

NORTH KARNATAKA EXPRESSWAY LIMITED

FINANCIAL STATEMENT

2014-15

**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 March 31, 2015, and the Statement of Profit and Loss and Cash Flow Statement for the period 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 judgments 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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.

6. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31st, 2015;
- (b) In the case of the Profit and Loss Account, of the loss for the period ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

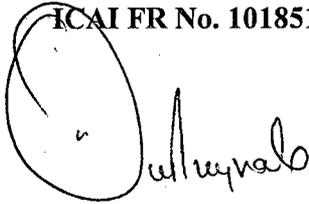
7. As required by section 143(3) of the Companies Act 2013, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account
- d. In our opinion, 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 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms Section 164 (2) of the Act.
8. 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 litigation in the 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.
 - iii. there are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
9. Paragraph 1(3) of the Companies (Auditors Report) Order, 2015 issued under section 143(11) of the Companies Act, 2013 by the Ministry of Corporate Affairs on April 10, 2015 states that it shall come into force from the date of its publication in the Gazette of India. As on date the Order has not been published in the Gazette of India. Consequently, we have not reported on the matters specified in paragraphs 3 and 4 of the Order.

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



Murtuza Vajih
Partner
ICAI M No. 112555



Place: Mumbai
Date: April 28, 2015

NORTH KARNATAKA EXPRESSWAY LIMITED

Balance Sheet as at March 31, 2015

Particulars	Note	Amount in Rupees	
		As At March 31, 2015	As At March 31, 2014
I EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
(a) Share capital	2	593,911,000	593,911,000
(b) Reserves and surplus	3	657,799,008	578,198,109
		1,251,710,008	1,172,109,109
NON-CURRENT LIABILITIES			
(a) Long-term borrowings	4	1,376,000,000	1,829,000,000
(b) Other long term liabilities	5	635,354,473	619,237,641
		2,011,354,473	2,448,237,641
CURRENT LIABILITIES			
(a) Trade payables	6	47,878,406	2,173,402
(b) Other current liabilities	7	662,385,350	691,032,397
(d) Short-term provisions	8	199,544,120	82,658,480
		909,807,876	775,864,279
TOTAL		4,172,872,357	4,396,211,029
II ASSETS			
NON CURRENT ASSETS			
(a) Fixed assets	9		
(i) Tangible assets		50,612	136,918
(ii) Intangible assets		1,816,013,792	2,216,367,654
(iii) Capital work-in-progress		261,038,858	-
(b) Long-term loans and advances	10	18,220,156	27,799,795
		2,095,323,418	2,244,304,367
CURRENT ASSETS			
(a) Cash and Cash Equivalents	11	752,337,563	928,485,708
(b) Short-term loans and advances	12	825,337,263	798,411,715
(c) Other current assets	13	499,874,114	425,009,239
		2,077,548,940	2,151,906,662
TOTAL		4,172,872,357	4,396,211,029

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 28, 2015
Mumbai

For and on behalf of the Board

Managing Director

Director

Chief Financial Officer

Company Secretary

Date : April 28, 2015
Mumbai



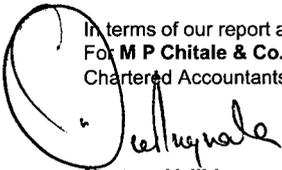
NORTH KARNATAKA EXPRESSWAY LIMITED

Statement of Profit and Loss for the Year Ended March 31, 2015

Particulars	Note	Amount in Rupees	
		For the Year ended March 31, 2015	For the Year ended March 31, 2014
I REVENUE FROM OPERATIONS	14	1,010,340,000	1,010,340,000
II OTHER INCOME	15	146,701,822	130,624,310
III TOTAL REVENUE (I + II)		1,157,041,822	1,140,964,310
IV EXPENSES			
Operating expenses	16	119,521,607	112,958,686
Finance costs	17	271,156,851	312,517,636
Depreciation / Amortisation		400,234,175	437,206,946
Other expenses (Administrative and general expenses)	18	12,568,477	10,457,073
TOTAL EXPENSES		803,481,110	873,140,342
V Profit / (Loss) before taxation (III-IV)		353,560,712	267,823,968
VI TAX EXPENSE:			
(1) Current tax		74,200,000	53,600,000
(2) Deferred tax		-	-
TOTAL TAX EXPENSES (VI)		74,200,000	53,600,000
VII PROFIT/(LOSS) FOR THE YEAR (V-VI)		279,360,712	214,223,968
Earnings per share (Face value per share Rupees 10/-):	19		
(1) Basic		4.70	3.61
(2) Diluted		4.70	3.61

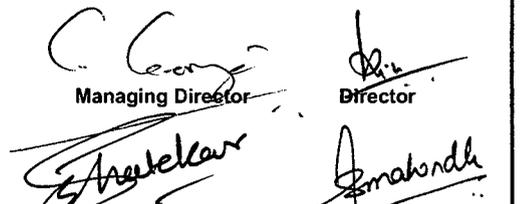
Notes 1 to 24 form part of the financial statements.

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

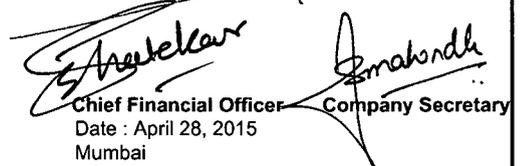


Murtuza Vajhi
Partner
Date : April 28, 2015
Mumbai

For and on behalf of the Board



Managing Director **Director**



Chief Financial Officer **Company Secretary**
Date : April 28, 2015
Mumbai



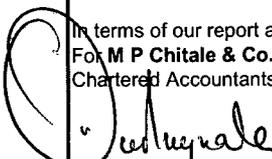
NORTH KARNATAKA EXPRESSWAY LIMITED

Cash Flow Statement for the Year Ended March 31, 2015

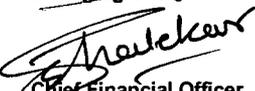
Particulars	Amount in Rupees	
	For the Year ended March 31, 2015	For the Year ended March 31, 2014
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	353,560,712	267,823,968
Adjustments for :-		
Depreciation	400,234,175	437,206,946
Finance costs	271,156,851	312,517,637
Interest Income	(133,527,960)	(130,608,311)
Profit on sale of fixed assets (net)	-	(15,999)
Excess Provision for Tax Written Back	(13,173,862)	-
Operating Cash Flow before Working Capital Changes	878,249,916	886,924,241
Adjustments for :-		
Loans and advances	(24,224,626)	464,184
Other Non-current Assets and Other Current Assets	(15,014,880)	
Other current liabilities and trade payables	45,577,957	1,466,941
Operating Cash Flows after Working Capital Changes	884,588,367	888,855,366
Advances payment of Taxes (Net of Refund Received)	(78,725,946)	(43,897,534)
Net Cash from Operations (A)	805,862,421	844,957,832
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Assets additions during the year	(261,048,558)	-
Sale of Fixed Assets	-	15,999
Fixed Deposit encashed / (placed) with original maturity of more than three months	-	-
Interest received (net of taxes deducted)	73,677,965	70,758,315
Net Cash from / (used in) from Investing Activities (B)	(187,370,593)	70,774,314
CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of Non Convertible Debentures (principal repayment)	(516,000,000)	(571,000,000)
Finance cost paid	(209,155,356)	(163,736,922)
Payment of Dividend along with Taxes	(69,484,618)	(82,199,683)
Net Cash (used in) Financing Activities (C)	(794,639,974)	(816,936,605)
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	(176,148,146)	98,795,541
Cash and Cash Equivalents at the beginning of the year	928,485,708	829,690,168
Cash and Cash Equivalents at the end of the year (As per note no- 12)	752,337,563	928,485,708
Net change in Cash & Cash Equivalents during the year	(176,148,146)	98,795,541

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 28, 2015
Mumbai

For and on behalf of the Board

 
Managing Director Director
 
Chief Financial Officer Company Secretary
Date : April 28, 2015
Mumbai



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

(A) Company Background

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

(B) I Basis of preparation of Financial Statements

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

II Use of estimates

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

III Fixed Assets and Depreciation

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

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

- b Expenses incurred on the North Karnataka Expressway Road include direct and attributable / allocated indirect expenses incurred for the construction of the same. Estimated value of components removed or not reused are reduced from the gross block and the cost of overlay or renewal expenses incurred to increase serviceability and throughput or which are in the nature of preservation costs and which extend the original useful life of the road are capitalised on a component basis.

- c 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

- d Amortisation on the components of Belgaum-Maharashtra Border Project is charged to the Statement of Profit and Loss on a straight line basis over the period over which the respective component is expected to be overlaid or renewed.



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

IV Impairment of Assets

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

V Borrowing Costs

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

VI Debenture

(a) Debenture issue expenditure

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

(b) Debenture Redemption Premium

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

(c) Creation of Debenture Redemption Reserve (DRR)

Debenture Redemption Reserve created out of profit of the year

VII Taxes on Income

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

VIII Provisions, Contingent Liabilities and Contingent Assets

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

IX Revenue Recognition

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

X Earnings Per Share

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

XI Cash and Bank Balances

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

XII Cash Flow Statement

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



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

NOTE 2: SHARE CAPITAL

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Amount in Rupees	Number of shares	Amount in Rupees
Authorised Equity Shares of Rupees 10/- each	100,581,000	1,005,810,000	100,581,000	1,005,810,000
Issued Equity Shares of Rupees 10/- each	59,391,100	593,911,000	59,391,100	593,911,000
Subscribed and Paid up Equity Shares of Rupees 10/- each fully paid (refer foot note no. i, ii, and iii)				
TOTAL	59,391,100	593,911,000	59,391,100	593,911,000

FOOT NOTES:

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

Particulars	As at March 31, 2015		As at March 31, 2014	
	Equity Shares		Equity Shares	
	Number of Shares	Amount in Rupees	Number of Shares	Amount in Rupees
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, 2015		As at March 31, 2014	
	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%
Punj 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%
TOTAL	59,391,100	100.00%	59,391,100	100.00%

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

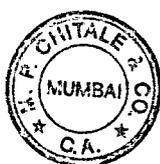
NOTE 3: RESERVES AND SURPLUS

Particulars	Amount in Rupees			
	As at March 31, 2015		As at March 31, 2014	
(a) Debenture Redemption Reserve				
Opening balance	464,792,251		250,568,283	
(+) Transferred from the Surplus in Statement in Profit and Loss	124,408,225	589,200,476	214,223,968	464,792,251
(b) Profit / (Loss) Surplus				
Opening balance	113,405,858		182,890,476	
(+) Profit for the current period / year	279,360,712		214,223,968	
(-) Adjustment due to change in depreciation policy	(215,693)		-	
(-) Transfer to debenture redemption reserve	(124,408,225)		(214,223,968)	
(-) Proposed Dividends (including dividend tax)	(199,544,120)	68,598,532	(69,484,618)	113,405,858
TOTAL		657,799,008		578,198,109

FOOT NOTE:

(a) **Debenture Redemption Reserve:**

The Company has voluntarily created a Debenture Redemption Reserve amounting to Rs. 120,408,225/- has been transferred from profit for the year.



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note 4: LONG-TERM BORROWINGS

Particulars	Amount in Rupees	
	As at March 31, 2015	As at March 31, 2014
Secured Non-convertible Debentures (refer foot note no.(i) (ii) and (iii) below)	1,376,000,000	1,829,000,000
(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 NHAI under the terms of the Concession Agreement)		
TOTAL	1,376,000,000	1,829,000,000

FOOT NOTES:

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

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

- (ii) The Details of Redemption of the debentures as at March 31, 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
TOTAL			1,376,000,000		2,608,920,000

The Details of Redemption of the debentures as at March 31, 2014 are as follows

REDEMPTION DATE OF DEBENTURES	SERIES OF DEBENTURE	FACE VALUE PER DEBENTURE (Amount in Rupees)	VALUE AT ISSUE DATE (Amount in Rupees)	REDEMPTION VALUE PER DEBENTURE (Amount in Rupees)	REDEMPTION VALUE (Amount in Rupees)
15-Jan-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
15-Jan-16	Series 11	1,000,000	215,000,000	1,567,268	336,960,000
15-Jul-15	Series 10	1,000,000	238,000,000	1,499,236	356,820,000
TOTAL			1,829,000,000		3,302,700,000

- (iii) There were no defaults in redemptions of Non convertible debentures (including payments of redemption premia along with the redemption of face value of debentures) for the year ended March 31, 2015 and March 31, 2014.



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

NOTE 5: OTHER LONG TERM LIABILITIES

Particulars	Amount in Rupees	
	As at March 31, 2015	As at March 31, 2014
(a) Trade Payables	-	-
(b) Others Redemption Premium Accrued but not due on debentures	635,354,473	619,237,641
TOTAL	635,354,473	619,237,641

NOTE 6: TRADE PAYABLES :

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

Particulars	Amount in Rupees			
	As at March 31, 2015		As at March 31, 2014	
(a) Trade Payables (Refer foot note above)				
Related parties	38,707,773		402,015	
sundry creditors (For Expenses)	9,170,633	47,878,406	1,771,387	2,173,402
TOTAL		47,878,406		2,173,402

NOTE 7: OTHER CURRENT LIABILITIES

Particulars	Amount in Rupees	
	As at March 31, 2015	As at March 31, 2014
(a) Current Maturities of Long Term Debt (Secured Non Convertible Debenture)	453,000,000	516,000,000
(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 NHAI under the terms of the Concession Agreement).		
(b) Redemption Premium Accrued but not due (on the above)	209,180,000	174,700,000
(a) Dividend on equity shares (Declared)		
(b) Other payables Tax on dividend on equity shares Statutory dues	- 205,350	332,397
TOTAL	662,385,350	691,032,397



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 FY 2015-16 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
TOAL			453,000,000		693,780,000

The Details of Redemption of the debentures as at March 31, 2014 are as follows

REDEMPTION DATE OF DEBENTURES	SERIES OF DEBENTURE	FACE VALUE PER DEBENTURE (Amount in Rupees)	VALUE AT ISSUE DATE (Amount in Rupees)	REDEMPTION VALUE PER DEBENTURE (Amount in Rupees)	REDEMPTION VALUE (Amount in Rupees)
15-Jan-15	Series 9	1,000,000	252,000,000	1,435,194	381,670,000
15-Jul-14	Series 8	1,000,000	264,000,000	1,372,895	362,440,000
TOAL			516,000,000		724,110,000

- (iii) There were no defaults in redemptions of Non convertible debentures (including payments of redemption premia along with the redemption of face value of debentures) for the year ended March 31, 2015 and March 31, 2014.

NOTE 8: SHORT TERM PROVISION

Particulars	Amount in Rupees	
	As at March 31, 2015	As at March 31, 2014
(a) Provision for tax (net of advance)	-	13,173,862
(b) Proposed dividend on equity shares	166,295,081	59,391,100
(c) Provision for tax on proposed dividend on equity shares	33,249,039	10,093,518
TOTAL	199,544,120	82,658,480



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

NOTE 9: FIXED ASSETS

	Gross block (at cost)				Accumulated depreciation					Amount in Rupees	
	Balance as at April 1, 2014	Additions during the year	Disposals	Balance as at March 31, 2015	Balance as at April 1, 2014	Opening adjustments	Depreciation charge for the year	On disposals	Balance as at March 31, 2015	Net block Balance as at March 31, 2015	Net block Balance as at March 31, 2014
Tangible assets											
Furniture and fixtures	121,616	-	-	121,616	117,643	24,143	(20,190)	-	121,596	20	3,973
Vehicles	544,013	-	-	544,013	488,185	108,299	(72,848)	-	523,636	20,377	55,828
Office equipments	206,577	9,700	-	216,277	171,253	73,848	(52,418)	-	192,683	23,594	35,324
Data processing equipments	451,505	-	-	451,505	409,712	9,403	25,769	-	444,884	6,621	41,793
Total - Tangible assets (A)	1,323,711	9,700	-	1,333,411	1,186,793	215,693	(119,687)	-	1,282,799	50,612	136,918
Intangible assets											
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	2,216,367,654
Total - Intangible assets (B)	6,133,119,243	-	-	6,133,119,243	3,916,751,589	-	400,353,862	-	4,317,105,451	1,816,013,792	2,216,367,654
Capital work-in-progress	-	261,038,858	-	261,038,858	-	-	-	-	-	261,038,858	-
Total - Intangible assets (C)	-	261,038,858	-	261,038,858	-	-	-	-	-	261,038,858	-
GRAND TOTAL -(A) + (B)+ (C)	6,134,442,954	261,048,558	-	6,395,491,512	3,917,938,382	215,693	400,234,175	-	4,318,388,250	2,077,103,262	2,216,504,572
As at March 31, 2014	6,134,478,522	-	35,568	6,134,442,954	3,480,767,002	-	437,206,947	35,567	3,917,938,382	2,216,504,572	



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

NOTE 10: LONG-TERM LOANS AND ADVANCES

Particulars	Amount in Rupees	
	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
Security Deposits	64,656	64,656
Prepaid expenses (Refer footnote no. a below)	18,155,500	27,735,139
TOTAL	18,220,156	27,799,795

NOTE 12: SHORT-TERM LOANS AND ADVANCES

Particulars	Amount in Rupees	
	As at March 31, 2015	As at March 31, 2014
(a) Loans given to related parties (Unsecured, considered good)		
Short term loan given to IL&FS Transportation Networks Limited	700,000,000	700,000,000
(b) Other loans and advances (Unsecured, considered good)		
- Mobilisation Advance to Related Party	24,098,900	-
- Sundry Advances	204,348	164,855
- Advance payment of taxes (net of provision)	90,666,634	86,140,688
- Prepaid expenses (Refer footnote no. a below)	10,367,381	12,106,172
TOTAL	825,337,263	798,411,715

FOOT NOTE:

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

Particulars	Amount in Rupees				
	Unamortised as at March 31, 2014 (Estimated to be Amortised within 12 months)	Unamortised as at March 31, 2014 (Estimated to be Amortised after 12 months)	Amortised for the period ended March 31, 2015	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)
Debt syndication fees	5,930,249	14,421,845	5,930,250	4,981,263	9,440,582
Upfront Fees	4,701,556	11,433,772	4,701,556	3,949,191	7,484,581
Legal fees	311,374	757,235	311,374	261,547	495,688
Stamp duty and registration fees	320,208	778,717	320,208	268,967	509,750
Acceptance fees	141,275	343,570	141,275	118,669	224,901
TOTAL	11,404,662	27,735,139	11,404,663	9,579,638	18,155,502

NOTE 13: OTHER CURRENT ASSETS

Particulars	Amount in Rupees	
	As at March 31, 2015	As at March 31, 2014
(a) Interest accrued but not due on short term loan		
Interest receivable from IL&FS Transportation Networks Limited	204,321,494	144,471,499
(b) Income accrued but not due	280,537,740	280,537,740
(c) Unbilled Revenue (Refer Footnote below)	15,014,880	-
TOTAL	499,874,114	425,009,239

FOOT NOTES:

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



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

NOTE 11: CASH AND CASH EQUIVALENTS

Amount in Rupees

Particulars	As at March 31, 2015		As at March 31, 2014	
	(a) Cash and cash equivalents			
Cash on hand	1,814		23,712	
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/-)	752,335,749	752,337,563	928,461,996	928,485,708
TOTAL		752,337,563		928,485,708

Of the above, the balances that meet the definition of Cash and Cash equivalents as per AS 3 Cash Flow Statements is :-	752,337,563		928,485,708
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FOOT NOTE:

Details of Bankwise blance

Bank Name	As at March 31, 2015	As at March 31, 2014
Deutsche Bank AG Current A/c No 1532605000	29,361,862	12,110,194
Deutsche Bank AG Operation Statutory Dues A/c 1532605001	76,200,068	48,007,586
Deutsche Bank AG Operation & Maintenance A/c No 1532605002	17,210,009	15,445,778
Deutsche Bank AG Major Maintenance Reserve A/c No 1532605003	21,316,626	214,576,534
Deutsche Bank AG Contingency A/c No 1532605004	136,787,620	118,387,115
Deutsche Bank AG Debt Repayment A/c No 1532605005	249	78
Deutsche Bank AG Debt Service Reserve A/c No 1532605006	400,000,448	414,907,051
Punjab Nation Bank A/c 8099 -- Bandra	62,720,082	91,307,146
Punjab Nation Bank A/c 6510 -- Delhi	7,757,817	13,288,197
Punjab Nation Bank A/c 7902 -- Belgaum	980,967	432,317
Total Balances with banks in current accounts (Including Restricted DSRA balance)	752,335,749	928,461,996



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

NOTE 14: REVENUE FROM OPERATIONS

Amount in Rupees

Particulars	For the Year ended March 31, 2015	For the Year ended March 31, 2014
(a) Other Operating Revenues Annuity Income for Belgaum-Maharashtra Border Road	1,010,340,000	1,010,340,000
TOTAL	1,010,340,000	1,010,340,000

NOTE 15: OTHER INCOME

Amount in Rupees

Particulars	For the Year ended March 31, 2015		For the Year ended March 31, 2014	
(a) Interest Income				
Interest on loans granted	66,499,997		66,499,997	
Interest on fixed deposits with banks	67,027,963	133,527,960	64,108,314	130,608,311
(b) Other non-operating income				
Profit on sale of fixed assets (net)				15,999
Miscellaneous income- Interest Income- Income Tax		13,173,862		-
TOTAL		146,701,822		130,624,310



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

NOTE 16: OPERATING EXPENSES

Particulars	Amount in Rupees	
	For the Year ended March 31, 2015	For the Year ended March 31, 2014
Operation and maintenance expenses for Belgaum Maharashtra Border Road Independent Engineer Fees	112,287,799 7,233,808	106,999,314 5,959,372
TOTAL	119,521,607	112,958,686



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

NOTE 17: FINANCE COSTS

Particulars	Amount in Rupees			
	For the Year ended March 31, 2015		For the Year ended March 31, 2014	
(a) Other borrowing costs				
Redemption premium on debentures	258,710,000		298,350,000	
Amortisation of borrowing costs	11,404,663		13,152,108	
Other Finance charges	1,042,188	271,156,851	1,015,528	312,517,636
TOTAL		271,156,851		312,517,636

NOTE 18: OTHER EXPENSES (ADMINISTRATIVE AND GENERAL EXPENSES)

Particulars	Amount in Rupees	
	For the Year ended March 31, 2015	For the Year ended March 31, 2014
Legal and consultation fees	6,458,363	5,367,352
Auditors' remuneration (Refer footnote (a) below)	1,018,544	941,583
Deputation cost (Refer footnote (b) below)	1,518,267	1,587,910
Travelling and conveyance	263,300	311,407
Rent	85,820	81,182
Rates and taxes	422,595	376,171
Repairs and maintenance	644,774	635,490
Communication expenses	69,507	59,718
Insurance	105,846	8,106
Printing and stationery	171,972	59,247
Electricity charges	28,644	27,710
Directors' sitting fees	220,000	243,596
CSR Expenses	919,500	-
Miscellaneous expenses	641,345	757,601
TOTAL	12,568,477	10,457,073

FOOT NOTES:

(a) Auditors' remuneration

Payments to the auditor as:	Amount in Rupees	
	For the Year ended March 31, 2015	For the Year ended March 31, 2014
a. audit fees	200,000	200,000
b. tax audit fees	200,000	200,000
c. for other assurances services	505,000	435,000
d. for reimbursement of expenses	1,500	3,377
e. service tax on above	112,044	103,206
	1,018,544	941,583

(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, 2015 is Rs.15,18,267/- (For the year ended March 31, 2014 was Rs.15,87,910/-). The disclosure required to be made in accordance with the revised Accounting Standard (AS) 15 – "Employee Benefits" have not been made, as such costs are determined by the respective employers for the respective entity as a whole and separate figures in respect of resources on deputation are not available.



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

NOTE 19: EARNINGS PER SHARE

Particulars	Unit	For the Year ended March 31, 2015	For the Year ended March 31, 2014
Profit after tax and minority interest	Rupees	279,360,712	214,223,968
Premium on preference shares	Rupees	-	-
Tax on premium on preference shares	Rupees	-	-
Profit / (Loss) for the year attributable to Equity Shareholders	Rupees	279,360,712	214,223,968
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	Rupees	10	10
Basic and Diluted Earnings per share	Rupees	4.70	3.61



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

NOTE 20: CONTINGENT LIABILITIES AND COMMITMENTS

A) Contingent liabilities :

Particulars	Amount in Rupees	
	As at March 31, 2015	As at March 31, 2014
Claims against the company not acknowledged as debt (Income tax demands contested by the Company and other Income Tax matters)	152,951,258	113,790,962

B) Commitments :

Particulars	Amount in Rupees	
	As at March 31, 2015	As at March 31, 2014
Estimated amount of contracts remaining to be executed on capital account (Overlay Cost)	163,274,507	635,006,056
Estimated amount of contracts remaining to be executed on capital account (O&M Cost)	623,673,060	735,960,859



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

NOTE 21: RELATED PARTY DISCLOSURES

Current Year

a Name of related parties and description of relationship:

Ultimate Holding Company:	Infrastructure Leasing & Financial Services Limited ("IL&FS")
Immediate Holding Company:	IL&FS Transportation Networks Limited ("ITNL")
Entities having Control :	ITNL Road Investment Trust ("IRIT")
Fellow Subsidiaries (only with whom there have been transactions during the year / closing balances at the year end) :	IL&FS Securities Services Limited ("ISSL")
Key Management Personnel:	Mr. Cherian George (Managing Director)
	Mr Swapnil Bhalekar (Chief Financial Officer)
	Ms Jyotsna Matondkar (Company Secretary)

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

Amount in Rupees

Account head	Name of Entity/ Person	AS at March 31, 2015	AS at March 31, 2014
Balances:			
Interest accrued but not due on short term loan given	ITNL	204,321,494	144,471,499
Short term loan given	ITNL	700,000,000	700,000,000
Mobilisation Advance	ITNL	24,098,900	-
Trade Payable - Debit balance	ITNL	38,692,604	402,015
Trade Payable - Debit balance	ISSL	15,169	-

Transactions :-		For the Year ended March 31, 2015	For the Year ended March 31, 2014
Interest on loans granted	ITNL	66,499,997	33,341,094
Operation and maintenance expenses	ITNL	111,449,880	52,047,767
Overlay Expenses	ITNL	261,027,987	-
Mobilisation Advance	ITNL	46,119,836	-
Mobilisation Advance Recovery	ITNL	22,020,936	-
Deputation cost	ITNL	1,518,267	1,587,910
Professional Fees	ISSL	34,308	22,972
Director Sitting Fees			
Mr. Pradeep Puri		40,000	60,000
Mr. George Cherian		80,000	80,000
Mr. S. K. Goyal		10,000	20,000
Mr. Rajiv Dubey		80,000	50,000
Mr. Vijay Kini		10,000	-
Mr Harish Mathur		-	20,000



NORTH KARNATAKA EXPRESSWAY LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

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 (B) above and thus operates in a single business segment. Also it operates in a single geographic segment. In the absence of separate reportable business or geographic segments the disclosures required under the Accounting Standard (AS) 17 – “Segment Reporting” have not been made.

Note 23: IMPACT OF CHANGE IN ACCOUNTING POLICY

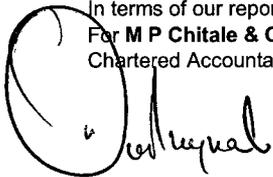
Particulars	For the year ended March 31, 2015
The charge on account of Depreciation for the year is lower by / (higher by) than the amount that would correspond to the method of depreciation previously used and useful lives previously assessed	167,802
Carrying amount of assets with revised useful life as Nil, has been charged to Surplus in the Statement of Profit & Loss as at April 1, 2014	215,693
Carrying amount of assets with revised useful life as Nil, has been credited to capital work in progress	-

Particulars	For the year ended March 31, 2015
Depreciation / Amortisation as per addition to accumulated depreciation in Tangible	400,449,868
Add / Less :	
Impact due to change in depreciation accounting policy	(215,693)
Depreciation / Amortisation capitalised in CWIP / Inventory / Other Assets	-
Foreign Exchange difference	-
Grant Amortization	-
Other (please specify)	-
Depreciation / Amortisation as per profit & loss account	400,234,175

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 28, 2015
Mumbai

For and on behalf of the Board



Managing Director



Director



Chief Financial Officer
Date : April 28, 2015
Mumbai



Company Secretary

