

**MP BORDER CHECKPOST DEVELOPMENT
COMPANY LIMITED**

ANNUAL REPORT

2012-13

DIRECTORS' REPORT

The Shareholders

MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED

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

FINANCIAL RESULTS

The financial results of the Company are as under:

(Amount in ₹)

	For the Year ended March 31, 2013	For the period ended March 31, 2012
Total Income	-	-
Total Expenses	4,107,898	7,106,389
Profit/(Loss) Before Tax	(4,107,898)	(7,106,389)
Less: Provision for Tax	(2,290,000)	-
Profit /(Loss)After Tax	(6,397,898)	(7,106,389)
Balance carried forward	(17,458,788)	(11,060,890)

OPERATIONS:

Your Company continues to work on the project of developing and maintaining 24 Check-posts and 2 Central Control Facilities in the state of Madhya Pradesh awarded by the Madhya Pradesh Road Development Corporation on Design Build Finance Operate & Transfer (DBFOT) basis. The Company has achieved physical progress of 45.96% as of March 31, 2013

INCREASE IN AUTHORISED CAPITAL:

In order to meet the funds requirement of the Company for development of the Project, the Company had increased its Authorised Share Capital from ₹1,25,00,00,000/- to ₹1,50,00,00,000/-

DIVIDEND

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

DIRECTORS:

During the year under review, Mr. Rajiv Aggarwal, Mr Subroto Chaudhury and Mr Ravi Sreehari, Directors of the Company had resigned effective September 5, 2012, December 17, 2012, and April 18, 2013, respectively. The Directors placed on record their sincere appreciation for the valuable guidance and support rendered by them

In terms of the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr Harish Mathur, Director, will retire at the forthcoming Annual General Meeting of the Company and being eligible offer himself for reappointment. Your Directors recommend his 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 19, 2012, July 19, 2012, October 18, 2012 and January 18, 2013. The number of meetings attended by the Directors are as under:

Sr. No.	Name of Directors	No. of Board Meetings held during tenure	Meetings attended
1	Mr. Krishna Ghag	4	4
2	Mr. Ravi Sreehari (resigned w.e.f April 18, 2013)	4	4
3	Mr. Rajiv Aggarwal (resigned w.e.f September 5, 2012)	2	0
4	Mr. Harish Mathur	4	4
5	Mr. Subroto Chaudhury (resigned w.e.f December 17, 2012)	3	0
6	Mr Manish Agarwal	4	3

Upon resignation of Mr. Rajiv Aggarwal the Audit Committee was reconstituted on October 18, 2012 in accordance with the provisions of the Section 292A of the Companies Act, 1956. The Audit Committee was then comprised of Mr Harish Mathur, Mr Krishna Ghag and Mr Ravi Sreehari. Subsequently upon resignation of Mr Ravi Sreehari, the Audit Committee needs to be re-constituted. The Audit Committee met four times in the year under review on April 19, 2012, July 19, 2012, October 18, 2012 and January 18, 2013

PARTICULARS OF EMPLOYEES:

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

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 (“the 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

For and on behalf of the Board

SD/-
(Harish Mathur)

SD/-
(Krishna Ghag)

Date : April 18, 2013
Place : Mumbai

AUDITORS' REPORT

To the Members of
MP Border Checkpost Development Co. Ltd.
Mumbai

We have audited the accompanying financial statement of MP Border Checkpost Development Co. Ltd. ("the Company") which comprises the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with standards on Auditing issued by the Institute of Chartered Accountants of India. 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 of material misstatements.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 31st March 2013;
and



- ii. in the case of the Statement of Profit and Loss, of the loss for the year ended on that date.
- iii. In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies' Auditors Report Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order'), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the said Order, to the extent applicable to the company.
2. As required by section 227(3) of the Act, 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 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 such books;
 - (c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable.
 - (e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as at 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Luthra & Luthra
Chartered Accountants
Reg. No. 002081N



Akhilesh Gupta
Partner
M. No. 89909

Place : Mumbai
Date : 18th April, 2013



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

1. a. The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b. As per the information and explanations given to us, fixed assets have been physically verified by the Management at reasonable intervals, and no discrepancy was noticed.
c. The company has not disposed off substantial part of fixed assets during the year.
2. In our opinion and according to the information and explanation given to us, the Company has not taken / granted any secured or unsecured loan from / to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business. We have not observed any failure on the part of the company to correct major weakness in internal control system.
4. As per the information and explanation given to us, there are no transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
5. According to the information and explanations given to us the company has not accepted deposits from the public.
6. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
7. According to the information and explanation given to us, the Central Government has prescribed the maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956. On the basis of certificate from the cost accountants certifying the maintenance of cost records, we are of the opinion that prima-facia, the Company has made and maintained the same to the extent applicable. We have broadly reviewed the books of account 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.
8. a. According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund; employees state insurance, income tax, sales tax, wealth tax, service tax, cess and any other statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues outstanding as at 31 March, 2013 for a period of more than six months from the date they became payable.



- b. According to the information and explanation given to us, there is no disputed due on account of provident fund, investor education and protection fund; employees state insurance, sales tax, wealth tax, income tax, service tax and cess.
9. As per the information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
10. As per the information and explanation given to us, the company has not given any guarantee for loans taken by others from -bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.
11. In our opinion and according to the information and explanation given to us, the Company has applied the term loan for the purpose for which the loan was obtained.
12. Fund raised on short- term basis has not been used for long-term investment and vice versa.
13. 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.
14. The company has not raised money by public issue during the year.
15. Based upon the audit procedures performed and information and explanations given by the management, no fraud on or by the company has been noticed or reported during the year.
16. Other clauses i.e. (ii), (x), (xii), (xiii), (xiv) & (xix) of the order are not applicable to the Company.

Place: Mumbai
Date : 18th April, 2013

For Luthra & Luthra
Chartered Accountants
Reg. No. 00208116




Akhilesh Gupta
Partner
(M. No. 89909)

MP Border Checkpost Development Company Ltd.
Balance Sheet As At March 31, 2013

₹

Particulars	Note	As At	
		March 31, 2013	March 31, 2012
I EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
(a) Share capital	2	95,96,83,270	16,37,65,310
(b) Reserves and surplus	3	(1,74,58,788)	(1,10,60,890)
		94,22,24,482	15,27,04,420
2 SHARE APPLICATION MONEY PENDING ALLOTMENT	4	53,05,61,730	93,64,79,690
3 NON-CURRENT LIABILITIES			
(a) Long-term borrowings	5	4,65,67,35,000	2,00,88,00,000
(b) Long-term provisions	7	46,265	19,492
		4,65,67,81,265	2,00,88,19,492
4 CURRENT LIABILITIES			
(a) Current maturities of long-term debt	6	21,95,65,000	-
(c) Other current liabilities	8	2,00,93,38,526	2,19,99,72,811
(f) Short-term provisions	9	1,852	867
		2,22,89,05,378	2,19,99,73,678
TOTAL		8,35,84,72,855	5,29,79,77,280
II ASSETS			
1 NON CURRENT ASSETS			
(a) Fixed assets (net)	10		
(i) Tangible assets		28,15,995	36,80,989
(ii) Intangible assets		69,419	1,04,918
(iii) Intangible assets Under Development		7,53,52,78,064	4,83,28,18,245
		7,53,81,63,478	4,83,66,04,152
(b) Long-term loans and advances	11	37,60,28,780	45,15,84,393
2 CURRENT ASSETS			
(a) Cash and bank balances	12	41,90,14,188	13,90,229
(b) Short-term loans and advances	13	2,48,41,690	83,98,106
(c) Other current assets	14	4,24,719	400
		44,42,80,597	97,88,735
TOTAL		8,35,84,72,855	5,29,79,77,280

Notes 1 to 25 form part of the financial statements.

In terms of our report attached.
For **LUTHRA & LUTHRA**
Chartered Accountants
Firm Registration No. 002081N

Akhilesh Gupta
Partner
Membership Number : 89909



For and on behalf of the Board

Director

Director

Place: Mumbai
Date : April 18, 2013

Place: Mumbai

24

MP Border Checkpost Development Company Ltd.
Statement of Profit and Loss for the Year Ended March 31, 2013

₹

Particulars	Note	Year ended March 31, 2013	Year ended March 31, 2012
I Revenue from operations		-	-
II Other income		-	-
III Total revenue (I + II)		-	-
IV Expenses			
Employee benefits expense	15	-	1,50,000
Administrative and general expenses	16	41,07,898	69,56,389
Total expenses		41,07,898	71,06,389
V Profit before taxation (III-IV)		(41,07,898)	(71,06,389)
VI Tax expense:			
(1) Current tax		22,90,000	-
(2) Tax relating to earlier period		-	-
(3) Deferred tax		-	-
Total tax expenses (VI)		22,90,000	-
VII Profit for the Year (V-VI)		(63,97,898)	(71,06,389)
Earnings per equity share (Face value per share Rupees 10/-):	17		
(1) Basic		(0.08)	(2.17)
(2) Diluted		(0.08)	(2.17)

Notes 1 to 25 form part of the financial statements.

In terms of our report attached.

For **LUTHRA & LUTHRA**

Chartered Accountants

Firm Registration No. 002081N

Akhilesh Gupta

Partner

Membership Number - 89909



For and on behalf of the Board


Director


Director

Place: Mumbai

Date : April 18, 2013

MP Border Checkpost Development Company Ltd.
Cash Flow Statement for the Year ended March 31, 2013

	Year ended March 31, 2013	Year ended March 31, 2012
Cash Flow from Operating Activities		
Profit Before Taxes, Minority Interest and Share of Associates	(41,07,898)	(71,06,389)
Adjustments for :-		
Provision for employee benefits (net)	27,758	20,359
Depreciation and amortization expense	9,31,002	12,85,963
Operating profit before Working Capital Changes	(31,49,138)	(58,00,067)
Adjustments changes in working capital:		
Increase / (decrease) in liabilities (current and non current)	62,926	10,478
Cash Generated from Operations	(30,86,212)	(57,89,589)
Direct Taxes paid (Net)	(1,55,79,535)	(2,53,411)
Net Cash generated from Operating Activities (A)	(1,86,65,747)	(60,43,000)
Cash flow from Investing Activities		
(Additions) to fixed assets	(30,509)	(17,29,633)
(Addition) / Deletion in Intangible Assets	(2,26,36,24,368)	(2,43,29,11,026)
Decrease/(Increase) in Bank Deposits	-	(10,000)
(Increase) / decrease in loans and advances related to investment activities	7,24,01,564	(26,14,18,254)
Increase / (decrease) in current liabilities & provisions related to investment activities	(19,06,97,211)	(3,28,70,567)
Interest received	69,70,130	5,18,209
Net Cash used in Investing Activities (B)	(2,37,49,80,394)	(2,72,84,21,271)
Cash flow from Financing Activities		
Proceeds from Issue of Shares	79,59,17,960	16,32,65,310
(Decrease)/ Increase in Advance towards capital	(40,59,17,960)	66,28,79,690
Proceeds from borrowings	2,86,75,00,000	2,00,88,00,000
Finance costs paid	(44,62,29,900)	(16,44,95,282)
Net Cash generated from Financing Activities (C)	2,81,12,70,100	2,67,04,49,718
Net Decrease in Cash and Cash Equivalents (A+B+C)	41,76,23,959	(6,40,14,553)
Cash and Cash Equivalent at the beginning of the year	13,80,229	6,53,94,782
Cash and Cash Equivalent at the end of the year	41,90,04,188	13,80,229
Net Decrease in Cash and Cash Equivalents	41,76,23,959	(6,40,14,553)

	Year ended March 31, 2013	Year ended March 31, 2012
Components of Cash and Cash Equivalents		
Cash on Hand	321	11,234
Balances with Banks in current accounts	26,78,65,707	13,68,995
Fixed deposits placed	15,11,38,160	-
	41,90,04,188	13,80,229
Fixed deposits placed for periods exceeding 3 months	10,000	10,000
Cash and Cash Equivalents as per Balance Sheet	41,90,14,188	13,80,229

Notes 1 to 25 form part of the financial statements.

In terms of our report attached.

For **LUTHRA & LUTHRA**

Chartered Accountants

Firm Registration No. 002081N

Akhilesh Gupta

Partner

Membership Number : 89909

Place: Mumbai

Date : April 18, 2013

For and on behalf of the Board

Director

Director

Place: Mumbai

27

MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED
Notes forming part of the financial statement for the year ended March 31, 2013

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) 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.

3) 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.



MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED
Notes forming part of the financial statement for the year ended March 31, 2013

4) 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.

5) 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.

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:



MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED
Notes forming part of the financial statement for the year ended March 31, 2013

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

6) 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.

7) 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. T

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses in the year in which the employees perform the services that the benefit covers at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment or encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

The Gratuity plan for the company is a defined benefit plan. The cost of providing benefits under gratuity is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised in full in the period in which they occur.

8) Borrowing cost

Borrowing costs (net of interest earned on temporary investment) 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
Notes forming part of the financial statement for the year ended March 31, 2013

9) 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.

10) 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.

11) 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.

12) 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.

13) 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 Ltd.

Notes forming part of the Financial Statements for the year ended March 31, 2013

Note 2: Share capital

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number	₹	Number	₹
Authorised Equity Shares of Rupees 10/- each	15,00,00,000	1,50,00,00,000	12,50,00,000	1,25,00,00,000
Issued Equity Shares of Rupees 10/- each	9,59,68,327	95,96,83,270	1,63,76,531	16,37,65,310
Subscribed and Paid up Equity Shares of Rupees 10/- each fully paid (refer foot note no. i to iv)	9,59,68,327	95,96,83,270	1,63,76,531	16,37,65,310
Total	9,59,68,327	95,96,83,270	1,63,76,531	16,37,65,310

Foot Notes:

- i. Of the above 48,943,827 shares are held by IL&FS Transportation Networks Limited (As at March 31, 2012 : 8,352,051)
ii. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2013		As at March 31, 2012	
	Equity Shares		Equity Shares	
	No. of Shares	₹	No. of Shares	₹
Shares outstanding at the beginning of the period / year	1,63,76,531	16,37,65,310	50,000	5,00,000
Shares issued during the period / year	7,95,91,796	79,59,17,960	1,63,26,531	16,32,65,310
Shares bought back during the period / year	-	-	-	-
Shares outstanding at the end of the period / year	9,59,68,327	95,96,83,270	1,63,76,531	16,37,65,310

iii. Shareholding more than 5% shares

Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
IL&FS Transportation Networks Limited (the Holding Company)	4,89,43,827	51.00%	83,52,051	51.00%
Spanco Limited (an Enterprise having significant influence over Company)	4,70,24,480	49.00%	80,24,480	49.00%
Total	9,59,68,307	100.00%	1,63,76,531	100.00%

iv. Terms / Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. Each holder of these ordinary shares are entitled to receive dividends as and when declared by the company. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportionate to the number of equity shares held by the shareholders.



MP Border Checkpost Development Company Ltd.
Notes forming part of the Financial Statements for the year ended March 31, 2013

Note 3: Reserves and surplus

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
	(a) Profit / (Loss) Surplus			
Opening balance	(1,10,60,890)		(39,54,501)	
(+) Profit for the current year	(63,97,898)	(1,74,58,788)	(71,06,389)	(1,10,60,890)
Total		(1,74,58,788)		(1,10,60,890)

Note 4: Advance towards share Application Money

Particulars	As at March 31, 2013	As at March 31, 2012
Share Application Money Pending	53,05,61,730	93,64,79,690
Total	53,05,61,730	93,64,79,690

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 : 53,056,173 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, 2014.

money.

v Share application money is pending for allotment since One and the Half year



MP Border Checkpost Development Company Ltd.

Notes forming part of the Financial Statements for the year ended March 31, 2013

Note 5: Long-term borrowings

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Term Loans				
(i) Secured				
From banks (refer foot note no. i)	4,17,17,35,000		1,52,38,00,000	
From others	-	4,17,17,35,000	-	1,52,38,00,000
(ii) Unsecured				
From banks	-		-	
From others	48,50,00,000	48,50,00,000	48,50,00,000	48,50,00,000
Total		4,65,67,35,000		2,00,88,00,000

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
- 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.

(a). Repayment Schedule:

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

Loans Disbursed till March 31, 2013 is Rs. 4,391,300,000/- 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	21,95,65,000	-	-
2014-2015	6.75	29,64,12,750	-	-
2015-2016	9.60	42,15,64,800	-	-
2016-2017	12.00	52,69,56,000	-	-
2017-2018	14.40	63,23,47,200	14.00	6,79,00,000
2018-2019	16.90	74,21,29,700	14.00	6,79,00,000
2019-2020	18.85	82,77,60,050	12.00	5,82,00,000
2020-2021	16.50	72,45,64,500	21.75	10,54,87,500
2021-2022	-	-	38.25	18,55,12,500
Total	100.00	4,39,13,00,000	100.00	48,50,00,000



MP Border Checkpost Development Company Ltd.

Notes forming part of the Financial Statements for the year ended March 31, 2013

Note 6: Current maturities of long-term debt

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
	Term Loans (I) Secured From banks From others	21,95,65,000 -	21,95,65,000	-
Total		21,95,65,000		-



MP Border Checkpost Development Company Ltd.

Notes forming part of the Financial Statements for the year ended March 31, 2013

Note 7: Long-term provisions

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
Provision for employee benefits		46,265		19,492
Total		46,265		19,492



MP Border Checkpost Development Company Ltd.
Notes forming part of the Financial Statements for the year ended March 31, 2013

Note 8: Other current liabilities

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Payable on account of capital expenditure				
Related parties	1,96,83,28,824	1,99,26,28,824	2,16,34,06,376	2,17,96,06,376
Others	2,43,00,000		1,62,00,000	
(b) Expense Payable	35,15,350		22,37,156	
(c) Statutory dues	1,31,94,352	1,67,09,702	1,81,29,279	2,03,66,435
Total		2,00,93,38,526		2,19,99,72,811

Note 9: Short-term provisions

Particulars	As at March 31, 2013		As at March 31, 2012	
Provision for employee benefits.		1,852		867
Total		1,852		867



MP Border Checkpost Development Company Ltd.

Notes forming part of the Financial Statements for the year ended March 31, 2013

Note 11: Long-term loans and advances

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Capital Advances				
Unsecured, considered good	36,90,89,880	36,90,89,880	44,85,70,493	44,85,70,493
(b) Security Deposits				
Secured, considered good	-	-	-	-
Unsecured, considered good	69,38,900	69,38,900	30,13,900	30,13,900
Total		37,60,28,780		45,15,84,393



MP Border Checkpost Development Company Ltd.

Notes forming part of the Financial Statements for the year ended March 31, 2013

Note 12: Cash and cash equivalents

Particulars	As at March 31, 2013		As at March 31, 2012	
(a) Cash and cash equivalents				
Cash on hand	321		11,234	
Current accounts (refer foot note)	26,78,65,707		13,68,995	
Fixed Deposits placed	15,11,38,160	41,90,04,188		13,80,229
(b) Other bank balances				
Fixed Deposits placed for a period exceeding 12 months (placed as security deposit with sales tax authorities)	10,000		10,000	
Bank balances held as margin money or else security against	-	10,000		10,000
Total		41,90,14,188		13,90,229

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 Ltd.

Notes forming part of the Financial Statements for the year ended March 31, 2013

Note 13: Short-term loans and advances

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
Other loans and advances				
Unsecured, considered good				
- Advance payment of taxes (net of provision)	1,13,04,727		2,53,411	
- Other Receivables	10,12,467		17,02,307	
- Pre-Paid Expenses	1,25,24,496	2,48,41,690	64,42,388	83,98,106
Total		2,48,41,690		83,98,106

Note 14: Other current assets

₹

Particulars	As at March 31, 2013		As at March 31, 2012	
Interest accrued		4,24,719		400
Total		4,24,719		400



MP Border Checkpost Development Company Ltd.

Notes forming part of the Financial Statements for the year ended March 31, 2013

Note 15: Employee benefit expenses

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
(a) Salaries, Wages and allowances				1,50,000
Total				1,50,000

Footnote: (Disclosure to be given as per AS-15)

(i) Employee benefit obligations:

The Company offers its employees defined-benefit plans in the form of gratuity (a lump sum amount). Amounts payable under defined benefit plans are typically based on years of service rendered and the employee's eligible compensation (immediately before retirement). The gratuity scheme covers substantially all regular employees. Commitments are actuarially determined at year end. Actuarial valuation is based on "Projected Unit Credit" method. Gains and losses due to changes in actuarial assumptions are recognised in the period

The net value of the defined-benefit commitment is detailed below:

Particulars	As at March 31, 2013	As at March 31, 2012
Present value of commitment	27,078	10,906
Fair value of plans	-	-
Unrecognised past service cost	-	-
Payable / (Prepaid) amount taken to the balance sheet	27,078	10,906

Defined benefit commitments:

Gratuity	As at March 31, 2013	As at March 31, 2012
Opening balance	10,906	-
Interest cost	927	-
Current service cost	10,886	10,906
Benefits paid	-	-
Actuarial (gain) / loss	4,359	-
Transferred from / to other company	-	-
Closing balance	27,078	10,906

Expenses on defined benefit plan recognised Capitalised

Gratuity	Year ended March 31, 2013	Year ended March 31, 2012
Current service cost	10,886	10,906
Interest expenses	927	-
Expected return on investments	-	-
Net actuarial (gain) / loss	4,359	-
Expenses Capitalised	16,172	10,906

(i) The actuarial calculations of estimated defined benefit commitments and expenses are based on the following assumptions, which if changed would affect the defined benefit commitment's size, funding requirements and pension expense.

Particular	Year ended March 31, 2013	Year ended March 31, 2012
Rate for discounting liabilities	8.25%	8.50%
Expected salary increase rate	7.00%	7.00%
Expected return on scheme assets	0.00%	0.00%
Attrition rate	2.00%	2.00%
Mortality table used	Indian Assured Lives Mortality (2006-08) Ultimate	LIC (1994-96) Ultimate

(ii) The estimates of future salary increases considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.



MP Border Checkpost Development Company Ltd.

Notes forming part of the Financial Statements for the year ended March 31, 2013

Note 16: Administrative and general expenses

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
Legal and consultation fees	3,37,491		4,35,483	
Auditors' Remuneration	7,37,091		7,67,001	
Travelling and conveyance	1,02,699		87,978	
Rates and taxes	3,020		3,612	
Bank commission	13,995		6,757	
Registration expenses	25,45,923		54,13,265	
Insurance	5,913		3,676	
Printing and stationery	1,044		-	
Directors' fees	2,40,000		2,10,000	
Miscellaneous expenses	1,20,722	41,07,898	28,617	69,56,389
Total		41,07,898		69,56,389

Auditors' Remuneration Includes:

Particulars		As at March 31, 2013	As at March 31, 2012
Sr. No.	Description		
1	Audit Fees	5,64,375	6,61,802
2	Other Services	1,70,785	1,03,682
3	Out of Pocket Expenses	1,931	1,517
	Total	7,37,091	7,67,001



MP Border Checkpost Development Company Ltd.

Notes forming part of the Financial Statements for the year ended March 31, 2013

Note 17: Earnings per equity share

Particulars	Unit	Year ended March 31, 2013	Year ended March 31, 2012
Profit after tax and minority interest	₹	(63,97,898)	(71,06,389)
Premium on preference shares	₹	-	-
Tax on premium on preference shares	₹	-	-
Profit available for Equity Shareholders	₹	(63,97,898)	(71,06,389)
Weighted number of Equity Shares outstanding	Numbers	7,63,26,179	32,70,629
Nominal Value of equity shares	₹	10	10
Basic Earnings per share	₹	(0.08)	(2.17)
Equity shares used to compute diluted earnings per share	Numbers	16,01,87,587	7,36,14,894
Diluted Earnings per share	₹	(0.08)	(2.17)



MP Border Checkpost Development Company Ltd.

Notes forming part of the Financial Statements for the year ended March 31, 2013

Note 18: Related Party Statement

Related party Disclosures as per AS-18 on "Related Party Disclosure" in respect of the Company as on March 31, 2013 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
	Elsamex India Pvt. Ltd.	EIPL
Enterprise having significant influence over the Company	Spanco Limited	SPANCO

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

Account head	Name of Entity	As at March 31, 2013	As at March 31, 2012
Balances:			
Share Capital	ITNL	48,94,38,270	8,35,20,510
Advance towards share application money	ITNL	53,05,61,730	93,64,79,690
Mobilisation Advance Recoverable	ITNL	31,90,89,880	39,85,70,493
Sundry Creditors	ITNL	1,35,05,99,265	1,04,48,73,822
Unsecured Loan - Sub Debt (Taken)	ITNL	48,50,00,000	-
Share Capital	SPANCO	47,02,44,800	8,02,44,800
Mobilisation Advance Recoverable	SPANCO	5,00,00,000	5,00,00,000
Sundry Creditors	SPANCO	61,42,52,577	1,11,85,32,554
Sundry Creditors	EIPL	34,76,982	-
		Year ended March 31, 2013	Year ended March 31, 2012
Transactions:			
Milestone Payment	ITNL	2,11,33,07,595	1,78,91,31,312
Milestone Payment	SPANCO	-	46,39,04,199
Interest On Loan	ITNL	7,02,38,630	92,60,172
Unsecured Loan - Sub Debt Taken	ITNL	-	48,50,00,000
Security Trustee Fees paid	ITCL	2,80,900	12,98,669
Operation and Maintenance	EIPL	35,47,941	-
Debt Syndication Fees	IFIN	-	8,33,86,800



MP Border Checkpost Development Company Ltd.

Notes forming part of the Financial Statements for the year ended March 31, 2013

Note 19: Contingent liabilities and capital commitments**A) Contingent liabilities : NIL****B) Financial commitments pending to be executed : NIL****C) Operating commitments pending to be executed :**

Particulars			As at March 31, 2013	As at March 31, 2012
Sr. No.	Name of Party	Description		
	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	20,00,000	22,50,000

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

Particulars			As at March 31, 2013	As at March 31, 2012
Sr. No.	Name of Party	Description		
1	IL&FS Transportation Networks Limited	Estimated amount of contracts to be executed on capital account and not provided for (net of capital advances of Rs.319,089,880/- [previous year ended March 31, 2012 Rs. 398,570,493/-).	4,16,45,67,014	4,96,22,98,195
2	Spanco Limited	Estimated amount of contracts to be executed on capital account and not provided for (net of capital advances of Rs.50,000,000/- [previous year ended March 31, 2012 Rs.50,000,000/-)	-	1,22,40,99,843



MP Border Checkpost Development Company Ltd.

Notes forming part of the Financial Statements for the year ended March 31, 2013

Note 20:

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 has not been made.

Note 21:

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 22:

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 23:

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

Note 24:

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 25: Previous year

Figures for the previous year have been regrouped, reclassified where necessary, to conform to the classification of the current year.

In terms of our report attached.

For LUTHRA & LUTHRA

Chartered Accountants

Firm Registration No. 002081N

Akhilesh Gupta

Partner

Membership Number : 89909



For and on behalf of the Board

Director

A handwritten signature in blue ink, likely belonging to a Director.

Director

Place: Mumbai

Date : April 18, 2013

A small handwritten mark or signature in blue ink at the bottom left of the page.