: ₹19,95,44,120/- including tax on dividend of ₹3,32,49,039/-)



## **REDEMPTION OF NON - CONVERTIBLE DEBENTURES:**

The Company had issued 4,636 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 3,260 debentures as of date including 453 debentures redeemed during the year under review

## **OPERATIONS OF THE COMPANY**

The 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.

## **INTERNAL CONTROL SYSTEM**

The Company had implemented an internal control framework (ICF) covering various aspects of the business which enables a stage-wise/process-wise confirmation of the compliance of the control self-assessment to be provided by the maker and reviewer of transactions and also facilitates audit, both at the Corporate and at the project levels. The internal audit is carried out by a firm of Chartered Accountants using the ICF and they report directly to the Audit Committee of the Board of Directors. The Corporate Audit function plays a key role in providing both the operating management and the Board's Audit Committee with an objective view and reassurance of the overall control systems. The ICF is periodically modified so as to be consistent with operating changes for improved controls and effectiveness of internal control and audit.

The Internal Auditor's scope and authority are derived from the Internal Audit Plan, which is approved by the Audit Committee. The plan is modified from time to time to meet requirements arising from changes in law as well as out of the improved controls resulting from the implementation of the ICF. Internal audits are conducted every quarter and covers operations, accounting, secretarial and administration functions. It also provides special reference to compliances based on the audit plan. Internal audit reports are placed before the Audit Committee at regular intervals for review discussion and suitable action.

## **STATUTORY AUDITORS**

M/s. M P Chitale & Co., Chartered Accountants, Statutory Auditors, were re-appointed as the Auditors of the Company to hold office from the conclusion of the Annual General Meeting (AGM) held on September 30, 2014 till the conclusion of the AGM of the Company to be held in 2019 for a period of five years, subject to ratification of their appointment by the Members at every AGM. A Certificate confirming their eligibility under Section 141 of the Companies Act, 2013 and Rules framed thereunder to continue as Auditors for the FY 2016-17 have been received from the Auditors. The Members are requested to ratify the appointment of M/s. M P Chitale & Co. as Statutory Auditors of the Company till



the conclusion of the next AGM and to authorise the Board to determine their remuneration for the FY 2016-17

The report of the Statutory Auditor for FY 2015-16 does not contain any qualifications, reservations or adverse remarks or disclaimers

### **COST AUDITOR AND COST AUDIT REPORT**

Pursuant to Section 148 of the Companies Act 2013 and the Companies (Cost Records and Audit) Rules 2014 framed thereunder, the Board of Directors at their meeting held on July 22, 2015 had on the recommendation of the Audit Committee appointed Mr. Dattatray D Chivilkar, Cost Accountant as the Cost Auditor of the Company for the FY 2015-16. Mr. Chivilkar has confirmed his eligibility for appointment for the F.Y 2016-17 and that he is free from any disqualifications for being appointed as Cost Auditors under the provisions of the Companies Act, 2013

### **SECRETARIAL AUDIT & SECRETARIAL AUDIT REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s Jayshree Dagli & Associates, Mumbai, (CP 487), Company Secretaries in whole-time practice to carry out the Secretarial Audit of the Company for the Financial Year 2015-16

The report of the Secretarial Auditor is enclosed as Annexure A. The observation made by the Auditor relating to appointment of 2 Independent Directors instead of 3 during the period from June 17, 2015 to March 30, 2016, has been addressed at the end of the financial year by reduction in the number of Directors from 8 to 6. As a result the deficiency was set right and the Board has been adequately constituted

### **SHARE CAPITAL**

During the year under review, your Company has not allotted any equity shares

During the year under review, your Company has not allotted any equity shares with differential voting rights nor has granted any stock option or sweat equity. As on 31<sup>st</sup> March, 2015, none of the directors of the Company hold instruments convertible into Equity Shares of the Company

### **CHANGE IN THE NATURE OF BUSINESS**

During the year under review there is no change in the nature of Business of the Company



6

## OTHER DISCLOSURES REQUIRED UNDER COMPANIES ACT, 2013

### Extract of the annual return

The extract of annual return as on the financial year ended March 31, 2016 in Form No. MGT-9 is enclosed as Annexure B

### Corporate Governance

#### (i) Board of Directors

During the year under review, the Board of Directors on the recommendation of Nomination and Remuneration Committee appointed Mr S C Sachdeva (DIN: 00051945) as Additional Director of the Company w.e.f. January 21, 2016 pursuant to Section 161 of the Companies Act, 2013. At the Board Meeting held on April 27, 2016, he was appointed as Managing Director and Key Managerial Personnel of the Company, who is not liable to retire by rotation

Mr Vijay Kini (DIN: 05190718) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. Your Directors recommend his appointment

Mr. George Cherian (DIN: 01531074), Mr Pradeep Puri (DIN: 00051987) and Mr Rajiv Dubey (DIN: 05190718) ceased to be the director of the Company w.e.f January 22, 2016, March 28, 2016 and March 31, 2016, respectively

The Board of Directors met 4 times on April 28, 2015, July 22, 2015, October 20, 2015 and January 21, 2016 during the year. The details of the board meetings and the attendance of the Directors are provided below:

Sr. No	Name of Directors	No. of Board Meetings held during tenure	Meetings attended
1	Mr. Rajiv Dubey	4	4
2	Mr. Pradeep Puri	4	1
3	Mr. George Cherian	4	4
4	Mr. S K Goyal	4	3
5	Mr. Vijay Kini	4	4
6	Ms Shruti Arora	4	4
7	Mr. S C Sachdeva	1	1
8	Mr. Paresh Shah	4	4
9	Mr. Rupak Ghosh	4	4



(ii) Key Managerial Personnel

Currently the Company is having Mr S C Sachdeva, Managing Director, Ms Jyotsna Matondkar, Company Secretary and Mr Swapnil Bhalekar, Chief Financial Officer as Key Managerial Personnel of the Company (KMP)

Mr. George Cherian, Managing Director of the Company ceased to be as KMP w.e.f. January 22, 2016

(iii) Audit Committee

The Board of Directors has duly constituted the Audit Committee in terms of Section 177 of the Companies Act, 2013. The committee met 4 times on April 28, 2015, July 22, 2015, October 20, 2015 and January 21, 2016 during the year. The details of the meetings and the attendance of the Directors are provided below:

Sr. No	Name of Directors	No. of Meetings held during tenure	Meetings attended
1	Mr. Vijay Kini	4	4
2	Mr. Paresh Shah	4	4
3	Mr. Rupak Ghosh	4	4

All the recommendations of the Audit Committee during the year were accepted by the Board of Directors of the Company

(iv) Corporate Social Responsibility Committee

In terms of Section 135 of the Companies Act, 2013, the Board of Directors at its Meeting held on July 22, 2014 constituted a Corporate Social Responsibility Committee and also adopted a CSR Policy. The Corporate Social Responsibility committee met twice on July 22, 2015 and January 21, 2016 during the year. The details of the meetings and the attendance of the Directors are provided below:

Sr. No	Name of Directors	No. of Meeting held during tenure	Meeting attended
1	Mr. Vijay Kini	2	2
2	Mr. Paresh Shah	2	1
3	Mr. Rupak Ghosh	2	2

The Annual Report on CSR activities is annexed herewith as Annexure C.



(v) Nomination & Remuneration Committee

In terms of Section 178 of the Companies Act, 2013, the Board of Directors at its Meeting held on January 22, 2015 constituted a Nomination & Remuneration Committee and adopted a Managerial Remuneration Policy. The committee met on July 22, 2015. The details of the meetings and the attendance of the Directors are provided below:

Sr. No	Name of Directors	No. of Meeting held during tenure	Meeting attended
1	Mr. Vijay Kini	1	1
2	Mr. Paresh Shah	1	1
3	Mr. Rupak Ghosh	1	1

The Managing Director appointed by the Company is not paid any remuneration except Sitting Fees for attending each meeting of the Board / Committee thereof. Further, there are no employees on the rolls of the Company. In view of the aforesaid, no disclosures are required to be made in terms of Rule 5 of the Appointment and Remuneration of Managerial Personnel Rules 2014

(vi) Committee of Directors:

The Board of Directors has duly constituted the Committee of Directors in terms of Section 179(3) of the Companies Act, 2013. The committee met only once on March 30, 2016 during the year. The details of the meeting and the attendance of the Directors are provided below:

Sr. No	Name of Directors	No. of Meetings held during tenure	Meetings attended
1	Mr. Vijay Kini	1	1
2	Ms. Shruti Arora	1	1

Upon resignation of Mr George Cherian, the re-constitution of the Committee of Directors has been considered at the Board Meeting held on April 27, 2016 by inducting Mr S C Sachdeva as a Member of the Committee

**Related Party Transactions**

All related party transactions during the year have been entered into in ordinary course of business and on arm's length basis and are in compliance with the applicable provisions of the Companies Act, 2013. There are no materially significant transactions made with any of the related parties of the Company

Accordingly, there are no contracts or arrangements with related parties to be disclosed in Form AOC-2 pursuant to Clause (h) of Sub section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014



The Company has developed a Related Party Transactions Policy & Framework for the purpose of identification and approval of such transactions. A Statement of all related party transactions consummated as per the Related Party Transactions Policy & Framework is placed before the Audit Committee every quarter for their approval.

#### **Conservation of energy, technology absorption, foreign exchange earnings and outgo**

Since, the Company does not have any manufacturing facility, the other particulars required to be provided in terms of the disclosures required under Rule 8(3) of the Companies (Accounts) Rules, 2014 are not applicable to the Company. There was no earning or outgo of foreign exchange during the year under review

#### **Vigil mechanism for directors and employees**

In accordance with the provisions of the Companies Act, 2013 the Company has established a vigil mechanism by adopting a Whistle Blower Policy for the directors and employees to report genuine concerns or grievances

The administration of the vigil mechanism is being done through Audit Committee

We confirm that during the financial year 2015-2016, no employee of the Company was denied access to the Audit Committee

#### **Deposits**

During the year under review the Company has not accepted Fixed Deposits

#### **Particulars of loans, guarantees or investments under section 186**

During the year under review, the Company has not made any investments nor given any loans / guarantees / provided security in connection with a loan granted to any person or body corporate in terms of Section 186 of the Companies Act, 2013

#### **Performance Evaluation:**

The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated

The performance evaluation of the Directors, the Board and its Committees was carried out based on the criteria /manner recommended by the Nomination & Remuneration Committee and approved by the Board of Directors





The performance evaluation of the Independent Directors was also carried out by the entire Board. Your directors express their satisfaction with the evaluation process

#### **Policy for Prevention of Sexual Harassment at workplace**

The Company has provided a safe and dignified work environment for its employees which is free of discrimination, intimidation and abuse. The Company has adopted a Policy for Prevention of Sexual Harassment of Women at Workplace under the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Act"). The objective of this policy is to provide protection against sexual harassment of women at workplace and for redressal of complaints of any such harassment. The Internal Complaints Committee to redress the complaints received under the Act is in place

No complaints have been received during the year under review

#### **Material Changes and Commitments affecting the financial position of the Company**

Except as disclosed elsewhere in this report, there have been no material changes and commitments which can affect the financial position of the Company occurred between the end of the financial year of the Company and date of this report

#### **Significant and Material Orders passed by the Regulators or Courts or Tribunals**

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations

#### **Directors' Responsibility Statement**

In terms of provisions of Section 134(5) of the Companies Act, 2013, your Directors based on the representations received from the Operating Management confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had 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 this 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;
- (e) they have laid down internal financial control to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

### **Particulars of Employees**

There were no such employees of the Company for which the information required to be disclosed pursuant to Section 197 of the Companies Act 2013 read with Rule 5(2)&(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

### **Risk Management**

Your Company recognizes that risk is an integral part of business and is committed to managing the risks in a proactive and efficient manner. There are no risks which in the opinion of the Board affect the Company operations on going concern basis

The Board periodically reviews the risks and measures are taken for mitigation

### **Acknowledgements**

The Directors place on record their appreciation for the support and co-operation received from various Government Authorities including National Highway Authority of India and other Regulatory Authorities, Banks, Financial Institutions and Shareholders of the Company



**For and on behalf of the Board**

  
Managing Director  
(DIN: 00051945)  
S C Sachdeva

  
Director  
(DIN: 06612768)  
Vijay Kini

Mumbai, April 27, 2016

Jayshree S. Joshi

B. Com. (Hons.), LL.B., F.C.S.  
PROPRIETRESS



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suyashri@vsni.com

**JAYSHREE DAGLI & ASSOCIATES**  
COMPANY SECRETARIES

**Date: 27<sup>th</sup> April, 2016.**

To,  
**The Members,**  
**NORTH KARNATAKA EXPRESSWAY LIMITED**  
**Mumbai**

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

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

**For JAYSHREE DAGLI & ASSOCIATES**  
**COMPANY SECRETARIES**

  
**JAYSHREE S. JOSHI**  
**F.C.S.1451 C.P.487**

**PS: Attached hereto is our Secretarial Audit Report (Form No. MR-3) of Even Date.**

Page 1 of 4

Jayshree S. Joshi

B. Com. (Hons.), LL.B., F.C.S.  
PROPRIETRESS



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**JAYSHREE DAGLI & ASSOCIATES**

**COMPANY SECRETARIES**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2016

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
**NORTH KARNATAKA EXPRESSWAY LIMITED**  
**Mumbai**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **North Karnataka Expressway Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31<sup>st</sup> March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

**(A)** We have examined the books, papers, minute books, forms and returns filed and other records maintained by **North Karnataka Expressway Limited** ("the Company") for the financial year ended 31<sup>st</sup> March, 2016 according to the provisions of:

1. The Companies Act, 2013 ("the Act") and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-

- (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 & Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

Page 2 of 4



**JAYSHREE DAGLI & ASSOCIATES**

**COMPANY SECRETARIES**

- (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (d) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
6. The following Acts based on the nature of activities of the Company:
- (i) Building And Other Construction Workers (Regulation Of Employment And Conditions Of Service) Act, 1996
  - (ii) The Environment (Protection) Act, 1986
  - (iii) The Air (Prevention and Control of Pollution) Act, 1981
  - (iv) The Water (Prevention and Control of Pollution) Act, 1974
  - (v) Forest Conservation Act, 1980
  - (vi) Hazardous Wastes (Management and Handling) Rules, 1989
  - (vii) Labour Laws to the extent applicable.

**(B)** We have also examined compliance with the applicable clauses of the following:

- (a) Secretarial Standards as prepared by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs effective from 1<sup>st</sup> July, 2015;
- (b) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited.

During the year under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above, except / other than the points / issues covered here under.

During the year under review, the provisions of following regulations were not applicable to the Company:

- (i) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014;
- (ii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009;
- (iii) The Securities and Exchange Board of India (Buyback of Securities) Regulations 1998;
- (iv) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

**Jayshree S. Joshi**

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**JAYSHREE DAGLI & ASSOCIATES**  
COMPANY SECRETARIES

- (v) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

**We further report that**

During the period from 17<sup>th</sup> June 2015 to 30<sup>th</sup> March 2016, the Company had 8 Directors on the Board and therefore, ought to have appointed 3 Independent Directors instead of 2. However, the strength of the Board reduced to 6 on account of the resignation of 2 Directors at the end of the Financial Year. As a result the deficiency was set right and the Board has been adequately constituted. Accordingly, except this deficiency, the Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice had been given to all the Directors to schedule the Board & Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and that a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Unanimous decisions were carried through as there was no case of dissent of any Director in respect of any decision and was accordingly captured and recorded as part of the minutes.

**We further report that**

There are adequate systems and processes in place in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the Company has no specific events / actions having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc. referred to herein above.

Place : Mumbai

Date: 27<sup>th</sup> April, 2016.

For **JAYSHREE DAGLI & ASSOCIATES**  
**COMPANY SECRETARIES**

**JAYSHREE S. JOSHI**  
**F.C.S.1451 C.P.487**

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	U45203MH2001PLC163992
2.	Registration Date	15/10/2001
3.	Name of the Company	North Karnataka Expressway Limited
4.	Category/Sub-category of the Company	Company Limited by Shares
5.	Address of the Registered office & contact details	The IL&FS Financial Centre, Plot C 22, G Block, Bandra Kurla Complex, Mumbai-400051
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Construction and maintenance of Motorways, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways	42101	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

S.no.	Name and Address of The company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	IL&FS Trust Company Limited A/c - ITNL Road Investment Trust (IRIT)	U66020MH1995PLC095507	Holding	74.00	2(46)



6

**VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	5,55,30,594	38,60,506	5,93,91,100	100	5,55,30,594	38,60,506	5,93,91,100	100	Nil
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>5,55,30,594</b>	<b>38,60,506</b>	<b>5,93,91,100</b>	<b>100</b>	<b>5,55,30,594</b>	<b>38,60,506</b>	<b>5,93,91,100</b>	<b>100</b>	<b>Nil</b>
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs- Individual	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies	-	-	-	-	-	-	-	-	-



6



Corporate									
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholdi ng of Promoter (A) = (A)(1)+(A)( 2)</b>	<b>5,55,30,594</b>	<b>38,60,506</b>	<b>5,93,91,100</b>	<b>100</b>	<b>5,55,30,594</b>	<b>38,60,506</b>	<b>5,93,91,100</b>	<b>100</b>	<b>Nil</b>
<b>B. Public Shareholdi ng</b>	-								
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-



2

e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-



6

c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>									
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>5,55,30,594</b>	<b>38,60,506</b>	<b>5,93,91,100</b>	<b>100</b>	<b>5,55,30,594</b>	<b>38,60,506</b>	<b>5,93,91,100</b>	<b>100</b>	<b>Nil</b>

**ii) Shareholding of Promoter-**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	IL&FS Trust Company Limited A/c- ITNL Road Investment Trust (IRIT)	4,39,49,380	74	-	4,39,49,380	74	-	NIL
2	IL&FS Transportation Networks Limited	77,20,823	13	-	77,20,823	13	-	NIL
3	Punj Lloyd Limited	38,60,456	6.5	-	38,60,456	6.5	-	NIL
4	Infrastructure Leasing & Financial Services Limited	38,60,441	6.5	-	38,60,441	6.5	-	NIL



6

	<b>Total</b>	<b>5,93,91,100</b>	<b>100</b>	<b>-</b>	<b>5,93,91,100</b>	<b>100</b>	<b>-</b>	<b>NIL</b>
--	--------------	--------------------	------------	----------	--------------------	------------	----------	------------

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

Sl.No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	-	-	-	-

iv) **Shareholding Pattern of top ten Shareholders:**

**(Other than Directors, Promoters and Holders of GDRs and ADRs):**

**All the shares are held by the Promoters**

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



6

v) Shareholding of Directors and Key Managerial Personnel:

No Director or Key Managerial Personnel is holding shares in the Company.

Sl.No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	-	-	-	-

V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,829,000,000	-	-	1,829,000,000
ii) Interest due but not paid		-	-	
iii) Interest accrued but not due	844,534,473	-	-	844,534,473
<b>Total (i+ii+iii)</b>	<b>2,673,534,473</b>	<b>-</b>	<b>-</b>	<b>2,673,534,473</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition		-	-	
* Reduction	(476,550,788)	-	-	(476,550,788)
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1,376,000,000	-	-	1,376,000,000
ii) Interest due but not paid		-	-	
iii) Interest accrued but not due	820,983,685	-	-	820,983,685
<b>Total (i+ii+iii)</b>	<b>2,196,983,685</b>	<b>-</b>	<b>-</b>	<b>2,196,983,685</b>



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

No remuneration has been paid to Managing Director during the FY 2015-16

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961					
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission - as % of profit - others, specify...					
5	Others, please specify					
	Total (A)					
	Ceiling as per the Act	being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013				

### B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors				Total Amount
		----	----	----	---	
1	Independent Directors	<b>Rupak Ghosh</b>	<b>Paresh Shah</b>			
	Fee for attending board committee meetings	100,000	110,000			210,000
	Commission					
	Others, please specify					
	Total (1)	100,000	110,000			210,000
2	Other Non-Executive Directors	<b>Vijay Kini</b>	<b>Shruti Arora</b>	<b>Rajiv Dubey</b>		
	Fee for attending board committee meetings	100,000	40,000	40,000		180,000
	Commission					
	Others, please specify					



6

2	Other Non-Executive Directors	<b>George Cherian</b>	<b>Pradeep Puri</b>	<b>S. K. Goyal</b>	<b>S. C. Sachdeva</b>	
	Fee for attending board committee meetings	50,000	10,000	30,000	10,000	100,000
	Commission					
	Others, please specify					
	Total (2)					490,000
	Total (B)=(1+2)					
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	-	-	-




**II. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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

For and on behalf of the Board



  
Managing Director  
(DIN: 00051945)

Name S C Sachdeva

  
Director  
(DIN: 06612768)

Vijay Kini

Mumbai, April 27, 2016



## Corporate Social Responsibility (CSR)



[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

Sr. No.	Particulars	Details
1.	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	In an effort to empower the community surrounding the project road the company will be initiating various social developmental activities for their wellbeing including improvements in road safety and skilling youths for jobs  The CSR Policy and Framework has been adopted by the Company
2.	Composition of the CSR Committee	1) Mr. Paresh Shah - Member 2) Ms. Rupak Ghosh - Member 3) Mr. Vijay Kini - Member
3.	Average net profit of the company for last three financial years (Amount in Millions)	Rs.283.56 mn
4.	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) (Amount in Millions)	Rs.5.67 mn
5.	Details of CSR spent during the financial year. a) Total amount to be spent for the financial year; b) Amount unspent, if any;  c) Manner in which the amount spent during the financial year is detailed below.	a) Rs.9.68 mn b) Rs.1.30 mn (Nil)* * Note: As the actual spend of Rs.8.38 mn is higher than the eligible spend of Rs.5.67 mn, the amount unspent is NIL for reporting purposes  c) The manner in which the amount is spent is detailed in table below:



S. No	CSR project or activity identified	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Sectors in which the project is covered	Amount outlay (budget) project or programs wise (Rs Million)	Amount spent on the projects or programmes (1) Direct Expenditure on projects or programs (2) Overhead (Rs Million)	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Technical Measures for Road Safety	North Karnataka Expressway (NKEL): I. Belgaum Karnataka	Education	9.00	7.7 (Direct)	7.7	Directly through specialist agencies
2	Sanitation along the highway		Sanitation: Improving sanitation	0.65	0.65 (Direct)	0.65	Directly through specialist agencies
3	Support to Computer Education in High School		Local Area Projects:	0.03	0.03 (Direct)	0.03	Directly through specialist agencies
			<b>Total</b>	<b>9.68</b>	<b>8.38</b>	<b>8.38</b>	

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company

	
(Chief Executive Officer or Managing Director or Director)	(Chairman CSR Committee)



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

**1. Report on the Financial Statements**

We have audited the accompanying financial statements of **North Karnataka Expressway Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**2. Management's Responsibility for the Financial Statements**

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

**3. Auditor's Responsibility**

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

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

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



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

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

**4. Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its loss and its cash flows for the year ended on that date.

**5. Report on Other Legal and Regulatory Requirements**


- (i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
- (ii) As required by sub- section (3) of section 143 of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;



- (d) In our opinion, Balance Sheet, Statement of Profit and loss, and Cash Flow Statement comply with the Accounting Standards referred to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014
- (e) On the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2016 and taken on record by the Board of Directors, in its meeting held on 27<sup>th</sup> April, 2016 none of the directors is disqualified as on 31<sup>st</sup> March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations in its financial statements, (Refer Note 20 of Financial Statement)
- (ii) The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

for M P Chitale & Co  
Chartered Accountants  
Firm Regn No. 101851W

  
Murtuza Vajih  
Partner  
ICAI M No. 112555  
Place : Mumbai.  
Date : April 27, 2016



**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

**(Refer to in paragraph 5 (i) of our report of even date)**

- i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of all fixed assets.
- (b) The Management has conducted physical verification of major fixed assets during the year. We are informed that no material discrepancies were noticed on such verification.
- (c) The company does not possess any immovable property, these clauses do not apply to the company
- ii) Since, the company does not have any inventory; these clauses do not apply to the company
- iii) a) The company has granted an unsecured loan to a party covered in the register maintained U/S 189 of the Companies Act, 2013. In our opinion the terms and conditions of the grant of such loans are prima facie not prejudicial to the interest of the company.
- b) In case of the above loan, the schedule of principal repayment and interest payment have been stipulated and based on the information and explanations furnished to us, we are of the opinion that prima facie receipt of principal and interest, wherever applicable, are regular.
- c) There are no overdue amounts in respect of the loan granted to a body corporate listed in the register maintained under section 189 of the Act, and hence this clause is not applicable
- iv) According to the information and explanations given to us and on the basis of representation of the management which we have relied upon, the loan given by the company is not covered by Section 185 or Section 186 of The Companies Act, 2013 and hence, this clause is not applicable
- v) The Company has not accepted deposits from the public in terms of provisions of sections 73 to 76 of the Companies Act, 2013
- vi) Pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, we have broadly reviewed the cost records and are of the opinion that prima facie, the prescribed records have been made and maintained by the Company.



- vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues have been regularly deposited with the appropriate authorities and there are no statutory dues that are outstanding more than six months at the end of year.
- (b) Details of dues of Income tax which has not been deposited as on March 31, 2016 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 (Rupee in Cr.)
Income Tax Act, 1961	Income Tax	ITAT	2005-06	3.07
		CIT(A)	2005-06	7.57
		ITAT	2007-08	0.23
		ITAT	2008-09	1.19
		ITAT	2009-10	0.74
		ITAT	2010-11	2.20
		ITAT	2011-12	0.01
<b>Total</b>				<b>15.01</b>

- viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to debenture holders.
- ix) According to the information and explanations given to us the company has neither raised money by way of a public offer nor has it availed any term Loans from bank/ Financial institutions during the year.
- x) According to the information and explanations given to us and on the basis of representation of the management which we have relied upon, no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- xi) According to the information and explanations given to us, managerial remuneration has been paid in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii) Since the company is not a nidhi company, this clause is not applicable to the company.
- xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 as applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.



- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanations given to us, the company has not entered into any non cash transactions with directors or persons connected with him.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

for M P Chitale & Co  
Chartered Accountants  
Firm Regn No. 101851W

  
Murtuza Vajihi  
Partner  
ICAI M No. 112555  
Place: Mumbai  
Date : April 27, 2016





**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

**(Refer to in paragraph 5 (ii)(f) of our report of even date)**

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

We have audited the internal financial controls over financial reporting of North Karnataka Expressway Limited ("the Company") as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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



judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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



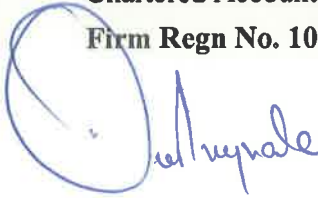
**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**for M P Chitale & Co**

**Chartered Accountants**

**Firm Regn No. 101851W**



**Murtuza Vajih**

**Partner**

**ICAI M No. 112555**

**Place : Mumbai.**

**Date : April 27, 2016**



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**NORTH KARNATAKA EXPRESSWAY LIMITED**

CIN : U45203MH2001PLC163992

**Balance Sheet** as at March 31, 2016

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Particulars	Note	As At		As At	
		March 31, 2016		March 31, 2015	
<b>I EQUITY AND LIABILITIES</b>					
<b>SHAREHOLDERS' FUNDS</b>					
(a) Share capital	2	593,911,000		593,911,000	
(b) Reserves and surplus	3	738,641,452	1,332,552,452	657,799,008	1,251,710,008
<b>NON-CURRENT LIABILITIES</b>					
(a) Long-term borrowings	4	973,000,000		1,376,000,000	
(b) Other long term liabilities	5	580,533,685	1,553,533,685	635,354,473	2,011,354,473
<b>CURRENT LIABILITIES</b>					
(a) Trade payables	6	10,450,741		46,782,348	
(b) Other current liabilities	7	644,709,623		663,481,408	
(d) Short-term provisions	8	178,704,328	833,864,692	199,544,120	909,807,876
<b>TOTAL</b>			<b>3,719,950,830</b>		<b>4,172,872,357</b>
<b>II ASSETS</b>					
<b>NON CURRENT ASSETS</b>					
(a) Fixed assets	9				
(i) Tangible assets		25,766		50,612	
(ii) Intangible assets		1,662,449,820		1,816,013,792	
(iii) Capital work-in-progress		-		261,038,858	
(b) Long-term loans and advances	10	103,970,995	1,766,446,581	108,886,790	2,185,990,052
<b>CURRENT ASSETS</b>					
(a) Cash and Cash Equivalents	11	735,957,299		752,337,563	
(b) Short-term loans and advances	12	803,558,582		734,670,629	
(c) Other current assets	13	413,988,368	1,953,504,249	499,874,114	1,986,882,305
<b>TOTAL</b>			<b>3,719,950,830</b>		<b>4,172,872,357</b>

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 27, 2016  
Place: Mumbai



For and on behalf of the Board

**Mr. S C Sachdeva**  
Director  
DIN No.- 00051945

**Mr. Vijay Kini**  
Director  
DIN No. - 06612768

**Mr Swapnil Bhalekar**  
Chief Financial Officer  
Date : April 27, 2016  
Place : Mumbai

**Ms Jyotsna Matondkar**  
Company Secretary

**NORTH KARNATAKA EXPRESSWAY LIMITED**

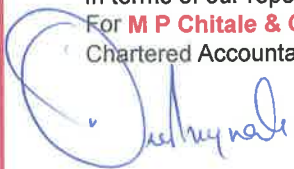
**CIN : U45203MH2001PLC163992**

**Statement of Profit and Loss for the Year Ended March 31, 2016**

Particulars	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>I REVENUE FROM OPERATIONS</b>	14	1,010,340,000	1,010,340,000
<b>II OTHER INCOME</b>	15	119,847,664	146,701,822
<b>III TOTAL REVENUE (I + II)</b>		<b>1,130,187,664</b>	<b>1,157,041,822</b>
<b>IV EXPENSES</b>			
Operating expenses	16	122,682,902	119,521,607
Finance costs	17	227,821,612	271,156,851
Depreciation / Amortisation		424,516,495	400,234,175
Other expenses (Administrative and general expenses)	18	21,027,889	12,568,477
<b>TOTAL EXPENSES</b>		<b>796,048,898</b>	<b>803,481,110</b>
<b>V Profit / (Loss) before taxation (III-IV)</b>		<b>334,138,766</b>	<b>353,560,712</b>
<b>VI TAX EXPENSE:</b>			
(1) Current tax		72,000,000	74,200,000
(2) Tax relating to earlier period		2,591,994	
(3) Deferred tax			
<b>TOTAL TAX EXPENSES (VI)</b>		<b>74,591,994</b>	<b>74,200,000</b>
<b>VII PROFIT/(LOSS) FOR THE YEAR (V-VI)</b>		<b>259,546,772</b>	<b>279,360,712</b>
Earnings per share (Face value per share Rupees 10/-):	19		
(1) Basic		4.37	4.70
(2) Diluted		4.37	4.70

Notes 1 to 24 form part of the financial statements.

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




**Murtuza Vajhi**  
Partner  
Date : April 27, 2016  
Place: Mumbai




For and on behalf of the Board



  
**Mr. S C Sachdeva**  
Director  
DIN No.- 00051945

  
**Mr. Vijay Kini**  
Director  
DIN No. - 06612768

  
**Mr Swapnil Bhalekar**  
Chief Financial Officer  
Date : April 27, 2016  
Place : Mumbai

  
**Ms Jyotsna Matondkar**  
Company Secretary

**Cash Flow Statement for the Year Ended March 31, 2016**

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	334,138,766	353,560,712
Adjustments for :-		
Depreciation	424,516,495	400,234,175
Finance costs	227,821,612	271,156,851
Interest Income	(118,497,028)	(133,527,960)
Excess Provision for Tax Written Back	-	(13,173,862)
<b>Operating Cash Flow before Working Capital Changes</b>	<b>867,979,845</b>	<b>878,249,916</b>
Adjustments for changes in operating assets & liabilities:-		
Decrease / (Increase) in Loans and advances	24,206,765	(24,224,626)
Decrease / (Increase) in Other Non-current Assets and Other Current Assets	(4,078,033)	(15,014,880)
(Decrease) / Increase in Other current liabilities and trade payables	(36,373,392)	45,577,957
Operating Cash Flows after Working Capital Changes	851,735,185	884,588,367
Advances payment of Taxes (Net of Refund Received)	(77,347,027)	(78,725,946)
<b>Net Cash from Operations (A)</b>	<b>774,388,158</b>	<b>805,862,421</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions during the year to Fixed Asset/ CWIP	(9,888,819)	(261,048,558)
Interest received (net of taxes deducted)	208,460,807	73,677,965
Short Term Loan given	(95,000,000)	-
<b>Net Cash from / ( used in ) from Investing Activities (B)</b>	<b>103,571,988</b>	<b>(187,370,593)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Redemption of Non Convertible Debentures (principal repayment)	(453,000,000)	(516,000,000)
Finance cost paid	(241,796,290)	(209,155,356)
Payment of Dividend along with Taxes	(199,544,120)	(69,484,618)
<b>Net Cash (used in) Financing Activities (C)</b>	<b>(894,340,410)</b>	<b>(794,639,974)</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(16,380,264)</b>	<b>(176,148,146)</b>
Cash and Cash Equivalents at the beginning of the year	752,337,563	928,485,708
Cash and Cash Equivalents at the end of the year (As per note no- 12)	735,957,299	752,337,563
<b>Net change in Cash &amp; Cash Equivalents during the year</b>	<b>(16,380,264)</b>	<b>(176,148,146)</b>

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 27, 2016  
 Place: Mumbai



For and on behalf of the Board

**Mr. S C Sachdeva**  
 Director  
 DIN No.- 00051945

**Mr. Vijay Kini**  
 Director  
 DIN No. - 06612768

**Mr Swapnil Bhalekar**  
 Chief Financial Officer  
 Date : April 27, 2016  
 Place : Mumbai

**Ms Jyotsna Matondkar**  
 Company Secretary



**Ms Jyotsna Matondkar**  
 Company Secretary

**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 (NHA) 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 of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indain GAAP) to comply with the Accounting Standards ('AS') specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rule 2014, 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 Tangible fixed assets:**

- 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. Examples of directly attributable expenses included in the acquisition value are delivery and handling costs, installation, legal services and consultancy services.

**b Intangible assets:**

- (i) Intangible assets include the project assets (Belgaon Maharashtra Border Road Project), which are stated at their original cost of construction less accumulated depreciation and impairment loss, if any. All costs, including incidental expenses, financing costs attributable to fixed assets have been capitalised.
- (ii) Expenses incurred on the Project includes direct and attributable / allocated indirect expenses incurred for the construction of the road and is capitalized when the project is complete in all respects and when the Company receives the final completion certificate from the authority as specified in the Concession Agreement and not on completion of component basis as the intended purpose of the project is to have the complete length of the road available for use.
- (iii) In the case of project assets, the 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 useful life of the road over the concession period are capitalised on a component basis.



**c Depreciation and Amortisation**

- (i) Depreciation on tangible fixed assets is computed as under:  
As per notification dated, March 26, 2014 issued by the Ministry of Corporate Affairs, Schedule II of the Companies Act 2013 comes into effect from April 1, 2014 which prescribes the useful life of depreciable assets. The Company has adopted the useful life prescribed under the Schedule II of the Companies Act 2013. Also, with effect from April 1, 2014 the Company has decided to change the policy retrospectively for charging depreciation on the basis of Straight Line Method in place of Written Down Method other than those specified otherwise. Accordingly the Company has reinstated its policy for charging depreciation with effect from April 1, 2014 which is as below:
- (i) Assets purchased on or after April 1, 2014 are depreciated on Straight Line Method, over the useful life of assets as prescribed under Schedule II of the Companies Act 2013 other than assets specified in para (ii) below
- (ii) Following assets are depreciated over a useful life which is shorter than the life prescribed under Schedule II of the Companies Act 2013 based on the Management's estimate
- (iii) Data Processing Equipment – Server and Networking equipment are depreciated over a period of 4 years
- (iv) Mobile Phones and Ipad / Tablets are fully depreciated in the year of purchase
- (v) Specialised office equipment's are depreciated on Straight Line Method over a period of three years
- (vi) Cars purchased by the company for employees, are depreciated over a period of five years
- (vii) Assets provided to employees are depreciated over a period of three years
- (viii) Leasehold improvement costs are capitalised and amortised over the period of lease agreement
- (ix) All categories of assets costing less than ₹ 5,000 each are fully depreciated in the year of purchase.
- (x) The residual value of all the assets is retained at ₹ 1/- each
- (ii) 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.

**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 Lease**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

**XII 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.

**XIII 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 theyear ended March 31, 2016

### NOTE 2: SHARE CAPITAL

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number of shares	₹	Number of shares	₹
<b>Authorised</b> Equity Shares of Rupees 10/- each	100,581,000	1,005,810,000	100,581,000	1,005,810,000
<b>Issued</b> Equity Shares of Rupees 10/- each	59,391,100	593,911,000	59,391,100	593,911,000
<b>Subscribed and Paid up</b> Equity Shares of Rupees 10/- each fully paid (refer foot note no. i, ii, and iii)				
<b>TOTAL</b>	<b>59,391,100</b>	<b>593,911,000</b>	<b>59,391,100</b>	<b>593,911,000</b>

#### 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, 2016		As at March 31, 2015	
	Equity Shares		Equity Shares	
	Number of Shares	₹	Number of Shares	₹
Shares outstanding at the beginning of the year	59,391,100	593,911,000	59,391,100	593,911,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	59,391,100	593,911,000	59,391,100	593,911,000

ii. Details of Shareholding of more than 5% shares

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	Number of Shares held	% of total holding	Number of Shares held	% of total holding
IL&FS Trust Company Limited - ITNL Road Investment Trust (IRIT)	43,949,380	74.00%	43,949,380	74.00%
IL&FS Transportation Networks Limited	7,720,823	13.00%	7,720,823	13.00%
Puni Lloyd Limited	3,860,456	6.50%	3,860,456	6.50%
Infrastructure Leasing & Financial Services Limited	3,860,441	6.50%	3,860,441	6.50%
<b>TOTAL</b>	<b>59,391,100</b>	<b>100.00%</b>	<b>59,391,100</b>	<b>100.00%</b>

iii. Of the issued, subscribed and paid up capital of 59,391,100 (as at March 31, 2015: 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, 2015: 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, 2015: 3,860,441) equity shares in the Company.

### NOTE 3: RESERVES AND SURPLUS

Particulars	As at March 31, 2016		As at March 31, 2015	
	₹	₹	₹	₹
<b>(a) Debenture Redemption Reserve</b>				
Opening balance	589,200,476		464,792,251	
(+) Transferred from the Surplus in Statement in Profit and Loss	63,029,524	652,230,000	124,408,225	589,200,476
<b>(b) Profit / (Loss) Surplus</b>				
Opening balance	68,598,532		113,405,858	
(+) Profit for the current period / year	259,546,772		279,360,712	
(-) Adjustment due to change in depreciation policy	-		(215,693)	
(-) Transfer from debenture redemption reserve	(63,029,524)		(124,408,225)	
(-) Proposed Dividends (including dividend tax)	(178,704,328)	86,411,452	(199,544,120)	68,598,532
<b>TOTAL</b>		<b>738,641,452</b>		<b>657,799,008</b>



# NORTH KARNATAKA EXPRESSWAY LIMITED

## Notes forming part of the financial statements for theyear ended March 31, 2016

### Note 4: LONG-TERM BORROWINGS

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Secured Non-convertible Debentures</b> (refer foot note no.(i) (ii) and (iii) below)	973,000,000	1,376,000,000
(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 NHA1 under the terms of the Concession Agreement).		
<b>TOTAL</b>	<b>973,000,000</b>	<b>1,376,000,000</b>

### 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, 2016 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-20	Series 19	1,000,000	141,000,000	2,229,350	314,340,000
15-Jul-19	Series 18	1,000,000	148,000,000	2,132,578	315,620,000
15-Jan-19	Series 17	1,000,000	156,000,000	2,041,483	318,470,000
16-Jul-18	Series 16	1,000,000	166,000,000	1,953,337	324,250,000
15-Jan-18	Series 15	1,000,000	176,000,000	1,869,447	329,020,000
15-Jul-17	Series 14	1,000,000	186,000,000	1,788,298	332,620,000
<b>TOTAL</b>			<b>973,000,000</b>		<b>1,934,320,000</b>

The Details of Redemption of the debentures as at March 31, 2015 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-20	Series 19	1,000,000	141,000,000	2,229,350	314,340,000
15-Jul-19	Series 18	1,000,000	148,000,000	2,132,578	315,620,000
15-Jan-19	Series 17	1,000,000	156,000,000	2,041,483	318,470,000
16-Jul-18	Series 16	1,000,000	166,000,000	1,953,337	324,250,000
15-Jan-18	Series 15	1,000,000	176,000,000	1,869,447	329,020,000
15-Jul-17	Series 14	1,000,000	186,000,000	1,788,298	332,620,000
16-Jan-17	Series 13	1,000,000	196,000,000	1,712,322	335,620,000
15-Jul-16	Series 12	1,000,000	207,000,000	1,637,598	338,980,000
<b>TOTAL</b>			<b>1,376,000,000</b>		<b>2,608,920,000</b>

- (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) during the year ended March 31, 2016 and March 31, 2015.



**NORTH KARNATAKA EXPRESSWAY LIMITED**

**Notes** forming part of the financial statements for the year ended March 31, 2016

**NOTE 5: OTHER LONG TERM LIABILITIES**

Particulars	As at March 31, 2016	As at March 31, 2014
(a) Trade Payables	-	-
(b) Others Redemption Premium Accrued but not due on debentures	580,533,685	635,354,473
<b>TOTAL</b>	<b>580,533,685</b>	<b>635,354,473</b>

**NOTE 6: TRADE PAYABLES :**

The Company has not received any intimation from 'suppliers' regarding their status under the Micro, Small and Medium enterprises Development Act, 2006 and hence disclosures, if any relating to amount unpaid as at the year end together with interest paid/payable as required under the said Act have not been furnished.

Particulars	As at March 31, 2016		As at March 31, 2014	
(a) Trade Payables ( Refer foot note above)				
Related parties	7,448,595		38,707,773	
sundry creditors (For Expenses)	3,002,146	10,450,741	8,074,575	46,782,348
<b>TOTAL</b>		<b>10,450,741</b>		<b>46,782,348</b>



NOTE 7: OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2016	As at March 31, 2014
(a) <b>Current Maturities of Long Term Debt (Secured Non Convertible Debenture)</b>	403,000,000	453,000,000
(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 NHA) under the terms of the Concession Agreement).		
(b) <b>Redemption Premium Accrued but not due</b> (on the above)	240,450,000	209,180,000
(c) Nomination Deposit Received	-	-
(d) <b>Other payables</b>		
Unpaid Expenses	890,647	747,364
Dividend Distribution Tax Payable	-	-
Statutory dues	368,976	554,044
<b>TOTAL</b>	<b>644,709,623</b>	<b>663,481,408</b>

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.

(ii) The Details of Redemable debentures in next twelve months as at March 31, 2016 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-Jul-16	Series 12	1,000,000	207,000,000	1,637,598	338,980,000
16-Jan-17	Series 13	1,000,000	196,000,000	1,712,322	335,620,000
<b>TOAL</b>			<b>403,000,000</b>		<b>674,600,000</b>

The Details of Redemption of the debentures as at March 31, 2015 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-Jul-15	Series 10	1,000,000	238,000,000	1,499,236	356,820,000
15-Jan-16	Series 11	1,000,000	215,000,000	1,567,268	336,960,000
<b>TOAL</b>			<b>453,000,000</b>		<b>693,780,000</b>

(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) during the half year ended September 30, 2015 and year ended March 31, 2015.

NOTE 8: SHORT TERM PROVISION

Particulars	As at March 31, 2016	As at March 31, 2014
(a) Provision for tax (net of advance)	-	-
(b) Proposed dividend on equity shares	148,477,751	166,295,081
(c) Provision for tax on proposed dividend on equity shares	30,226,577	33,249,039
<b>TOTAL</b>	<b>178,704,328</b>	<b>199,544,120</b>



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2016

NOTE 9: FIXED ASSETS

	Gross block (at cost)				Accumulated depreciation			Net block	
	Balance as at April 1, 2015	Additions during the period/year	Disposals	Balance as at March 31, 2016	Balance as at April 1, 2015	Opening adjustments	Depreciation charge for the period/year	Balance as at March 31, 2016	Balance as at March 31, 2016
<b>Tangible assets</b>									
Furniture and fixtures	121,616	10,992	-	132,608	121,596	-	10,990	132,586	22
Vehicles	544,013	-	-	544,013	523,636	-	3,586	527,222	16,791
Office equipments	216,277	-	-	216,277	192,683	-	14,658	207,341	8,936
Data processing equipments	451,505	-	-	451,505	444,884	-	6,604	451,488	17
<b>Total - Tangible assets (A)</b>	<b>1,333,411</b>	<b>10,992</b>	<b>-</b>	<b>1,344,403</b>	<b>1,282,799</b>	<b>-</b>	<b>35,838</b>	<b>1,318,637</b>	<b>25,766</b>
<b>Intangible assets</b>									
Belgaum-Maharashtra Border Road Project	6,133,119,243	270,916,685	-	6,404,035,928	4,317,105,451	-	424,480,657	4,741,586,108	1,662,449,820
<b>Total - Intangible assets (B)</b>	<b>6,133,119,243</b>	<b>270,916,685</b>	<b>-</b>	<b>6,404,035,928</b>	<b>4,317,105,451</b>	<b>-</b>	<b>424,480,657</b>	<b>4,741,586,108</b>	<b>1,662,449,820</b>
<b>Capital work-in-progress</b>	<b>261,038,858</b>	<b>9,877,827</b>	<b>270,916,685</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total - Intangible assets (C)</b>	<b>261,038,858</b>	<b>9,877,827</b>	<b>270,916,685</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL -(A) + (B)+ (C)</b>	<b>6,395,491,512</b>	<b>280,805,504</b>	<b>270,916,685</b>	<b>6,405,380,331</b>	<b>4,318,388,250</b>	<b>-</b>	<b>424,516,495</b>	<b>4,742,904,745</b>	<b>1,662,475,586</b>

PREVIOUS YEAR

	Gross block (at cost)				Accumulated depreciation			Net block	
	Balance as at April 1, 2014	Additions during the period/year	Disposals	Balance as at March 31, 2015	Balance as at April 1, 2014	Opening adjustments	Depreciation charge for the period/year	Balance as at March 31, 2015	Balance as at March 31, 2015
<b>Tangible assets</b>									
Furniture and fixtures	121,616	-	-	121,616	117,643	24,143	(20,190)	121,596	20
Vehicles	544,013	-	-	544,013	488,185	108,299	(72,848)	523,636	20,377
Office equipments	206,577	9,700	-	216,277	171,253	73,848	(52,418)	192,683	23,594
Data processing equipments	451,505	-	-	451,505	409,712	9,403	25,769	444,884	6,621
<b>Total - Tangible assets (A)</b>	<b>1,323,711</b>	<b>9,700</b>	<b>-</b>	<b>1,333,411</b>	<b>1,186,793</b>	<b>215,693</b>	<b>(119,687)</b>	<b>1,282,799</b>	<b>50,612</b>
<b>Intangible assets</b>									
Belgaum-Maharashtra Border Road Project	6,133,119,243	-	-	6,133,119,243	3,916,751,589	-	400,353,862	4,317,105,451	1,816,013,792
<b>Total - Intangible assets (B)</b>	<b>6,133,119,243</b>	<b>-</b>	<b>-</b>	<b>6,133,119,243</b>	<b>3,916,751,589</b>	<b>-</b>	<b>400,353,862</b>	<b>4,317,105,451</b>	<b>1,816,013,792</b>
<b>Capital work-in-progress</b>	<b>-</b>	<b>261,038,858</b>	<b>-</b>	<b>261,038,858</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>261,038,858</b>
<b>Total - Intangible assets (C)</b>	<b>-</b>	<b>261,038,858</b>	<b>-</b>	<b>261,038,858</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>261,038,858</b>
<b>GRAND TOTAL -(A) + (B)+ (C)</b>	<b>6,134,442,954</b>	<b>261,048,558</b>	<b>-</b>	<b>6,395,491,512</b>	<b>3,917,938,382</b>	<b>215,693</b>	<b>400,234,175</b>	<b>4,318,388,250</b>	<b>2,077,103,262</b>



**NORTH KARNATAKA EXPRESSWAY LIMITED**

**Notes** forming part of the financial statements for theyear ended March 31, 2016

**NOTE 10: LONG-TERM LOANS AND ADVANCES**

Particulars	As at March 31, 2016	As at March 31, 2015
(a) <b>Unsecured, considered good</b> Security Deposits	65,556	64,656
(b) <b>Other loans and advances (Unsecured, considered good)</b> - Prepaid expenses (Refer footnote no. a below note 12) - Advance payment of taxes (net of provision)	10,483,771 93,421,668	18,155,500 90,666,634
<b>TOTAL</b>	<b>103,970,995</b>	<b>108,886,790</b>

**NOTE 12: SHORT-TERM LOANS AND ADVANCES**

Particulars	As at March 31, 2016	As at March 31, 2015
(a) <b>Loans given to related parties (Unsecured, considered good)</b> Short term loan given to IL&FS Transportation Networks Limited	795,000,000	700,000,000
(b) <b>Other loans and advances (Unsecured, considered good)</b> - Mobilisation Advance to Related Party - Sundry Advances - Prepaid expenses (Refer footnote no. a below)	204,348 8,354,234 8,558,582	24,098,900 204,348 10,367,381 34,670,629
<b>TOTAL</b>	<b>803,558,582</b>	<b>734,670,629</b>

**FOOT NOTE:**

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

Particulars	Unamortised as at March 31, 2015 (Estimated to be Amortised within 12 months)	Unamortised as at March 31, 2015 (Estimated to be Amortised after 12 months)	Amortised for the period ended March 31, 2016	Unamortised as at March 31, 2016 (Estimated to be Amortised within 12 months)	Unamortised as at March 31, 2016 (Estimated to be Amortised after 12 months)
Debt syndication fees	4,981,263	9,440,582	4,979,430	3,991,015	5,451,400
Upfront Fees	3,949,191	7,484,581	3,947,738	3,164,114	4,321,920
Legal fees	261,547	495,688	261,450	209,553	286,231
Stamp duty and registration fees	268,967	509,750	268,867	215,497	294,352
Acceptance fees	118,669	224,901	118,624	95,078	129,868
<b>TOTAL</b>	<b>9,579,638</b>	<b>18,155,502</b>	<b>9,576,110</b>	<b>7,675,257</b>	<b>10,483,771</b>

**NOTE 13: OTHER CURRENT ASSETS**

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Interest accrued but not due on short term loan Interest receivable from IL&FS Transportation Networks Limited	114,357,715	204,321,494
(b) Income accrued but not due	280,537,740	280,537,740
(c) Unbilled Revenue (Refer Footnote below)	11,071,734	15,014,880
(d) Receivable from ITNL	8,021,179	-
<b>TOTAL</b>	<b>413,988,368</b>	<b>499,874,114</b>

**FOOT NOTES:**

As per NHA1 Instructions, certain additional work of reimbursement nature, amounting to Rs. 13,50,636/- and Rs. 1,50,14,880/- respectively. For which bills have not been raised to NHA1 as on March 31, 2016 and March 31, 2015.



**NORTH KARNATAKA EXPRESSWAY LIMITED**

**Notes** forming part of the financial statements for theyear ended March 31, 2016

**NOTE 11: CASH AND CASH EQUIVALENTS**

Particulars	As at March 31, 2016		As at March 31, 2015	
<b>(a) Cash and cash equivalents</b>				
Cash on hand	21,399		1,814	
Fixed Deposits placed for a period less than 3 months	-		-	
Balances with banks in current accounts (Including Restricted DSRA balance of Rs 40,00,00,000/-)	735,935,900	735,957,299	752,335,749	752,337,563
<b>(b) Other bank balances</b>				
In Fixed Deposits placed for a period exceeding 3 months but not more than 12 months (Restricted)				
<b>TOTAL</b>		<b>735,957,299</b>		<b>752,337,563</b>
Of the above, the balances that meet the definition of Cash and Cash equivalents as per AS 3 Cash Flow Statements is :-		735,957,299		752,337,563

**FOOT NOTE:**

Details of Bankwise blance

Bank Name	As at March 31, 2016	As at March 31, 2015
Deutsche Bank AG Current A/c No 1532605000	21,990,441	29,361,862
Deutsche Bank AG Operation Statutory Dues A/c 1532605001	5,040,071	76,200,068
Deutsche Bank AG Operation & Maintenance A/c No 1532605002	29,955,001	17,210,009
Deutsche Bank AG Major Maintenance Reserve A/c No 1532605003	62,130,038	21,316,626
Deutsche Bank AG Contingency A/c No 1532605004	185,000,060	136,787,620
Deutsche Bank AG Debt Repayment A/c No 1532605005	81	249
Deutsche Bank AG Debt Service Reserve A/c No 1532605006	400,000,074	400,000,448
Punjab Nation Bank A/c 76578 -- Bandra	-	-
Punjab Nation Bank A/c 8099 -- Bandra	26,843,435	62,720,082
Punjab Nation Bank A/c 6510 -- Delhi	3,945,698	7,757,817
Punjab Nation Bank A/c 7902 -- Belgaum	1,031,001	980,967
<b>Total Balances with banks in current accounts (Including Restricted DSRA balance)</b>	<b>735,935,900</b>	<b>752,335,749</b>





**NORTH KARNATAKA EXPRESSWAY LIMITED**

**Notes** forming part of the financial statements for the year ended March 31, 2016

**NOTE 14: REVENUE FROM OPERATIONS**

Particulars	For the year ended March 31,	
	2016	2015
(a) <b>Other Operating Revenues</b> Annuity Income for Belgaum-Maharashtra Border Road	1,010,340,000	1,010,340,000
<b>TOTAL</b>	<b>1,010,340,000</b>	<b>1,010,340,000</b>

**NOTE 15: OTHER INCOME**

Particulars	For the year ended March 31,		For the year ended March 31,	
	2016		2015	
(a) <b>Interest Income</b> Interest on loans granted Interest on fixed deposits with banks	66,706,915 51,790,113	118,497,028	66,499,997 67,027,963	133,527,960
(b) <b>Other non-operating income</b> Miscellaneous income- Interest Income- Income Tax		-		13,173,862
(b) <b>Other non-operating income</b> Income from Utility Shifting		1,350,636		-
<b>TOTAL</b>		<b>119,847,664</b>		<b>146,701,822</b>



## NORTH KARNATAKA EXPRESSWAY LIMITED

**Notes** forming part of the financial statements for the year ended March 31, 2016

### NOTE 16: OPERATING EXPENSES

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Operation and maintenance expenses for Belgaum Maharashtra Border Road	118,136,880	112,287,799
Independent Engineer Fees	4,546,022	7,233,808
<b>TOTAL</b>	<b>122,682,902</b>	<b>119,521,607</b>



**NORTH KARNATAKA EXPRESSWAY LIMITED**

**Notes forming part of the financial statements for the year ended March 31, 2016**

**NOTE 17: FINANCE COSTS**

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
(a) Other borrowing costs				
Redemption premium on debentures	217,230,000		258,710,000	
Amortisation of borrowing costs	9,576,110		11,404,663	
Other Finance charges	1,015,502	227,821,612	1,042,188	271,156,851
<b>TOTAL</b>		<b>227,821,612</b>		<b>271,156,851</b>

**NOTE 18: OTHER EXPENSES (ADMINISTRATIVE AND GENERAL EXPENSES)**

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
Legal and consultation fees	5,525,055		6,458,363	
Auditors' remuneration (Refer footnote (a) below)	1,374,904		1,018,544	
Deputation cost (Refer footnote (b) below)	1,770,197		1,518,267	
Travelling and conveyance	230,049		263,300	
Rent	90,778		85,820	
Rates and taxes	394,052		422,595	
Repairs and maintenance	341,822		644,774	
Donation	50,000		-	
Registration expenses	28,090		-	
Communication expenses	103,414		69,507	
Insurance	124,247		105,846	
Utility Shifting Work	1,350,636		-	
Printing and stationery	85,781		171,972	
Electricity charges	29,473		28,644	
Directors' sitting fees	490,000		220,000	
CSR Expenses	8,374,065		919,500	
Miscellaneous expenses	665,326		641,345	
<b>TOTAL</b>		<b>21,027,889</b>		<b>12,568,477</b>

**FOOT NOTES:**

**(a) Auditors' remuneration**

Payments to the auditor as:	For the year ended March 31, 2016		For the year ended March 31, 2015	
a. audit fees	250,000		200,000	
b. tax audit fees	377,500		200,000	
c. for other assurances services	575,000		505,000	
d. for reimbursement of expenses			1,500	
e. service tax on above	172,404		112,044	
		<b>1,374,904</b>		<b>1,018,544</b>

**(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, 2016 is Rs.17,70,197/- (For the year ended March 31, 2015 was Rs.15,18,267/-). 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 theyear ended March 31, 2016**NOTE 19: EARNINGS PER SHARE**

Particulars	Unit	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit after tax	₹	259,546,772	279,360,712
Premium on preference shares	₹	-	-
Tax on premium on preference shares	₹	-	-
Profit / (Loss) for the year attributable to Equity Shareholders	₹	259,546,772	279,360,712
Weighted number of Equity Shares outstanding for calculating Basic and Diluted Earnings Per Share	Number	59,391,100	59,391,100
Nominal Value per equity share	₹	10	10
Basic and Diluted Earnings per share	₹	4.37	4.70



# NORTH KARNATAKA EXPRESSWAY LIMITED

**Notes** forming part of the financial statements for theyear ended March 31, 2016

## NOTE 20: CONTINGENT LIABILITIES AND COMMITMENTS

### A) Contingent liabilities :

Particulars	As at March 31, 2016	As at March 31, 2015
Claims against the company not acknowledged as debt (Income tax demands contested by the Company and other Income Tax matters)	150,073,997	152,951,258

### B) Commitments :

Particulars	As at March 31, 2016	As at March 31, 2015
Estimated amount of contracts remaining to be executed on capital account (Overlay Cost)	364,089,371	527,363,878
Estimated amount of contracts remaining to be executed on capital account (O&M Cost)	505,536,183	623,673,060



**NORTH KARNATAKA EXPRESSWAY LIMITED**

**Notes** forming part of the financial statements for theyear ended March 31, 2016

**NOTE 21: RELATED PARTY DISCLOSURES**

**a Current Year**

**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) :	ISSL CPG BPO Private Limited("ISSL")(earlier known IL&FS Securities Services Limited)
Key Management Personnel:	Elsamex India Pvt. Ltd ("Elsamex")
	Mr. Cherian George (Managing Director) (till January 21, 2016)
	Mr Swapnil Bhalekar (Chief Financial Officer)
	Ms Jyotsna Matondkar (Company Secretary)

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

Account head	Name of Entity/ Person	AS at March 31, 2016	AS at March 31, 2015
<b>Balances:</b>			
Interest accrued but not due on short term loan given	ITNL	114,357,715	204,321,494
Short term loan given	ITNL	795,000,000	700,000,000
Mobilisation Advance	ITNL	-	24,098,900.00
Trade Payable	Elsamex	6,582,794	-
Trade Payable	ITNL	865,801	38,692,614
Trade Receivable	ITNL	8,021,179	-
Trade Payable	ISSL	-	15,169

Transactions :-		For the year ended March 31, 2016	For the year ended March 31, 2015
Interest on loans granted	ITNL	66,706,915	66,499,997
Operation and maintenance expenses	ITNL	118,136,880	111,449,880
Overlay Expenses	ITNL	9,888,698	261,027,987
Mobilisation Advance	ITNL	-	46,119,836
Mobilisation Advance Recovery	ITNL	24,098,900	22,020,936
Deputation cost	ITNL	1,770,197	1,518,267
Professional Fees	ISSL	-	34,308
CSR Expenses	ITNL	962,000	-
CSR Expenses	Elsamex	6,717,137	-
Loan Given	ITNL	95,000,000	-
Dividend Payment	IL&FS	10,809,235	3,860,441
Dividend Payment	IRIT	133,867,541	47,809,836
Dividend Payment	ITNL	21,618,305	7,720,823
<b>Remuneration to Directors/KMP (Refer note below)</b>			
Mr. Vijay Kini	Director	29,186	48,453
Mr. Swapnil Bhalekar	CFO	486,693	97,788
Ms. Jyotsna Matondkar	Company Secretary	NIL	NIL
<b>Director Sitting Fees</b>			
Mr. Vijay Kini		100,000	10,000
Mr. Rupak Ghosh		110,000	-
Mr. Paresah Shah		100,000	-
Mr. George Cherian		50,000	80,000
Mr. Rajiv Dubey		40,000	80,000
Ms. Shruti Arora		40,000	-
Mr. Pradeep Puri		10,000	40,000
Mr. S. K. Goyal		30,000	10,000
Mr. S. C. Sachdeva		10,000	-

**Note:**

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.



**NORTH KARNATAKA EXPRESSWAY LIMITED**

**Remuneration of Directors and Key Managerial Personnel**

A) Remuneration to Managing Director, Whole-time Directors and/or Manager

SN.	Particulars of Remuneration	Name of MD/WTD/ Director		Total Amount
		Mr. Cherian George (Managing Director) (till January 21, 2016)	Mr. Vijay Kini Director	
1	Gross salary			
	(a) Deputation Cost / Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	29,186	29,186
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	-	29,186	29,186
	Ceiling as per the Act	₹ 2,59,54,677 (being 1% of the net profits of the Company calculated as per Section 198 of the		

B) Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

SN	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Swapnil Bhalekar CFO	Ms. Jyotsna Matondkar CS	Total
1	Gross salary			
	(a) Deputation Cost / Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	486,693	-	486,693
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	486,693	-	486,693



## NORTH KARNATAKA EXPRESSWAY LIMITED

### Notes forming part of the financial statements for the year ended March 31, 2016

#### NOTE 22: 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 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 23: CSR EXPENSES

CSR Expenditure	For the year ended March 31, 2016	For the year ended March 31, 2015
(i) Gross Amount required to be spent by the Company during the year	5,671,093	4,457,920
(ii) Amount spent during the year	8,374,065	919,500
(a) Construction/acquisition of any asset	-	919,500
(b) On purpose other than above (ii) (a) - In cash	-	-
(c) On purposes other than above (ii) (a) - Yet to be paid in cash	(2,702,972)	3,538,420

#### Note 24: PREVIOUS YEAR FIGURES

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

In terms of our report attached.

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

**Murtuza Vajhi**  
Partner  
Date : April 27, 2016



For and on behalf of the Board

**Mr. S. C. Sachdeva**  
Director  
DIN No. - 00051945

**Mr. Swapnil Bhalekar**  
Chief Financial Officer  
Date : April 27, 2016  
Place: Mumbai

**Mr. Vijay Kini**  
Director  
DIN No. - 06612768

**Ms. Jyotsna Matondkar**  
Company Secretary



# 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 FOURTEENTH ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the Fourteenth 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 Wednesday, 25<sup>th</sup> day of May, 2016, at 5.00 p.m. to transact the following business:

### ORDINARY BUSINESS:

- [1] To receive, consider and adopt the Financial Statement containing the Balance Sheet as at March 31, 2016 and the Profit & Loss Account, Cash Flow Statement, notes and schedules forming part of the Financial Statement for the year ended March 31, 2016 on that date together with the Report of the Directors and the Auditors thereon.

“**RESOLVED THAT** pursuant to the provisions of the Companies Act, 2013 Financial Statement containing the Balance Sheet as at March 31, 2016 and the Profit & Loss Account, Cash Flow Statement, notes and schedules forming part of the Financial Statement for the Financial Year ended 31st March 2016 together with the Directors’ Report and Auditors’ Report thereon be and are hereby received, considered and adopted.”

- [2] To declare a dividend on the equity shares of the Company

“**RESOLVED THAT** dividend at the rate of ₹ 2.5/- per equity share on the paid up Equity Share Capital of the Company for the financial year 2015-16 be and hereby declared”

- [3] To appoint a Director in place of Mr. Vijay Kini, who retires by rotation and being eligible offers himself for re-appointment

“**RESOLVED THAT** Mr. Vijay Kini (DIN: 06612768) who retires by rotation, and being eligible, offers himself for re-appointment be and is hereby re-appointed as Director”

- [4] To ratify the appointment of M/s. M. P. Chitale & Co., Statutory Auditors of the Company, and to fix their remuneration and to pass the following resolution as an ordinary resolution thereof:

“**RESOLVED THAT**, pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the appointment of M/s. M. P. Chitale & Co, Chartered Accountants, Registration No. 101851W, as the Statutory Auditors of the Company be and is hereby ratified for the Financial Year 2016-17, who shall hold office till the next Annual General Meeting and authorized the Board of Directors to determine their remuneration”



## North Karnataka Expressway Limited

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

### SPECIAL BUSINESS:

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

**"RESOLVED THAT** Mr. S C Sachdeva (DIN: 00051945), who was appointed as an Additional Director on the Board of the Company with effect from January 21, 2016 in terms of Section 161 of the Companies Act, 2013 ("the Act") and subject to other applicable provisions, if any, of the Act and the rules made there under (including any statutory modification(s) or re-enactment thereof and any rules made thereunder, for the time being in force) and pursuant to provisions of Articles of Associations of the Company and subject to such other approvals as may be required and in respect of whom the Company has received a notice from a Member in writing, proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation"

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

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 203 and other applicable provisions if any, of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification and re-enactment thereof for the time being in force), Mr S C Sachdeva be and is hereby re-appointed as Managing Director of the Company for a period of five years with effect from May 25, 2016 on the terms and conditions set out hereunder:

- (i) shall not be liable to retire by rotation
- (ii) will not draw any remuneration from the Company as a Managing Director, however he shall be entitled to receive any sitting fees being paid for attending the meetings of Board of Directors or Committees thereof
- (iii) shall be paid / reimbursed the expenses actually incurred for any travel or visits for the project related work"

**"RESOLVED FURTHER THAT** that any Director of the Company or Ms Jyotsna Matondkar, Company Secretary or Mr Krishna Ghag or Ms. Anwaya Kadu or Mr. Dilip Darji or Mr Mukesh Ranga or Mr. Yadunath Dhuri, Authorised Signatory of the Company be and are hereby authorised to take all necessary steps in this regard to give effect to the foregoing resolution"

- [7] To consider and, if thought fit, to give assent or dissent to the following resolution to be passed as a Special Resolution:



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### Amendments to Clause III B and Clause III C of the Memorandum of Association of the Company

**“RESOLVED THAT** in accordance with the provisions of Section 13 and other applicable provisions, if any, of the Companies Act, 2013, read with applicable Rules made there under (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) (the “Act”) and as per the guidelines, regulations, circulars and clarifications issued by the Ministry of Corporate Affairs and any other statutory or regulatory authorities and subject to all necessary approvals, consents, permissions and/ or sanctions as may be necessary and subject to any such conditions and modifications as may be prescribed or imposed in such approvals, consents, permissions or sanctions agreed to by the Board of Directors of the Company (including any committee thereof), consent of the Members be and is hereby accorded for alteration of existing Clause III B and Clause III C in relation to the Object incidental or ancillary to the attainment of the main objects and other objects of the Memorandum of Association of the Company by:

(i) substituting the existing heading of Clause III B by the following text:

MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III(A) ARE”

(ii) deleting the entire Clause “Clause III C- OTHER OBJECTS”

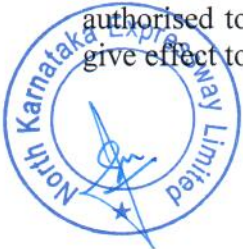
**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution and to delegate all or any of the powers conferred on it by or under this Resolution to any Director(s) of the Company or any Officer(s) of the Company as it may consider appropriate in order to give effect to this Resolution”

[8] To consider, and if thought fit, to pass the following resolution as a Special Resolution:

### Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013

**“RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 (the Act), read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association being available for inspection by the Members of the Company at the Registered Office of the Company are hereby approved and adopted in substitution and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution



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CIN : U45203MH2001PLC163992

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby also authorised to delegate all or any of the powers conferred on it by or under this Resolution to any Committee of Directors of the Company or to any Director of the Company or any other officer(s) or employee(s) of the Company as it may consider appropriate in order to give effect to this Resolution”

- [9] To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications(s) or re-enactment(s) thereof, Mr. Dattatray Chivilkar, Cost Accountant appointed by the Board of Directors to conduct the audit of the cost records of the Company for FY 2016-17 be paid a remuneration of ₹ 60,000/- plus service tax as applicable and reimbursement of out of pocket expenses incurred by him in connection with the aforesaid audit”

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



*Jyotsna Matondkar*  
Jyotsna Matondkar  
Company Secretary  
Membership No. A19792

Mumbai  
April 27, 2016

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

# North Karnataka Expressway Limited


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## NOTES:

- 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) All the documents referred to in the accompanying notice are open for inspection at the registered office of the company during the office hours between 9:30 a.m. to 06:00 p.m. up to the date of Annual General Meeting.
- c) The relative Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, in respect of the business at Item Nos. 5 to 8 of the accompanying notice are annexed hereto
- d) The Record Date for payment of Dividend will be fixed as May 13, 2016
- e) The Final Dividend as recommended by the Board of Directors, if approved by the shareholders at the 14<sup>th</sup> Annual General Meeting of the Company, shall be paid to those Members whose names appear on the Register of Members of the Company on May 13, 2016. 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 May 12, 2016 as per the details furnished by the Depositories for this purpose
- f) 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

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



  
**Jyotsna Matondkar**  
Company Secretary  
Membership No. A19792

Mumbai  
April 27, 2016

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## EXPLANATORY STATEMENT

THE FOLLOWING EXPLANATORY STATEMENT SETS OUT THE MATERIAL FACTS WITH RESPECT TO THE NOTICE DATED APRIL 27, 2016 AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013

### Item No 5:

The Board of Directors of the Company has appointed Mr. S C Sachdeva as an Additional Director of the Company with effect from January 21, 2016 pursuant to the provisions of Section 161 of the Companies Act, 2013. In terms of the provisions of Section 161 of the Act, Mr. S C Sachdeva would hold office up to the date of the ensuing Annual General Meeting

In terms of Section 160 and any other applicable provisions of the Companies Act, 2013 and read with rules under the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), he is proposed to be appointed as a Director of the Company with effect from the date of this Annual General Meeting

In terms of Section 160 of the Companies Act, 2013, a notice has been received from a member along with the requisite deposit, proposing Mr. S C Sachdeva as a candidate for the office of Director of the Company

The Board considers that Mr. S C Sachdeva continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as a Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. S C Sachdeva as Director, for the approval by the Members of the Company

Except Mr. S C Sachdeva being an appointee, none of the Directors and the Key Managerial Personnel of the Company and their relatives are concerned or interested, in the resolution set out at Item No. 5

The details as prescribed under Secretarial Standard -2 (SS-2) issued by the Institute of Company Secretaries of India are tabled below:-

S.No	Particulars
Name	Mr. S C Sachdeva
Age	68
Qualification	Bachelor Engineer (Civil)
Experience	44 years
Terms and Conditions of Appointment	Additional Director
Date of appointment in the Board	January 21, 2016
Shareholding in the Company	NIL



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Relationship with other Directors, Manager and KMP	NIL
No. of Board meetings attended during the year	1
Other Directorships	6
Membership/Chairmanship of the Committees of Board held in another company	3

### **Item No 6:**

Mr George Cherian, Managing Director of the Company resigned w.e.f. January 22, 2016 and consequent to his resignation he also cease to be a Key Managerial Personnel of the Company

Pursuant to Section 196, 197 and 203 of the Companies Act, 2013 (the Act), Mr S C Sachdeva is proposed to be appointed as Managing Director for a further period of 5 years effective May 25, 2016

Mr. Sachdeva, would not draw any remuneration from the Company, however, expenses incurred by him during his travel/ visits for any project related work shall be paid / reimbursed

The Board of Directors of the Company recommends passing of the Resolutions set out in Item No. 6 of the accompanying Notice as an Ordinary Resolution

Except Mr. S C Sachdeva being an appointee, none of the Directors and the Key Managerial Personnel of the Company and their relatives are concerned or interested, in the resolution set out at Item No. 6

### **Item No. 7:**

In terms of Section 4(1)(c) of the Companies Act, 2013, the requirement of separately indicating the "main objects", "incidental or ancillary objects" and "other objects" as required in the Memorandum of Association of a company under the erstwhile legislation has changed. Accordingly, it is proposed to replace the existing heading of Clause III B of the existing Memorandum of Association as relevant and may be required and delete the entire Clauses from 47 to 56 of "Other Objects" in the existing Memorandum of Association in order to comply with the provisions of the Companies Act, 2013

The revised Memorandum of Association after incorporating the above amendment as approved by the Board will be available for inspection at the Registered Office of the



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Company on all working days (except Saturdays, Sundays and Public holidays) between 2.00 pm and 5.00 pm up to the date of this date of Annual General Meeting of the Company

The Board of Directors of the Company recommends passing of the Resolutions set out in Item No. 7 of the accompanying Notice as a Special Resolution

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested, financially or otherwise, in this resolution, except to the extent of their equity shareholding in the Company

### **Item No. 8:**

The existing Articles of Association ("Articles") of the Company are based on the Companies Act, 1956 and several regulations in the existing Articles contain reference to the Sections of the Companies Act, 1956. Some regulations in the existing Articles are no longer in conformity with the provisions of the Companies Act, 2013 ("Act")

With the enactment of the Companies Act, 2013, several regulations of the existing Articles of the Company require alteration and/or deletion. Given this position, it is considered expedient to wholly replace the existing Articles by a new set of Articles

The draft new set of Articles shall be open for inspection by the Members at the Registered Office of the Company on all working days (except Saturdays, Sundays and Public Holidays) between 2.00 p.m to 5.00 p.m upto the date of this Annual General Meeting

### **Item No. 9**

The Board of Directors on the recommendation of the Audit Committee, had approved the appointment of Mr. Dattatray Chivilkar, Cost Accountant, to conduct the audit of the cost records of the Company for FY 2016-17

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor for FY 2016-17 is required to be approved by the Members of the Company. Accordingly, the Members are requested to approve the remuneration payable to the Cost Auditor for the financial year ending March 31, 2017, as set out in the Resolution Nos. 9 of the Notice





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None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise in the said Resolutions

The Board of Directors recommend the Ordinary Resolution set out at Item No. 9 of the Notice for approval by the Members

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



*Jyotsna Matondkar*  
**Jyotsna Matondkar**  
Company Secretary  
Membership No. A19792

Mumbai  
April 27, 2016

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

## North Karnataka Expressway Limited

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### Attendance Slip

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

Fourteenth Annual General Meeting held on Wednesday, 25<sup>th</sup> Day of May, 2016, at Mumbai

I hereby record my presence at the Fourteenth 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 on Wednesday, 25<sup>th</sup> Day of May, 2016, at Mumbai

Folio no. \_\_\_\_\_

Full name of the Member (in BLOCK LETTERS) \_\_\_\_\_

Full name of the Proxy (in BLOCK LETTERS) \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Member's/ Proxy's Signature \_\_\_\_\_

### NOTES:

1. Members / Proxy Holders are requested to produce the attendance slip duly signed for admission to the meeting hall.
2. Members are requested to bring their copy of the Annual Report.
3. Formal system of entry will be strictly adhered.

# North Karnataka Expressway Limited

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## Form No. MGT-11

### Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3)  
of the Companies (Management and Administration) Rules, 2014]

CIN: U45203MH2001PLC163992

Name of the company : **North Karnataka Expressway Limited**  
Registered office: **The IL&FS Financial Center, Plot No. C-22, G Block, Bandra Kurla Complex,  
Bandra (East), Mumbai- 400051**

Name of the member (s):

Registered address:

E-mail Id:

Folio No/ Client Id:

DP ID:

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name: .....

Address:

E-mail Id:

Signature:....., or failing him

2. Name: .....

Address:

E-mail Id:

Signature:....., or failing him

3. Name: .....

Address:

E-mail Id:

Signature :.....

# North Karnataka Expressway Limited

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as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 14<sup>th</sup> Annual General Meeting of the company, to be held on Wednesday, 25<sup>th</sup> Day of May, 2016, at **The IL&FS Financial Center, Plot No. C-22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400051** and at any adjournment thereof in respect of such resolutions as are indicated below:

\*\* I wish my above Proxy to vote in the manner as indicated in the box below:

Resolutions	For	Against
1. Adoption of Audited Financial Statements for the financial year ended March 31, 2016 and reports of the Board of Directors and Auditors thereon.		
2. Declaration of Dividend on equity shares		
3. Re-appointment of Mr Vijay Kini, who retires by rotation		
4. To ratify the appointment of M/s M.P. Chitale & Co., Chartered Accountants as Statutory Auditors of the Company and to fix their remuneration		
5. Appointment of Mr. S C Sachdeva as Director of the Company		
6. Appointment of Mr. S C Sachdeva as Managing Director of the Company		
7. Amendments to Clause III B and Clause III C of the Memorandum of Association of the Company		
8. Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013		
9. Approval of Cost Auditor's Remuneration for FY 2016-17		

Signed this..... day of..... 20....

Affix  
Revenue  
Stamp

Signature of shareholder

Signature of Proxy holder(s)'

**Note: This form of proxy in order to be effective should be duly completed, filled, signed, stamped and/or deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

**Debenture Trustee of the Company**

Mr.Ritabrata Mitra

IDBI Trusteeship Services Limited

Asian Bldg., Ground Floor, 17,

R.Kamani Marg, Ballard Estate,

Mumbai 400 001

Tel No.: +91-22-4080 7023

Mobile No.: +91-9892258709

Fax No.: +91-22-6631 1776/ 4080 7032

Email ID: [rmitra@idbitrustee.com](mailto:rmitra@idbitrustee.com)

# ROAD MAP FOR ANNUAL GENERAL MEETING

