

**MP BORDER CHECKPOST DEVELOPMENT  
COMPANY LIMITED**

**ANNUAL REPORT**

**2011-12**

## **‘DIRECTORS’ REPORT**

The Shareholders

### **MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED**

Your Directors have pleasure in presenting the Second Annual Report along with the Audited Statements of Accounts for the year ended March 31, 2012

### **FINANCIAL RESULTS**

The financial results of the Company are as under:

(Amount in ₹)

	For the Year ended March 31, 2012	For the period ended March 31, 2011
Total Income	-	-
Total Expenses	7,106,389	3,954,501
Profit/(Loss) Before Tax	(7,106,389)	(3,954,501)
<u>Less: Provision for Tax</u>	-	-
Profit /(Loss)After Tax	(7,106,389)	(3,954,501)
Balance carried forward	(11,060,890)	(3,954,501)

### **OPERATIONS:**

Your Company continues the work of building, developing and maintaining 24 Check-posts and 2 Central Control Facilities in the state of Madhya Pradesh on Design Build Finance Operate & Transfer (DBFOT) basis as awarded by the Madhya Pradesh Road Development Corporation. The Company has achieved physical progress of 26.20% and financial progress of 23.02 % as of March 31, 2012.

### **DIVIDEND**

Your Directors have not recommended any dividend for the period under review

### **DIRECTORS:**

During the year under review, Mr. Manish Agarwal was appointed as Additional Director on the Board of the Company with effect from January 20, 2012

In terms of the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr Krishna Ghag and Mr Rajiv Aggarwal, Directors, will retire at the forthcoming Annual General Meeting of the Company and being eligible offer themselves for reappointment. Your Directors recommend their re-appointment

**AUDITORS:**

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

**DEPOSITS:**

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

**CORPORATE GOVERNANCE:**

Four Board Meetings were held during the year under review on April 26, 2011, July 20, 2011, October 19, 2011 and January 20, 2012. The number of meetings attended by the Directors are as under:

<b>Sr. No.</b>	<b>Name of Directors</b>	<b>No. of Board Meetings held during tenure</b>	<b>Meetings attended</b>
1	Mr. Krishna Ghag	4	4
2	Mr. Ravi Sreehari	4	3
3	Mr. Rajiv Aggarwal	4	3
4	Mr. Harish Mathur	4	3
5	Mr. Subroto Chaudhury	4	0
6	Mr Manish Agarwal (from January 20, 2012)	1	1

The Audit Committee was constituted on April 26, 2011 in accordance with the provisions of the Section 292A of the Companies Act, 1956. The Audit Committee is comprised of Mr Harish Mathur, Mr Krishna Ghag and Mr Rajiv Aggarwal. The Audit Committee met three times in the year under review on July 20, 2011, October 19, 2011 and January 20, 2012

**PARTICULARS OF EMPLOYEES:**

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

**DIRECTORS RESPONSIBILITY STATEMENT:**

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

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view

of the state of affairs of the Company at the end of the financial year and of the Loss of the Company for that period;

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they have prepared the annual accounts on a going concern basis

#### **FOREIGN EXCHANGE EARNINGS AND OUTGO:**

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

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

#### **ACKNOWLEDGMENTS:**

The Directors place on record their appreciation for the support and co-operation received from Madhya Pradesh Road Development Corporation Limited, various Government and other Regulatory Authorities, Banks, Financial Institutions and Shareholders of the Company

By the Order of the Board

**Sd/-**  
Director

**Sd/-**  
Director

Date : April 19, 2012  
Place : Mumbai

**REPORT OF THE AUDITORS' TO THE MEMBERS OF**  
**MP BORDER CHECKPOST DEVELOPMENT COMPANY**  
**LIMITED**

1. We have audited the attached Balance Sheet of **MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED** (the "Company") as at 31<sup>st</sup> March, 2012, and the related Profit and loss account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order 2004 (together 'the Order') issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 ('the Act'), we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order on the basis of such checks of the books and records of the company as we considered appropriate and the information and explanation given to us during the course of audit.
4. Further to our comments in the annexure referred to above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
  - b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of the books;
  - c) The Balance Sheet, Profit and Loss account and the Cash Flow Statement referred to in this report are in agreement with the books of account.
  - d) In our opinion the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the mandatory accounting standards referred to in Section 211(3C) of the Companies Act, 1956 to the extent applicable.



- e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2012;
  - ii) in the case of the Profit and loss Account, of the loss of the company for the year ended 31<sup>st</sup> March, 2012; and
  - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For Luthra & Luthra**

Chartered Accountants  
Firm Registration No. 002081N



*[Signature]*  
**Amit A. Purohit**  
**Partner**

**Membership No. 101612**

Mumbai: 19/4/2012

Annexure referred to in paragraph (3) of the Auditors' Report of even  
date to the members of MP BORDER CHECKPOST DEVELOPMENT  
COMPANY LIMITED  
on the financial statements for the year ended 31st March, 2012

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year as per the programme of verification adopted by the management of the Company, which, in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies between book records and the physical inventory have been noticed in respect of the assets physically verified.
- (c) Since, no part of the fixed assets has been disposed off by the Company during the year, paragraph 4(i)(c) of the Order is not applicable.
- (ii) As the company does not have any Inventory, paragraph 4(ii)(a),(b) and (c) of the Order are not applicable.
- (iii) (a) In our opinion and according to the information and explanations given to us, the Company has not granted any loan, secured or unsecured, to Companies, firms or other parties covered in the Register maintained under Section 301 of the Act. As such, paragraph 4(iii) (a), (b), (c), (d) of the Order are not applicable.
- (b) In our opinion and according to the information and explanations given to us, the Company has not taken any loan, secured or unsecured, from Companies, firms or other parties covered in the Register maintained under Section 301 of the Act. As such paragraph 4(iii) (e), (f), (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business for purchase of fixed assets. The activities of the Company during the financial year under audit do not involve purchase of inventory and sale of goods or services. Further, on the basis of the information and explanations given to us, we have neither observed nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any transaction referred to in Section 301 of the Act. Hence paragraph 4(v)(a) and (b) of the said Order are not applicable.
- (vi) As the Company has not accepted any deposits from the public, paragraph 4(vi) the Order is not applicable.



- (vii) The Company has appointed a firm of Chartered Accountants to carry out its internal audit function. In our opinion, internal audit system is commensurate with its size and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has prescribed the maintenance of costs records under Section 209(1) (d) of the Companies Act, 1956. On the basis of certificate from the Cost accountant certifying the maintenance of cost records, we are of the opinion that prima facie, the company has made and maintained the same to the extent applicable. We have broadly reviewed the book of accounts and records maintained by the Company. We have, however, not made detailed examination of these records with the view to determine that whether they are accurate and complete.
- (ix) (a) According to the information and explanations given to us and according to the books and records examined by us, the company has been generally regular in depositing with the appropriate authorities undisputed statutory dues including income tax and other material statutory dues as applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such Statutory dues which have remained outstanding as at 31<sup>st</sup> March, 2012 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no disputed statutory dues payables by the Company.
- (x) As the Company has been registered for a period less than five years, paragraph 4(x) dealing with accumulated losses and cash losses is not applicable to the Company.
- (xi) Based on our audit procedures and on the basis of information and explanations given by management, we are of the opinion that the Company has not defaulted in repayment of its dues to any Financial Institution and Bank As the company has not issued any Debentures the question of examining the repayment of same does not arise.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly Paragraph 4 (xii) of the Order is not applicable.
- (xiii) The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly paragraph 4 (xiii) of the Order is not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other Investments. Accordingly, Paragraph 4 (xiv) of the Order is not applicable.



- (xv) According to the information and explanations given to us, Company has not given any guarantee in respect of loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us and records examined by us, the Company has applied the term loan for the purpose for which the loan was obtained.
- (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, there are no funds raised on short term basis which have been used for long term purposes.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) The Company has not issued any debentures. Accordingly, paragraph 4 (xix) of the Order is not applicable.
- (xx) The Company has not raised any money by public issue during the year. Accordingly, paragraph 4 (xx) of the Order is not applicable.
- (xxi) During the course of our examination of the books of account and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

**For Luthra & Luthra**

*Chartered Accountants*

FRN: 002081N



**Amit A. Purohit**

*Partner*

**Membership No. 101612**

**Mumbai: 19/4/2012**

MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED

Balance Sheet As At March 31, 2012

	Particulars	Note	As At		As At	
			March 31, 2012		March 31, 2011	
<b>I</b>	<b>EQUITY AND LIABILITIES</b>					
<b>1</b>	<b>SHAREHOLDERS' FUNDS</b>					
	(a) Share capital	2	163,765,310		500,000	
	(b) Reserves and surplus	3	(11,060,890)	152,704,420	(3,954,501)	(3,454,501)
<b>2</b>	<b>SHARE APPLICATION MONEY PENDING ALLOTMENT</b>	4	936,479,690	936,479,690	273,600,000	273,600,000
<b>3</b>	<b>NON-CURRENT LIABILITIES</b>					
	(a) Long-term borrowings	5	2,008,800,000		-	
	(b) Long-term provisions	6	19,492	2,008,819,492	-	-
<b>4</b>	<b>CURRENT LIABILITIES</b>					
	(a) Trade payables	7	2,163,406,376		2,007,010,357	
	(b) Other current liabilities	8	36,566,435		225,822,543	
	(c) Short-term provisions	9	867	2,199,973,678	-	2,232,832,900
	<b>TOTAL</b>			<b>5,297,977,280</b>		<b>2,502,978,399</b>
<b>II</b>	<b>ASSETS</b>					
<b>1</b>	<b>NON CURRENT ASSETS</b>					
	(a) Fixed assets	10				
	(i) Tangible assets		3,680,989		3,218,819	
	(ii) Intangible assets		104,918		123,418	
	(iii) Capital work-in-progress		4,832,818,245	4,836,604,152	2,235,930,146	2,239,272,383
	(b) Long-term loans and advances	11	119,398,270	119,398,270	167,112,493	167,112,493
<b>2</b>	<b>CURRENT ASSETS</b>					
	(a) Trade receivables	12	1,023,476		-	
	(b) Cash and bank balances	13	1,390,229		65,394,782	
	(c) Short-term loans and advances	14	339,560,753		31,198,741	
	(d) Other current assets	15	400	341,974,858	-	96,593,523
	<b>TOTAL</b>			<b>5,297,977,280</b>		<b>2,502,978,399</b>

Notes 1 to 26 form part of the financial statements.

As per our report of even date attached  
**For Luthra & Luthra**  
 Chartered Accountants  
 Firm Registration No.002081N

  
 Amit A. Purohit  
 Partner  
 Membership Number : 101612  
 Place: Mumbai  
 Date: 19/4/2012



**For MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED**

  
 Director

  
 Director

Particulars	Note	Year ended March 31, 2012	For the period ended March 31, 2011
I Revenue from operations		-	-
II Other income		-	-
III Total revenue (I + II)		-	-
IV Expenses			
Employee benefit expenses	17	150,000	108,065
Other expenses	18	6,956,389	3,846,436
Total expenses		7,106,389	3,954,501
V Profit/(Loss) before exceptional and extra-ordinary items and tax (III-IV)		(7,106,389)	(3,954,501)
VI Exceptional items		-	-
VII Profit/(Loss) before Extra-ordinary items and tax (V-VI)		(7,106,389)	(3,954,501)
VIII Extraordinary items		-	-
IX Profit/(Loss) before tax (VII-VIII)		(7,106,389)	(3,954,501)
X Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Total tax expenses (X)		-	-
XI Profit/(Loss) for the period (IX-X)		(7,106,389)	(3,954,501)
Earnings per equity share (Face value per share Rupees 10/-):	19		
(1) Basic		(2.17)	(79.09)
(2) Diluted		(2.17)	(79.09)

Notes 1 to 26 form part of the financial statements.

As per our report of even date attached  
**For Luthra & Luthra**  
 Chartered Accountants  
 Firm Registration No.002081N

  
 Amit A. Purohit  
**Partner**  
 Membership Number : 101612  
 Place: Mumbai  
 Date: 19/4/2012



**For MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED**

  
 Director

  
 Director

MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED

CASHFLOW FOR THE YEAR ENDED MARCH 31, 2012

	Year ended March 31, 2012	For the period ended March 31, 2011
<b>Cash Flow from Operating Activities</b>		
Profit / (Loss) Before Tax	(7,106,389)	(3,954,501)
<b>Operating profit before Working Capital Changes</b>	<b>(7,106,389)</b>	<b>(3,954,501)</b>
<b>Adjustments for:</b>		
Depreciation	1,285,963	220,624
Provision for Employee Benefits	20,359	-
<b>Operating profit before Working Capital Changes</b>	<b>(5,800,067)</b>	<b>(3,733,877)</b>
<b>Adjustments for changes in working capital:</b>		
Increase / (Decrease) in Other Current, Other Non-Current Liabilities & Trade Payables	10,478	235,848
<b>Operating Cash Flows after Working Capital Changes</b>	<b>(5,789,589)</b>	<b>(3,498,029)</b>
Payment of Taxes	(253,411)	-
<b>Net Cash Generated / (Used) in Operating Activities (A)</b>	<b>(6,043,000)</b>	<b>(3,498,029)</b>
<b>Cash flow from Investing Activities</b>		
Decrease/(Increase) in Bank Deposits	(10,000)	-
Purchase of Fixed Assets (Including Intangible Assets)	(2,434,640,659)	(2,239,493,007)
Interest & Finance charges Paid	(164,495,282)	-
Interest on Short Term Deposit	518,209	-
(Increase) / decrease in Loans & Advances related to Investment activities	(261,418,254)	(198,311,234)
Increase / (decrease) in payables related to Investment activities	(32,870,567)	2,232,597,052
<b>Net Cash from Investing Activities (B)</b>	<b>(2,892,916,553)</b>	<b>(205,207,189)</b>
<b>Cash flow from Financing Activities</b>		
Increase in Equity Share Capital	163,265,310	500,000
Proceeds from Long-term Borrowings	2,008,800,000	-
Increase / (decrease) in Share Application Money	662,879,690	273,600,000
<b>Net Cash from Financing Activities (C)</b>	<b>2,834,945,000</b>	<b>274,100,000</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(64,014,553)</b>	<b>65,394,782</b>
Cash and Cash Equivalent at the beginning of the Year (Note No.13)	65,394,782	-
Cash and Cash Equivalent at the end of the Year (Note No.13)	1,380,229	65,394,782
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(64,014,553)</b>	<b>65,394,782</b>
<b>Notes:</b>		
<b>Components of Cash &amp; Cash Equivalent</b>		
Cash on Hand	11,234	470
Balance with Scheduled Banks - Current Accounts	1,368,995	65,394,312
	1,380,229	65,394,782
Fixed deposits placed for periods exceeding 3 months	10,000	-
Cash & Bank Balances (Note No.13)	1,390,229	65,394,782

Notes 1 to 26 form part of the financial statements.

As per our report of even date attached

For Luthra & Luthra  
Chartered Accountants  
Firm Registration No.002081N

Amit A. Purohit  
Partner  
Membership Number : 101612  
Place: Mumbai  
Date: 19/4/2012



For MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED

*[Signature]*  
Director

*[Signature]*  
Director

## MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED

### Note – 1: Background and Significant Accounting Policies

#### Background:

The Company was incorporated under the Companies Act 1956 on October 15, 2010. The Company is a special purpose vehicle (SPV) promoted by IL&FS Transportation Networks Limited (ITNL) and Spanco Limited. The Company has entered into a Concession Agreement (CA) on November 10, 2010 with MP Road Development Corporation Limited (MPRDCL) for construction, operation and maintenance of the Border Checkpost at 24 locations in Madhya Pradesh on build, operate and transfer ("BOT") basis. The Concession given under the agreement is for the total period of 4,566 days including 730 days for construction.

#### Significant Accounting Policies:

##### 1) Basis of Accounting

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, ('the Act') 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.

##### 2) Presentation and disclosure of financial statements:

During the year, the Revised Schedule VI notified under the Act has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact the recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosure made in the financial statements.

##### 3) Use of estimates

The preparation of financial statements in conformity with IGAAP 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.



## **MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED**

### **4) Revenue Recognition**

The CA envisages Revenue in the form of collection of Service fees from the users of the project facilities from the Commercial Operations Date ("COD"). As the Project is still under construction stage, no revenue has been recognised.

### **5) Classification of Current/Non-current Assets and Liabilities :**

An asset is classified as current when it satisfies following criteria:

- a) It is expected to be realized in or is intended for sale or consumption in, the company's operating cycle;
- b) It is expected to be realised within 12 months after the reporting date;
- c) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as Non-current.

A liability is classified as current when it satisfies any of following criteria:

- a) It is expected to be settled in the company's normal operating cycle;
- b) It is due to be settled within 12 months after the reporting date;
- c) The company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as Non-current.

### **6) Fixed Assets and Depreciation**

All fixed assets are stated at cost less accumulated depreciation. For this purpose cost includes purchase price and all other attributable costs of bringing assets into working condition and location for intended use. Assessment of indication of impairment of an asset is made as at the reporting date and impairment loss, if any is recognised.

### **Capital Work in Progress**

Capital work in Progress includes direct and attributable expenses for construction project. The same shall be capitalised on completion of the construction and it being available for commercial use.



## MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED

### Depreciation

- Assets individually costing Rs. 5,000 or less, mobile phones and items of soft furnishing are depreciated fully in the period when such assets are put to use.
- Depreciation is provided pro-rata for the period of use of the Fixed Assets, under the Written Down Value Method in the manner and as per the rates prescribed under Schedule XIV to the Companies, Act, 1956, as amended from time to time except in the case of following assets, Company follows Straight Line Method of depreciation so as to write off 100% of the cost of the assets at rates higher than those prescribed under

Schedule XIV to the Companies Act 1956, based on the Management's estimate of useful life of such assets:

Asset Type	Useful Life
Computers	4 Years
Specialised Office Equipments	3 Years
Assets Provided to Employees	3 Years
Licensed Software	Over the license period

### 7) Impairment of Assets

The carrying values of assets of the Company's cash-generating units 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.

### 8) Employee Costs

Employee Costs include Short term employee benefits such as Salaries, Incentives etc., as defined in AS -15 on Employee Benefits. The same are recognised as an expense in the period in which the service is rendered by the concerned employee to the company. Company does not have any Defined Contribution plans. Provision for Gratuity is made as per the Actuarial valuations conducted by the Actuary.

### 9) Borrowing cost

Borrowing costs attributable to construction of the project facilities are capitalised up to the date of completion of construction and are treated as a part of the Tangible/Intangible asset. All borrowing costs subsequent to the capitalisation are charged to the Profit and Loss Account in the period in which such costs are incurred.



## **MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED**

### **10) Preliminary Expenditure**

Preliminary Expenses incurred on incorporation of the Company are charged to the Profit & Loss Account in the period during which these expenses are incurred.

### **11) Accounting for Taxes on Income**

Provision for current income tax is made after taking into consideration benefits admissible under the provisions of the Income - tax Act, 1961. Deferred tax resulting from "timing differences" between book and tax profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets

are recognized and carried forward only if there is a virtual/ reasonable certainty that the assets will be realized in future. The carrying amount of deferred tax asset is reviewed at each balance sheet date.

### **12) Provisions, Contingent Liabilities and Assets**

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources. Contingent Assets are neither recognized or disclosed.

### **13) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby net profits / loss before tax are adjusted for the effect of transaction of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The Cash flows from regular revenue generating; investing and financing activities are segregated.

Cash and cash equivalents in the cash flow statement comprises of cash at bank and in hand and term deposits with banks placed for a period of less than three months.

### **14) Earnings per Share**

Basic Earnings per share is calculated by dividing the net profit / (loss) after tax for the period attributable to equity shareholders of the Company by the weighted average number of equity shares in issued during the period. The number of shares used in computing Diluted EPS comprises the weighted average number of equity shares considered for deriving Basic EPS, and also the weighted average number of equity shares that could have been issued on the conversion of all Dilutive potential equity shares. Dilutive potential shares are deemed to be converted as at the beginning of the period unless issued at a later date.



MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED

Year Ended March 31, 2012

Note 2: Share capital

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number	₹	Number	₹
<b>Authorised</b>				
Equity Shares of Rupees 10/- each	125,000,000	1,250,000,000	50,000,000	500,000,000
<b>Issued</b>				
Equity Shares of Rupees 10/- each	16,376,531	163,765,310	50,000,000	500,000,000
<b>Subscribed and Paid up</b>				
Equity Shares of Rupees 10/- each fully paid (refer foot note no. i, ii & iii)	16,376,531	163,765,310	50,000	500,000
<b>Total</b>	<b>16,376,531</b>	<b>163,765,310</b>	<b>50,000</b>	<b>500,000</b>

Foot Notes:

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

Particulars	As at March 31, 2012		As at March 31, 2011	
	Equity Shares		Equity Shares	
	No. of Shares	₹	No. of Shares	₹
Shares outstanding at the beginning of the period / year	50,000	500,000	-	-
Shares issued during the period / year	16,326,531	163,265,310	50,000	500,000
Shares bought back during the period / year	-	-	-	-
Shares outstanding at the end of the period / year	16,376,531	163,765,310	50,000	500,000

ii. Shareholding more than 5% shares

Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
IL&FS Transportation Networks Limited (the Holding Company)	8,352,051	51.00%	25,500	51.00%
Spanco Limited (an Enterprise having significant influence over Company)	8,024,480	49.00%	24,500	49.00%
<b>Total</b>	<b>16,376,531</b>	<b>100.00</b>	<b>50,000</b>	<b>100.00</b>

iii. Terms / Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs. 10/- each. Each holder of equity shares is entitled to one vote per share.

Note 3: Reserves and surplus

Particulars	As at March 31, 2012		As at March 31, 2011	
<b>Surplus / (Deficit) in the Statement of Profit and Loss</b>				
Balance as per last financial statements	(3,954,501)		-	(3,954,501)
(+) Profit/(Loss) for the current year / period	(7,106,389)	(11,060,890)	(3,954,501)	(3,954,501)
<b>Total</b>		<b>(11,060,890)</b>		<b>(3,954,501)</b>

Note 4: Share Application Money Pending Allotment

Particulars	As at March 31, 2012	As at March 31, 2011
	Share Application Money Pending Allotment	936,479,690
<b>Total</b>	<b>936,479,690</b>	<b>273,600,000</b>

Note :

i Terms and conditions : Issuance of Equity shares at Par, (face value of Rs. 10 per Equity share).

ii Number of shares proposed to be issued : 93,647,969 Equity shares of Rs. 10 each, at par.

iii Period before which shares shall be allotted : Shares to be allotted on or before March 31, 2013.

iv Company have sufficient authorised share capital to cover the share capital amount resulting from allotment of shares from such share application money.



MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED

Year Ended March 31, 2012

Note 5: Long-term borrowings

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Term Loans				
(i) Secured				
From banks (refer foot note no. i)	1,523,800,000		-	
From others	-	1,523,800,000	-	-
(ii) Unsecured				
From the Holding Company	485,000,000	485,000,000	-	-
<b>Total</b>		<b>2,008,800,000</b>		<b>-</b>

Foot Notes:

1. Secured By:

- First charge on all the accounts of the Company, including the Escrow Account, only to the extent permitted under the concession agreement
- Assignment of all the rights and interest of the Company to or in favour of the Senior Lenders to the extent covered by and in accordance with Substitution Agreement.
- Assignment of all rights of the Company under any guarantees that may be provided by any counter-party under any contract / agreement / document relating to the project, to the extent permissible under concession agreement.

2. Terms of Repayment:

- The Company shall repay the term loans to each of the senior lenders in 30 unequal quarterly installments commencing in the quarter from the end of the Principal Moratorium period (which is 0.65 years from the COD) at the end of each quarter, as per the Repayment schedule, as set out in Footnote (a).
- Amounts repaid by the Company shall not be re-borrowed.
- Any senior lenders may, in suitable circumstances, at the request of the Company and subject to consent of the other senior lenders revise or vary the repayment schedule or postpone the payment of any specific repayment installment(s) or part thereof, upon such terms and conditions shall form a part of this agreement as an amendment to repayment schedule hereto.
- If for any reason the amount finally disbursed by the senior lenders is less than the total commitments, the repayment installments shall stand reduced proportionately but shall be paid on the repayment dates as set out in the repayment schedule.
- In the event of any default in the payment of the repayment installments of principal, interest and default interest, postponement, if any, allowed by any of the senior lenders shall be at the rate of interest as may be stipulated by the concerned senior lenders at the time of postponement.

Footnote:

Repayment Schedule:

Total Loans Commitment is Rs. 9,450,000,000/- from Banks and Rs. 2,025,000,000/- from holding company.

Loans Disbursed till March 31, 2012 is Rs. 1,523,800,000/- from Banks and Rs.485,000,000/- from holding company.

Senior Debt : In 30 unequal quarterly installments commencing on quarter ending December 31, 2013 and terminating on March 31, 2021

Sub Debt : In 17 unequal quarterly installments commencing on quarter ending June 30, 2017 and terminating on June 30, 2021

Financial Year	Repayment (% of Senior Debt)	Amount of Debt Repayment	Repayment (% of Sub Debt)	Amount of Sub Debt Repayment
2013-2014	5.00	76,190,000	-	-
2014-2015	6.75	102,856,500	-	-
2015-2016	9.60	146,284,800	-	-
2016-2017	12.00	182,856,000	-	-
2017-2018	14.40	219,427,200	14.00	67,900,000
2018-2019	16.90	257,522,200	14.00	67,900,000
2019-2020	18.85	287,236,300	12.00	58,200,000
2020-2021	16.50	251,427,000	21.75	105,487,500
2021-2022	-	-	38.25	185,512,500
<b>Total</b>	<b>100.00</b>	<b>1,523,800,000</b>	<b>100.00</b>	<b>485,000,000</b>



**MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED**

**Year Ended March 31, 2012**

**Note 6: Long-term provisions**

Particulars	As at March 31, 2012		As at March 31, 2011	
Provision for employee benefits		19,492		-
<b>Total</b>		<b>19,492</b>		<b>-</b>

**Note 7: Trade Payables**

Particulars	As at March 31, 2012		As at March 31, 2011	
<b>Trade Payables</b> To related parties (Refer Footnote)	2,163,406,376	2,163,406,376	2,007,010,357	2,007,010,357
<b>Total</b>		<b>2,163,406,376</b>		<b>2,007,010,357</b>

**Note 8: Other current liabilities**

Particulars	As at March 31, 2012		As at March 31, 2011	
Other liabilities (Refer Footnote)	36,566,435	36,566,435	225,822,543	225,822,543
<b>Total</b>		<b>36,566,435</b>		<b>225,822,543</b>

**Footnote:**

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 disclosures, if any, relating to amounts unpaid as at the end of the year with the interest paid / payable as required under the said Act have not been given.

**Note 9: Short-term provisions**

Particulars	As at March 31, 2012		As at March 31, 2011	
Provision for employee benefits.		867		-
<b>Total</b>		<b>867</b>		<b>-</b>



MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED

Year Ended March 31, 2012

Note 10: Fixed assets

Particulars	Gross block		Accumulated depreciation		Net block Balance as at March 31, 2012	Net block Balance as at March 31, 2011
	Balance as at April 1st 2011	Additions	Balance as at March 31, 2012	Balance as at April 1st 2011		
a) Tangible assets						
Vehicles	2,229,067	-	2,229,067	48,232	564,618	2,180,835
Data processing equipments	389,300	441,615	830,915	6,456	185,520	382,844
Office equipments	295,611	234,850	530,461	13,650	75,576	281,961
Furniture and fixtures	523,883	1,036,168	1,560,051	150,704	424,749	373,179
<b>Total (a)</b>	<b>3,437,861</b>	<b>1,712,633</b>	<b>5,150,494</b>	<b>219,042</b>	<b>1,250,463</b>	<b>3,680,989</b>
b) Intangible assets						
Software / Licences	125,000	17,000	142,000	1,582	35,500	123,418
<b>Total (b)</b>	<b>125,000</b>	<b>17,000</b>	<b>142,000</b>	<b>1,582</b>	<b>35,500</b>	<b>123,418</b>
<b>Grand total (a + b)</b>	<b>3,562,861</b>	<b>1,729,633</b>	<b>5,292,494</b>	<b>220,624</b>	<b>1,285,963</b>	<b>3,342,237</b>
c) Capital work-in-progress	2,235,930,146	2,596,888,099	4,832,818,245	-	-	2,235,930,146
<b>Total (a + b + c)</b>	<b>2,239,493,007</b>	<b>2,598,617,732</b>	<b>4,838,110,739</b>	<b>220,624</b>	<b>1,285,963</b>	<b>2,239,272,383</b>
Previous period	-	2,239,493,008	2,239,493,008	-	220,625	-



**MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED**

Year Ended March 31, 2012

**Note 11: Long-term loans and advances**

₹

Particulars	As at March 31, 2012		As at March 31, 2011	
<b>(a) Security Deposits</b>				
Unsecured, considered good	3,013,900	3,013,900	342,000	342,000
<b>(b) Loans and advances to related parties</b>				
Unsecured, considered good				
- Advance against capital expenditure	116,384,370		166,770,493	
- Option premium assets	-	116,384,370		166,770,493
<b>Total</b>		<b>119,398,270</b>		<b>167,112,493</b>

**Note 12: Trade receivables**

₹

Particulars	As at March 31, 2012		As at March 31, 2011	
<b>(a) Trade receivables outstanding for a period less than six months from the date they are due for payment</b>				
Unsecured, considered good	1,023,476	1,023,476	-	-
<b>Total</b>		<b>1,023,476</b>		<b>-</b>

**Note 13: Cash and bank balances**

₹

Particulars	As at March 31, 2012		As at March 31, 2011	
<b>(a) Cash and cash equivalents</b>				
Cash on hand	11,234		470	
Balance with Banks				
- on Escrow / Current accounts (Refer Footnote)	1,368,995	1,380,229	65,394,312	65,394,782
<b>(b) Other bank balances</b>				
Fixed Deposits placed for a period exceeding 12 months (placed as security deposit with sales tax authorities)	10,000	10,000	-	-
<b>Total</b>		<b>1,390,229</b>		<b>65,394,782</b>

**Footnote**

As per the Concession agreement entered into by the Company, the Company is required to maintain an Escrow Account with the Lead Bank and route all the receipts on account of borrowings / capital contribution / earnings / other receipts and project related expenditure through the same.



MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED

Year Ended March 31, 2012

Note 14: Short-term loans and advances

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Loans and advances to related parties Unsecured, considered good - Advance against capital expenditure	332,186,123	332,186,123	30,659,269	30,659,269
(b) Other loans and advances Unsecured, considered good - Advance payment of taxes (net of provision) - Advance recoverable in cash or kind or for the value to be received - Advance against capital expenditure	253,411 7,121,219	7,374,630	246,339 293,133	539,472
<b>Total</b>		<b>339,560,753</b>		<b>31,198,741</b>

Note 15: Other current assets

Particulars	As at March 31, 2012		As at March 31, 2011	
Interest accrued on Fixed Deposits		400		-
<b>Total</b>		<b>400</b>		<b>-</b>

Note 16: Capital and other commitments

A) Operating commitments pending to be executed :

Particulars ( Name of party & description)	As at March 31, 2012	As at March 31, 2011
IL&FS Trust Company Limited Estimated amount of contracts to be executed on security trusteeship fees (upto the end of repayment of last installment of term loan ) and not provided for	2,750,000	-

B) Estimated amount of contracts remaining to be executed on capital and other account :

Particulars ( Name of party & description)	As at March 31, 2012	As at March 31, 2011
IL&FS Transportation Networks Limited Estimated amount of contracts to be executed on capital account and not provided for (net of capital advances of ₹ 398,570,493/- [previous year ended March 31, 2011 ₹ 147,429,762/-])	4,962,298,195	-
Spanco Limited Estimated amount of contracts to be executed on capital account and not provided for (net of capital advances of ₹ 50,000,000/- [previous year ended March 31, 2011 ₹ 50,000,000/-])	1,224,099,843	-

Note 17: Employee benefit expenses

Particulars	Year ended March 31, 2012		For the period ended March 31,	
Salaries and wages	150,000	150,000	108,065	108,065
		<b>150,000</b>		<b>108,065</b>



**MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED**

**Year Ended March 31, 2012**

**Note 18: Other expenses**

₹

Particulars	Year ended March 31, 2012		For the period ended March 31, 2011	
Legal and consultation fees	395,483		37,045	
Auditors' Remuneration (refer Footnote below)	767,001		176,480	
Travelling and conveyance	87,978		-	
Rates and taxes	3,612		7,050	
Bank commission	6,757		-	
Registration expenses	5,413,265		3,589,000	
Insurance	3,676		-	
Directors' fees	250,000		15,000	
Preliminary Expenses	-		21,861	
Miscellaneous expenses	28,617	6,956,389	-	3,846,436
		<b>6,956,389</b>		<b>3,846,436</b>

**Footnote: Disclosure regarding the Auditors' Remuneration (Including Service Tax) :**

₹

Particulars	As at March 31, 2012	As at March 31, 2011
Audit Fees	220,600	82,725
Taxation Matter	-	-
Certification Matter	103,682	11,030
Other Services	441,202	82,725
Reimbursement of expenses	1,517	-
<b>TOTAL</b>	<b>767,001</b>	<b>176,480</b>

**Note 19: Earnings per equity share**

Particulars	Unit	Year ended March 31, 2012	For the period ended March 31, 2011
Profit after tax	Rupees	(7,106,389)	(3,954,501)
Premium on preference shares	Rupees	-	-
Tax on premium on preference shares	Rupees	-	-
Profit available for Equity Shareholders	Rupees	(7,106,389)	(3,954,501)
Weighted number of Equity Shares outstanding	Numbers	3,270,629	50,000
Nominal Value of equity shares	Rupees	10.00	10.00
Basic Earnings per share	Rupees	(2.17)	(79.09)
Equity shares used to compute diluted earnings per share	Numbers	3,270,629	50,000
Diluted Earnings per share	Rupees	(2.17)	(79.09)



**MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED**

Year Ended March 31, 2012

**Note 20: Related Party Disclosures**

Related party Disclosures as per AS-18 on "Related Party Disclosure" in respect of the Company as on March 31, 2012 are as follows :

Nature of Relationship	Name of Entity	Acronym used
Holding Company	IL&FS Transportation Networks Limited	ITNL
Fellow Subsidiaries	IL&FS Trust Company Limited	ITCL
	IL&FS Financial Services Limited	IFIN
Associates	NIL	NIL
Enterprise having significant influence over the Company	Spanco Limited	SPANCO
Co - Venture	NIL	NIL
Key Management personnel	NIL	NIL

2. Details of balances and transactions during the period with related parties

₹

Account head	Name of Entity	As At March 31, 2012	As At March 31, 2011
<b>Balances:</b>			
Share Capital	ITNL	83,520,510	255,000
Share application money pending allotment	ITNL	936,479,690	213,600,000
Mobilisation Advance Recoverable	ITNL	398,570,493	147,429,762
Trade Payable	ITNL	1,044,873,822	856,080,595
Unsecured Loan - Sub Debt (Taken)	ITNL	485,000,000	-
Share Capital	SPANCO	80,244,800	244,800
Share application money pending allotment	SPANCO	-	60,000,000
Mobilisation Advance Recoverable	SPANCO	50,000,000	50,000,000
Trade Payable	SPANCO	1,118,532,554	953,500,000
<b>Transactions:</b>		<b>For the Year ended March 31, 2012</b>	For the period ended March 31, 2011
Milestone Payment	ITNL	1,789,131,312	-
Milestone Payment	SPANCO	463,904,199	-
Interest On Loan	ITNL	9,260,172	
Unsecured Loan - Sub Debt Taken	ITNL	485,000,000	-
Advisory Fees	ITNL	-	705,000,000
Development Fees Paid	ITNL	-	410,000,000
Security Trustee Fees paid	ITCL	1,298,669	-
Debt Syndication Fees	IFIN	83,386,800	-



**MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED**

**Year Ended March 31, 2012**

**Note 21:**

**Provision for Taxation:**

In the absence of book / tax profits or losses and consequent impact of the timing differences on the same, provision for deferred taxes and current Income Tax has not been made.

**Note 22:**

In the opinion of the Board of Directors, Current assets, Loans and Advances are realisable at a value, which is at least equal to the amount at which these are stated in the ordinary course of business and provision made for all known and determined liability are adequate and not in excess of the amount stated.

**Note 23:**

**Segment Reporting:**

The Company is a special purpose vehicle and is engaged in the business of construction and maintenance of Checkposts and thus operates in a single business and geographical segment. As a result, disclosures required under AS-17 on 'Segment Reporting' have not been given

**Note: 24:**

Additional information pursuant to Part II of Revised Schedule VI of the Companies Act, 1956 have been given to the extent applicable

**Note: 25:**

The Company has not taken any Derivative instrument during the year and there is no derivative instrument outstanding on the Balance sheet date

Further, on the Balance Sheet date, there is no outstanding foreign currency exposure in respect of receivables and payables

**Note 26: Previous period**

Till previous period ending on 31st March 2011, the company was using pre-revised Schedule VI to the Companies Act, 1956 for preparation and presentation of its financial statements. During the year ending 31st March 2012, the revised Schedule VI as notified under the Companies Act, 1956 has become applicable to the Company. As result, the company has re-classified previous period figures to conform to the current year's classification. Figures of Statement of Profit and Loss for the previous period are not strictly comparable with the current year figures, as the same are for the period beginning October 15, 2010 (being the date of incorporation) and ending on March 31, 2011 (less than one year).

As per our report of even date attached

**For Luthra & Luthra**

Chartered Accountants

Firm Registration No.002081N

**For MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED**



Amit A. Purohit

**Partner**

Membership Number : 101612

Place: Mumbai

Date: 19/4/2012

  
**Director**  
**Director**