

**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 31st 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 31st 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 31st March, 2016 and taken on record by the Board of Directors, in its meeting held on 27th April, 2016 none of the directors is disqualified as on 31st 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:-

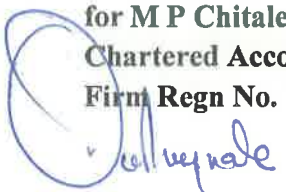
Statute	Nature of Dues	Forum Where dispute is pending	Period to which the amount relates(Assessment Year)	Amount involved (Rupee in Cr.)
Income Tax Act, 1961	Income Tax	ITAT	2005-06	3.07
		CIT(A)	2005-06	7.57
		ITAT	2007-08	0.23
		ITAT	2008-09	1.19
		ITAT	2009-10	0.74
		ITAT	2010-11	2.20
		ITAT	2011-12	0.01
Total				15.01

- 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 31st 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.



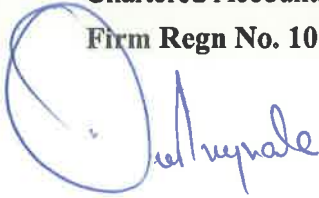
Opinion

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	
I EQUITY AND LIABILITIES					
SHAREHOLDERS' FUNDS					
(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
NON-CURRENT LIABILITIES					
(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
CURRENT LIABILITIES					
(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
TOTAL			3,719,950,830		4,172,872,357
II ASSETS					
NON CURRENT ASSETS					
(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
CURRENT ASSETS					
(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
TOTAL			3,719,950,830		4,172,872,357

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
I REVENUE FROM OPERATIONS	14	1,010,340,000	1,010,340,000
II OTHER INCOME	15	119,847,664	146,701,822
III TOTAL REVENUE (I + II)		1,130,187,664	1,157,041,822
IV EXPENSES			
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
TOTAL EXPENSES		796,048,898	803,481,110
V Profit / (Loss) before taxation (III-IV)		334,138,766	353,560,712
VI TAX EXPENSE:			
(1) Current tax		72,000,000	74,200,000
(2) Tax relating to earlier period		2,591,994	
(3) Deferred tax		-	
TOTAL TAX EXPENSES (VI)		74,591,994	74,200,000
VII PROFIT/(LOSS) FOR THE YEAR (V-VI)		259,546,772	279,360,712
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
CASH FLOW FROM OPERATING ACTIVITIES		
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)
Operating Cash Flow before Working Capital Changes	867,979,845	878,249,916
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)
Net Cash from Operations (A)	774,388,158	805,862,421
CASH FLOW FROM INVESTING ACTIVITIES		
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)	-
Net Cash from / (used in) from Investing Activities (B)	103,571,988	(187,370,593)
CASH FLOW FROM FINANCING ACTIVITIES		
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)
Net Cash (used in) Financing Activities (C)	(894,340,410)	(794,639,974)
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	(16,380,264)	(176,148,146)
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
Net change in Cash & Cash Equivalents during the year	(16,380,264)	(176,148,146)

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

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	₹
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, 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%
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, 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	
	₹	₹	₹	₹
(a) Debenture Redemption Reserve				
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) Profit / (Loss) Surplus				
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
TOTAL		738,641,452		657,799,008



NORTH KARNATAKA EXPRESSWAY LIMITED

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

Note 4: LONG-TERM BORROWINGS

Particulars	As at March 31, 2016	As at March 31, 2015
Secured Non-convertible Debentures (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 NHA under the terms of the Concession Agreement).		
TOTAL	973,000,000	1,376,000,000

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, 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
TOTAL			973,000,000		1,934,320,000

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

- (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
TOTAL	580,533,685	635,354,473

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
TOTAL		10,450,741		46,782,348



NOTE 7: OTHER CURRENT LIABILITIES

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

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
TOAL			403,000,000		674,600,000

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
TOAL			453,000,000		693,780,000

(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) 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
TOTAL	178,704,328	199,544,120



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 March 31, 2016
	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	
Tangible assets								
Furniture and fixtures	121,616	10,992	-	132,608	121,596	-	10,990	132,586
Vehicles	544,013	-	-	544,013	523,636	-	3,586	527,222
Office equipments	216,277	-	-	216,277	192,683	-	14,658	207,341
Data processing equipments	451,505	-	-	451,505	444,884	-	6,604	451,488
Total - Tangible assets (A)	1,333,411	10,992	-	1,344,403	1,282,799	-	35,838	1,318,637
Intangible assets								
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
Total - Intangible assets (B)	6,133,119,243	270,916,685	-	6,404,035,928	4,317,105,451	-	424,480,657	4,741,586,108
Capital work-in-progress								
	261,038,858	9,877,827	270,916,685	-	-	-	-	-
Total - Intangible assets (C)	261,038,858	9,877,827	270,916,685	-	-	-	-	-
GRAND TOTAL -(A) + (B)+ (C)	6,395,491,512	280,805,504	270,916,685	6,405,380,331	4,318,388,250	-	424,516,495	1,662,475,586

PREVIOUS YEAR

	Gross block (at cost)				Accumulated depreciation			Net block Balance as at March 31, 2015
	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	
Tangible assets								
Furniture and fixtures	121,616	-	-	121,616	117,643	24,143	(20,190)	121,596
Vehicles	544,013	-	-	544,013	488,185	108,299	(72,848)	523,636
Office equipments	206,577	9,700	-	216,277	171,253	73,848	(52,418)	192,683
Data processing equipments	451,505	-	-	451,505	409,712	9,403	25,769	444,884
Total - Tangible assets (A)	1,323,711	9,700	-	1,333,411	1,186,793	215,693	(119,687)	1,282,799
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
Total - Intangible assets (B)	6,133,119,243	-	-	6,133,119,243	3,916,751,589	-	400,353,862	4,317,105,451
Capital work-in-progress								
	-	261,038,858	-	261,038,858	-	-	-	-
Total - Intangible assets (C)	-	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



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) Unsecured, considered good Security Deposits	65,556	64,656
(b) Other loans and advances (Unsecured, considered good) - 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
TOTAL	103,970,995	108,886,790

NOTE 12: SHORT-TERM LOANS AND ADVANCES

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Loans given to related parties (Unsecured, considered good) Short term loan given to IL&FS Transportation Networks Limited	795,000,000	700,000,000
(b) Other loans and advances (Unsecured, considered good) - 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
TOTAL	803,558,582	734,670,629

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
TOTAL	9,579,638	18,155,502	9,576,110	7,675,257	10,483,771

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	-
TOTAL	413,988,368	499,874,114

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	
(a) Cash and cash equivalents				
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) Other bank balances				
In Fixed Deposits placed for a period exceeding 3 months but not more than 12 months (Restricted)				
TOTAL		735,957,299		752,337,563
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
Total Balances with banks in current accounts (Including Restricted DSRA balance)	735,935,900	752,335,749



NORTH KARNATAKA EXPRESSWAY LIMITED

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

NOTE 14: REVENUE FROM OPERATIONS

Particulars	For the year ended March 31,	
	2016	2015
(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

Particulars	For the year ended March 31,		For the year ended March 31,	
	2016		2015	
(a) Interest Income 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) Other non-operating income Miscellaneous income- Interest Income- Income Tax		-		13,173,862
(b) Other non-operating income Income from Utility Shifting		1,350,636		-
TOTAL		119,847,664		146,701,822



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
TOTAL	122,682,902	119,521,607



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
TOTAL		227,821,612		271,156,851

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	
TOTAL		21,027,889		12,568,477

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	
		1,374,904		1,018,544

(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
Balances:			
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
Remuneration to Directors/KMP (Refer note below)			
Mr. Vijay Kini	Director	29,186	48,453
Mr. Swapnil Bhalekar	CFO	486,693	97,788
Ms. Jyotsna Matondkar	Company Secretary	NIL	NIL
Director Sitting Fees			
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 Vajih
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