MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED

FINANCIAL STATEMENTS

2016-2017

Corporate Office : A16/9, Vasant Vihar, New Delhi – 110 057, India.
T: +91.11.26151853, 42591800 F: +91.11.26145222 E: delhi@llca.net W: www.llca.n
Branch Offices : Bengaluru | Mumbai | Noida

Independent Auditor's Report
To the members of MP Border Checkpost Development Company Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of MP Border Checkpost Development Company Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), Cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS financial statements based on our audit.

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

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

Luthra & Luthra Chartered Accountants New Delhi

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the IND AS, of the state of affairs of the Company as at 31st March, 2017, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 34 regarding the basis of preparation of financial statements on going concern basis.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

   c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of accounts

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting

Luthra & Luthra New Delhi Chartered Accountants

Standards specified under Section 133 of the Act

e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigation which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. However amounts aggregating to Rs. 8.15 Million as represented to us by the Management have been received as user fees from checkposts considering the same as permitted transaction. – refer Note 31

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

New Delhi

Akhilesh Gupta
Partner
M.No: 089909

Place: Mumbai
Date: May 28, 2017

Annexure - A to the Independent Auditors' Report
The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2017

1. a. The Company is generally maintaining proper records showing full particulars Including quantitative details and situation of fixed assets.

   a. 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.

   b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not own any immovable properties..

2. As the Company does not have any inventory, clause 3(ii) of the order is not applicable to the Company.

3. In our opinion and according to the information and explanation given to us, the Company has not granted any loan, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act 2013.

4. In our opinion and according to the information and explanations given to us, the Company has not given/make any loan, investment, guarantee and security and accordingly provisions of section 185 and 186 of the Act are not applicable.

5. According to the information and explanations given to us the company has not accepted deposits.

6. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

7. a. According to the information and explanations given to us, the company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it with the appropriate authorities during the year.

   There were no undisputed amounts payable on account of the above dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable except Income tax of Rs. 151 Million.

   b. According to the information and explanation given to us, there is no due on account of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax which have not been deposited on account of dispute.

Luthra & Luthra New Delhi Chartered Accountants

8. As per the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowing to banks and financial institutions during the year.

9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

10. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid managerial remuneration. Accordingly, paragraph 3 (xi) of the Order is not applicable.

12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable Indian accounting standards.

14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

Luthra & Luthra New Delhi Chartered Accountants

Akhilesh Gupta
Partner
M.No: 089909

Place: Mumbai
Date: May 28, 2017

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of MP Border Checkpost Development Company Limited ("the Company") as of 31st March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Luthra & Luthra * New Delhi * Chartered Accountants

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Luthra & Luthra New Delhi Chartered Accountants

Akhilesh Gupta
Partner
M.No: 089909

Place: Mumbai
Date: May 28, 2017

MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED
Balance sheet as at March 31, 2017
CIN: U45203MH2010PLC209046

₹ In Million

Particulars	Notes	As at March 31, 2017		As at March 31, 2016		Opening As at April 1, 2015	
ASSETS							
Non-current Assets							
(a) Property, plant and equipment	6		0.76		1.71		2.38
(b) Intangible assets	7						
(i) under SCA		5,031.45		8,052.84		3,642.04	
(ii) others		0.00		0.00		0.00	
(iii) Intangible assets under development		766.48	6,697.92	767.29	8,820.12	4,864.08	8,506.12
(c) Financial assets							
Other financial assets	6A		10.04		11.51		11.31
(d) Other non-current assets	10A		23.32		29.58		85.56
Total Non-current Assets			6,732.04		8,862.93		8,605.38
Current Assets							
(a) Financial assets							
(i) Cash and cash equivalents	9	47.26		35.26		31.62	
(ii) Other financial assets	8B	6,213.36	6,260.63	0.00	35.26	0.05	31.67
(b) Current tax assets (Net)	18		0.57		12.17		11.82
(c) Other current assets	10B		7.87		8.04		2.74
			6,269.07		55.47		46.23
Total Current Assets			6,269.07		55.47		46.23
Total Assets			13,001.12		8,918.39		8,651.61
EQUITY AND LIABILITIES							
Equity							
(a) Equity share capital	13	1,490.25		1,490.25		1,490.25	
(b) Other Equity	13	(3,124.75)		(5,675.64)		(4,199.16)	
Equity attributable to owners of the Company			(1,634.50)		(4,185.40)		(2,708.91)
Total Equity			(1,634.50)		(4,185.40)		(2,708.91)
LIABILITIES							
Non-current Liabilities							
(a) Financial Liabilities							
(i) Borrowings	14	7,311.00		8,121.00		6,412.20	
(ii) Other financial liabilities	15A	607.47	7,918.48	321.76	8,442.76	80.10	6,492.30
(b) Provisions	16A		-		0.11		0.07
Total Non-current Liabilities			7,918.48		8,442.87		6,492.37
Current liabilities							
(a) Financial liabilities							
(i) Borrowings	18	2,573.43		1,275.00		-	
(ii) Other financial liabilities	15B	3,784.04	6,357.46	3,325.62	4,600.62	2,787.86	2,787.86
(b) Provisions	16B		-		0.01		0.00
(c) Current tax liabilities (Net)	10		335.37		-		-
(d) Other current liabilities	17		24.30		60.28		80.28
			6,717.14		4,660.91		2,868.14
Total Current Liabilities			6,717.14		4,660.91		2,868.14
Total Liabilities			14,635.62		13,103.79		11,360.52
Total Equity and Liabilities			13,001.12		8,918.39		8,651.61

Notes 1 to 37 forms part of the financial statements.
In terms of our report attached.
For LUTHRA & LUTHRA
Chartered Accountants
Firm Registration No. 002081N

Luthra & Luthra
New Delhi
Chartered Accountants

Akhilesh Gupta
Partner
Membership Number : 89909

Place: Mumbai
Date: May 28, 2017

For and on Behalf of Board

Kazim Raza Khan
Managing Director
Din No. 05188955

Sumathy Sivaramakrishnan
Director
Din No. 06720409

D. R. Shah.

Devang Shah
Chief Financial Officer

Komal Bafna
Company Secretary

Place: Mumbai
Date: May 28, 2017

MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED
Statement of profit and loss for the year ended March 31, 2017
CIN: U45203MH2010PLC209046

₹ in Million

Particulars	Notes	Year Ended March 31, 2017	Year Ended March 31, 2016
Revenue from Operations	20	5,526.42	1,647.13
Other income	21	269.87	1.14
Total Income		**5,796.28**	**1,648.27**
Expenses			
Operating expenses	22	516.15	1,419.33
Employee benefits expense	23	1.77	1.48
Finance costs	24	1,343.93	1,105.68
Depreciation and amortisation expense		969.21	668.85
Other expenses	25	78.89	12.53
Total expenses		**2,909.95**	**3,207.88**
Profit before tax		**2,886.33**	**(1,559.60)**
Less: Tax expense			
(1) Current tax	26	335.43	0.19
		-	-
		335.43	**0.19**
Profit for the year		**2,550.90**	**(1,559.79)**
Other Comprehensive Income		-	-
Total comprehensive income for the year		**2,550.90**	**(1,559.79)**
Earnings per equity share (for continuing operation):			
(1) Basic (in Rs.)	27	17.12	(10.47)
(2) Diluted (in Rs.)		17.12	(10.47)

Notes 1 to 37 forms 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: May 28, 2017

For and on Behalf of Board

Kazim Raza Khan
Managing Director
Din No. 05188955

Sumathy Sivaramakrishnan
Director
Din No. 06720409

Devang Shah
Chief Financial Officer

Komal Bafna
Company Secretary

Place: Mumbai
Date: May 28, 2017

MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED
Statement of cash flows for the year ended March 31, 2017
CIN: U45203MH2010PLC209046

₹ in Million

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Cash flows from operating activities		
Profit/(Loss) for the year	2,550.90	(1,559.79)
Adjustments for:		
Interest Income	(269.87)	(1.14)
Income tax expense recognized in profit or loss (continuing and discontinued operations)	335.43	0.19
Provision for employee benefits (net)	-	0.11
Construction Income	(79.49)	(982.31)
Construction Cost	72.27	893.01
Finance costs recognized in profit or loss	1,343.93	1,105.68
Depreciation and amortization of non-current assets (continuing operations)	969.21	668.85
Claim	(4,714.49)	-
	207.89	**124.59**
Movements in working capital:		
(Increase)/decrease in trade and other receivables	-	-
Increase/ (Decrease) in trade and other payables	-	-
	-	-
Cash generated from operations	**207.89**	**124.59**
Income taxes paid	11.53	(0.16)
Net cash generated by operating activities	**219.42**	**124.44**
Cash flows from investing activities		
Payments to acquire intangible assets	1,161.18	(813.28)
Proceeds on sale of financial assets	-	(0.05)
Increase / (decrease) in current liabilities & provisions related to investment activities	359.40	431.48
(Increase) / decrease in loans and advances related to investment activities	(1,490.98)	50.11
Interest received	3.95	1.19
Net cash (used in)/generated by investing activities	**33.54**	**(330.56)**
Cash flows from financing activities		
Proceeds from non current borrowings from related parties	-	423.78
Proceeds from short term borrowings from related parties	1,298.43	1,275.00
Repayment of borrowings	(618.75)	(600.00)
Interest paid	(920.64)	(889.00)
Net (used in)/ generated in financing activities	**(240.96)**	**209.78**
Net increase/ (decrease) in cash and cash equivalents	**12.00**	**3.64**
Cash and cash equivalents at the beginning of the year	35.26	31.62
Cash and cash equivalents at the end of the year	**47.26**	**35.26**

Notes 1 to 37 forms part of the financial statements.
In terms of our report attached.

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

Luthra & Luthra New Delhi Chartered Accountants

Akhilesh Gupta
Partner
Membership Number : 89909

Place: Mumbai
Date: May 28, 2017

For and on Behalf of Board

Kazim Raza Khan
Managing Director
Din No. 05188955

Sumathy Sivaramakrishnan
Director
Din No. 06720409

D. R. Shah.

Devang Shah
Chief Financial Officer

Komal Bafna
Company Secretary

Place: Mumbai
Date: May 28, 2017

MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED

Statement of changes in equity for the year ended March 31, 2017

A	Equity share capital	As at March 31, 2017	As at March 31, 2016
	Balance as at the beging of the year	1,490.25	1,490.25
	Changes in equity share capital during the year	-	-
	Balance as at end of the year	1,490.25	1,490.25

B	Other equity	Deemed Equity	Reserves & Surplus (Retained Earnings)	As at March 31, 2017	Deemed Equity	Reserves & Surplus (Retained Earnings)	As at March 31, 2016
	Balance as at April 1, 2016	558.80	(6,234.44)	(5,675.64)	475.49	(1,374.65)	(899.16)
	Transfer to Deemed Equity during the year	-	-	-	83.31	-	83.31
	Imapirment of assets	-	-	-	-	(3,300.00)	(3,300.00)
	Profit/(Loss) for the year	-	2,550.90	2,550.90	-	(1,559.79)	(1,559.79)
	Balance as at March 31, 2017	**558.80**	**(3,683.55)**	**(3,124.75)**	**558.80**	**(6,234.44)**	**(5,675.64)**

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

Akhilesh Gupta
Partner
Membership Number : 89909

Place: Mumbai
Date: May 28, 2017

For and on Behalf of Board

Kazim Raza Khan
Managing Director
Din No. 05188955

Sumathy Sivaramakrishnan
Director
Din No. 06720409

D. R. Shah.

Devang Shah
Chief Financial Officer

Komal Bafna
Company Secretary

Place: Mumbai
Date: May 28, 2017

MP Border Checkpost Development Company Limited

Background & Significant Accounting Policies

Note No-1

1. General Information

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.

Note No-2

2. Significant accounting policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).These are Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 4 for the details of first-time adoption exemptions availed by the Company.

2.2 Basis of preparation and presentation

The financial statements have been prepared on a historical cost basis, except for the following asset and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on this basis.

The principal accounting policies are set out below.

Luthra & Luthra New Delhi Chartered Accountants

2.3 Use of estimates

The preparation of financial statements in conformity with IND AS 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.

2.4 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. External valuers are involved for valuation of significant assets, such as properties and significant liabilities, such as contingent consideration.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.
This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

Luthra & Luthra New Delhi Chartered Accountants

Note No-3

3 Accounting for rights under service concession arrangements and revenue recognition

i. **Recognition and measurement**

The Company builds, operates and maintains infrastructure assets under public-to-private Service Concession Arrangements (SCAs), which is an arrangement between the "grantor" (a public sector entity/authority) and the "operator" (a private sector entity) to provide services that give the public access to major economic and social facilities utilizing private-sector funds and expertise. The infrastructures accounted for by the Company as concessions are mainly related to the activities concerning roads, tunnels, check posts, railways and other infrastructure facilities.

Concession contracts are public-private agreements for periods specified in the SCAs including the construction, upgradation, restoration of infrastructure and future services associated with the operation and maintenance of assets in the concession period. Revenue recognition, as well as, the main characteristics of these contracts are detailed in Note 2.9.iii.

With respect to service concession arrangements, revenue and costs are allocated between those relating to construction services and those relating to operation & maintenance services, and are accounted for separately. Consideration received or receivable is allocated by reference to the relative fair value of services delivered when the amounts are separately identifiable. The infrastructure used in a concession are classified as an intangible asset or a financial asset, depending on the nature of the payment entitlements established in the concession agreement.

When the amount of the arrangement consideration for the provision of public services is substantially fixed by a contract, the Company recognizes revenues from construction services for public facilities (infrastructures) by the percentage-of-completion method, and recognizes the consideration as a financial asset and the same is classified as "Receivables against Service Concession Arrangements". The Company accounts for such financial assets at amortized cost, calculates interest income based on the effective interest method and recognizes it in revenue as Finance Income.

When the demand risk to the extent that the Company has a right to charge the user of infrastructure facility, the Company recognizes revenues from construction services for public facilities (infrastructures) by the percentage-of-completion method, and recognizes the consideration for construction services at its fair value, as an intangible asset. The Company accounts for such Intangible asset (along with the present value of committed payments towards concession arrangement to the grantor at the appointed date e.g Negative Grant, premium etc) in accordance with the provisions of Ind AS 38 and is amortized based on projected traffic count or revenue, as detailed in Note 2.29.vi, taking into account the estimated period of commercial operation of infrastructure which generally coincides with the concession period. Intangible asset is capitalized when the project is complete in all respects and when the Company receives the final completion certification from the grantor as specified in the Concession Agreement and not on completion of component basis as the intended purpose and economics of the project is to have the complete length of the infrastructure available for use However, where there is other than temporary delay due to reasons beyond the control of the Company, the management may treat constructed potion of the infrastructure as a completed project.

When the concession arrangement has a contractual right to receive cash from the grantor specifically towards the concession arrangement and also the right to charge users for the public services, these are considered as two separate assets (components) – financial asset component based on the guaranteed amount and an intangible asset for the remainder.

ii. <u>Contractual obligation to restore the infrastructure to a specified level of serviceability</u>

The Company has contractual obligations to maintain the infrastructure to a specified level of serviceability or restore the infrastructure to a specified condition during the concession period and/or at the time of hand over to the grantor of the SCA. Such obligations are measured at the best estimate of the expenditure that would be required to settle the obligation at the balance sheet date. In case of concession arrangements under financial asset model, such costs are recognized in the period in which such costs are actually incurred.

iii. <u>Revenue from construction contracts</u>

The Company recognizes and measures revenue, costs and margin for providing construction services during the period of construction of the infrastructure in accordance with Ind AS 11 'Construction Contracts'.

When the outcome of a construction contract can be estimated reliably and it is probable that it will be profitable, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the reporting date. The percentage of completion of a contract is determined considering the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs.

For the purposes of recognising revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognised in the Statement of Profit and Loss in the period in which the change is made and in subsequent periods.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred of which recovery is probable and the related contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

iv. <u>Borrowing cost related to SCAs</u>

In case of concession arrangement under financial asset model, borrowing costs attributable to construction of the infrastructure are charged to Statement of Profit and Loss in the period in which such costs are incurred.

In case of concession arrangement under intangible asset model, borrowing costs attributable to the construction of infrastructure assets are capitalised up to the date of the final completion certificate of the asset / facility received from the authority for its intended use specified in the Concession Agreement. All borrowing costs subsequent to the capitalization of the intangible assets are charged to the Statement of Profit and Loss in the period in which such costs are incurred.

Luthra & Luthra New Delhi Chartered Accountants

v. **Amortization of Intangible asset under SCA**

The intangible rights relating to infrastructure assets, which are recognised in the form of right to charge users of the infrastructure asset are amortized by taking proportionate of actual traffic count for the period over total projected traffic count from project to cost of intangible assets; i.e. proportionate of actual traffic for the period over total projected traffic count from the intangible assets expected to be earned over the balance concession period as estimated by the management. However, with respect to toll road assets constructed and in operation as at March 31, 2016, the amortization of such intangible rights are based on actual revenue earned compared to total projected revenue from the project over the balance concession period to cost intangible assets, instead of traffic count.

Total projected revenue / traffic count is reviewed at the end of each financial year and is adjusted to reflect any changes in the estimates which lead to the actual collection at the end of the concession period.

vi. **Claims**

Claims raised with the concession granting authority towards reimbursement for costs incurred due to delay in handing over of unencumbered land to the Company for construction or other delays attributable solely to the concession granting authority are recognised when there are is a reasonable certainty that there will be inflow of economic benefits to the Company. The claims when recognised as such are reduced from the carrying amount of the intangible asset / financial asset under the service concession arrangement, as the case may be, to the extent the claims relate to costs earlier included as a part of the carrying amount of these assets. Further, these claims are credited to profit or loss to the extent they relate to costs earlier debited to profit or loss. The claims are presented separately as a financial asset

3.1 Borrowing costs

Borrowing costs are recognised in the period to which they relate, regardless of how the funds have been utilised, except where it relates to the financing of construction of development of assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalised up to the date when the asset is ready for its intended use. The amount of interest capitalised (gross of tax) for the period is determined by applying the interest rate applicable to appropriate borrowings outstanding during the period to the average amount of accumulated expenditure for the assets during the period. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which tare incurred.

3.2 Taxation

3.2.1 Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

The provision for tax is taken for each consolidating entity on the basis of the standalone financial statements

Lodha & Luthra New Delhi

prepared under Ind AS by that entity and aggregated for the purpose of the consolidated financial statements.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax return with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.2.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets (including unused tax credits such as MAT credit and unused tax losses such as carried forward business loss and unabsorbed depreciation) are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of to recover or settle the carrying amount of its assets and liabilities.

3.3 Property, plant and equipment

Property, plant and equipment acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any.

The acquisition cost includes the purchase price (excluding refundable taxes) and expenses, such as delivery and handling costs, installation, legal services and consultancy services, directly attributable to bringing the asset to the

Lathia & Lathia New Delhi

site and in working condition for its intended use.

Where the construction or development of any asset requiring a substantial period of time to set up for its intended use is funded by borrowings, the corresponding borrowing costs are capitalised up to the date when the asset is ready for its intended use.

All assets are depreciated on a Straight Line Method (SLM) of Depreciation, over the useful life of assets as prescribed under Schedule II of the Companies Act, 2013 other than assets specified in para below

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying of the asset and is recognised in profit or loss.

3.4 Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

In assessing value in use, the estimated future cash flows are discounted to their present value using appropriate discount rate.

Recoverable amount is the higher of fair value less costs of disposal and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.5 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made

Luthra & Luthra New Delhi

of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

3.6 Financial Instruments

Financial assets and financial liabilities are recognised when a company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ("FVTPL) are recognised immediately in the statement of profit and loss.

3.7 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3.7.1 Classification of financial assets – debt instruments

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows;
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

3.7.2 Amortised cost and Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

3.7.3 Financial assets at FVTPL

Debt instruments that do not meet the amortized cost or FVOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortized cost or FVOCI criteria but are designated as at FVTPL are measured at FVTPL.

A debt instrument that meets the amortized cost or FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss is included in in the "Other income" line item.

3.7.4 Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:
a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18 (referred to as 'contractual revenue receivables' in these illustrative financial statements)
c) Loan commitments which are not measured as at FVTPL

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. However, for trade receivables, he Company measures the loss allowance at an amount equal to lifetime expected credit losses. In cases where the amounts are expected to be realized upto one year from the due date, loss for the time value of money is not recognized, since the same is not considered to be material.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

3.8 Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

3.8.1 Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If [the Company] the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g., when the Company retains an option to repurchase part of a transferred asset), [the Company] the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.9 Modification of Cash Flows of financial assets and revision in estimates of Cash flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with Ind AS 109, the Company recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred are adjusted to the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If the Company revises its estimates of payments or receipts (excluding modifications and changes in estimates of expected credit losses), it adjusts the gross carrying amount of the financial asset or amortised cost of a financial liability to reflect actual and revised estimated contractual cash flows. the Company recalculates the gross carrying amount of the financial asset or amortised cost of the financial liability as the present value of the estimated future contractual cash flows that are discounted at the financial instrument's original effective interest rate. The adjustment is recognised in profit or loss as income or expense.

3.10 Financial liabilities and equity instruments-

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate

The 's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

3.10.1 Classification as debt or equity

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.10.2 Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method

3.10.3 Financial liabilities subsequently measured at amortised cost

Financial liabilities are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.10.4 Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.11 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the 's cash management.

Note No-4

First-time adoption optional exemptions

4.1.1 Overall principle

The has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the as detailed below.

4.1.2 Derecognition of financial assets and financial liabilities

the Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

4.1.3 Accounting for changes in parent's ownership in a subsidiary that does not result in a loss of control

The has accounted for changes in a parent's ownership in a subsidiary that does not result in a loss of control in accordance with Ind AS 110, prospectively from the date of transition.

4.1.4 Classification of debt instruments

the Company has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the FVOCI criteria based on the facts and circumstances that existed as of the transition date.

4.1.5 Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

4.1.6 Deemed cost for property, plant and equipment, investment properties, and intangible assets (other than assets under SCAs)

For other than SCA assets, the Company has elected to continue with the carrying value of all of its plant and equipment, investment properties, and intangible assets recognized as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

4.1.7 Deemed cost for Intangible assets under SCAs

For intangible assets under SCA, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP*and use that carrying value as its deemed cost as of the transition date, as per the provisions of para D7AA of Ind AS 101.
In accordance with the above, it may be noted that when the Company opts for deemed cost exemption under paragraph D7AA of Ind AS 101 then no adjustments to be made to the carrying amount of Intangible assets Thus, having availed the exemption provided in paragraph D7AA, the Company will be carrying forward the previous GAAP* carrying amount for its Intangible assets.
*Previous GAAP refers to the financial statements prepared in accordance with Indian GAAP and principles outlined in the exposure draft on the guidance note on accounting for SCA for public to private SCA, issued by ICAI.

4.1.8 Determining whether an arrangement contains a lease

The has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

4.1.9 Amortization method of Intangible assets under Service Concession Arrangement

For all intangible road assets capitalized upto March 31, 2016, the Company has elected to continue the previous GAAP method of amortizing the intangible asset.

4.2 Critical accounting judgments and key sources of estimation uncertainty

The preparation of Financial Statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the Financial Statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of Financial Statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of receivable under SCA, valuation of deferred tax assets, provisions and contingent liabilities.

5. Ind AS 101 reconciliations

Effect of Ind AS adoption on the balance sheet as at March 31, 2016 and April 01, 2015

		As at March 31, 2016 (End of last period presented under previous GAAP)			As at April 1, 2015 (Date of transition)		
	Notes	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
Non-current assets							
(a) Property, plant and equipment		1.71		1.71	2.38		2.38
(b) Intangible assets							
(i) under SCA	A, B	10,939.83	(2,886.99)	8,052.84	6,942.04	(3,300.00)	3,642.04
(ii) others			0.00	0.00		0.00	0.00
(iii) Intangible assets under	A	763.08	4.21	767.29	4,864.08	-	4,864.08
(c) Financial assets							
Other financial assets		11.51		11.51	11.31		11.31
(d) Other non-current assets		29.58		29.58	85.56		85.56
Total non-current assets		11,745.71	(2,882.78)	8,862.93	11,905.38	(3,300.00)	8,605.38
Current assets							
(a) Financial assets							
(i) Cash and cash equivalents		35.28		35.28	31.62		31.62
(ii) Bank balances other than (iii) above		-		-	-		-
(iii) Other financial assets		0.00		0.00	0.05		0.05
(b) Current tax assets (Net)		12.17		12.17	11.82		11.82
(c) Other current assets		8.03		8.03	2.74		2.74
		55.47	-	55.47	46.23	-	46.23
Total current assets		55.47	-	55.47	46.23	-	46.23
Total Assets		11,801.18	(2,882.78)	8,918.40	11,951.61	(3,300.00)	8,651.61
Equity							
(a) Equity share capital		1,490.25		1,490.25	1,490.25		1,490.25
(b) Other Equity	A, B	(3,450.83)	(2,224.81)	(5,675.64)	(1,406.34)	(2,792.82)	(4,199.16)
Equity attributable to owners of the Company		(1,960.58)	(2,224.81)	(4,185.39)	83.91	(2,792.82)	(2,708.91)
Total equity		(1,960.58)	(2,224.81)	(4,185.39)	83.91	(2,792.82)	(2,708.91)
Non-current liabilities							
Financial liabilities							
(i) Borrowings	A	8,679.81	(558.80)	8,121.00	8,887.70	(475.49)	8,412.20
(ii) Other financial liabilities		420.93	(99.17)	321.76	111.79	(31.69)	80.10
Provisions	A	0.11	-	0.11	0.07	-	0.07
Other non-current liabilities							-
Total non-current liabilities		9,100.85	(657.97)	8,442.88	8,999.56	(507.18)	8,492.37
Current liabilities							
Financial liabilities							
(i) Borrowings		1,275.00	-	1,275.00			-
(ii) Other financial liabilities		3,325.62	-	3,325.62	2,787.86		2,787.86
Provisions		0.01		0.01	0.00		0.00
Other current liabilities		60.28		60.28	60.28		60.28
		4,660.91	-	4,660.91	2,868.14	-	2,868.14
Total current liabilities		4,660.91	-	4,660.91	2,868.14	-	2,868.14
Total liabilities		13,761.76	(657.97)	13,103.79	11,867.70	(507.18)	11,360.52
Total equity and liabilities		11,801.18	(2,882.78)	8,918.40	11,951.61	(3,300.00)	8,651.61

Reconciliation of total equity as at March 31, 2016 and April 01, 2015

	Notes	As at March 31, 2016	As at April 1, 2015
		(End of last period presented under previous GAAP)	(End of comparable interim period presented under previous GAAP)
Total equity / shareholders' funds under previous GAAP		(1,960.58)	83.91
Adjustments:			
Accounting for the service concession arrangement in accordance with the guidance given in Appendix A of Ind AS 11	A	1,075.19	507.18
Total adjustment to equity		1,075.19	507.18
Total equity under Ind AS		(885.40)	591.09

Effect of Ind AS adoption on the statement of profit and loss for the year ended March 31, 2016

	Notes	Year ended March 31, 2016 (Latest period presented under previous GAAP)		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
Revenue from Operations	A	665.06	982.31	1,647.37
Other income		0.90	-	0.90
Total Income		665.96	982.31	1,648.27
Expenses				
Operating expenses of SCA	A	526.32	893.01	1,419.33
Employee benefits expense		1.48	-	1.48
Finance costs	A, B	1,173.16	(67.48)	1,105.68
Depreciation and amortization expense	A, B	996.76	(328.22)	668.54
Other expenses		12.53	-	12.53
Total expenses		2,710.28	497.31	3,207.57
Profit before tax		(2,044.30)	485.00	(1,559.30)
Less: Tax expense				
(1) Current tax		0.19		0.19
(2) Deferred tax	C		-	-
		0.19	-	0.19
Profit for the year		(2,044.49)	485.00	(1,559.49)

Reconciliation of total comprehensive income for the year ended March 31, 2016

Particulars		Year ended March 31, 2016 (Latest period presented under previous GAAP)
Profit as per previous GAAP		(2,044.49)
Adjustments:		
Accounting for the service concession arrangement in accordance with the guidance given in Appendix A of Ind AS 11 and impact due to effective interest rate method	A	484.70
Sub-total		484.70
Profit for the year as per Ind AS		(1,559.79)
Total comprehensive income under Ind AS		(1,559.79)

Note: Under previous GAAP, total comprehensive income was not reported. Therefore, the above

Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016

	Notes	Year ended March 31, 2016 (Latest period presented under previous GAAP)		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
Net cash flows from operating activities		112.71		112.71
Net cash flows from investing activities		(318.83)		(318.83)
Net cash flows from financing activities		209.76		209.76
Net increase (decrease) in cash and cash equivalents		3.64	-	3.64
Cash and cash equivalents at the beginning of the year		31.62		31.62
Cash and cash equivalents at the end of the year		35.26	-	35.26

Analysis of cash and cash equivalents as at March 31, 2016 and as at April 1, 2015 for the purpose of statement of cash flows under Ind AS

	Notes	As at March 31, 2016	As at April 1, 2015
		(End of last period presented under previous GAAP)	(End of last period presented under previous GAAP)
Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP		35.26	31.62
Cash and cash equivalents for the purpose of statement of cash flowe under Ind AS		35.26	31.62

A) Under the previous GAAP, the Company measured the intangible asset in respect of the project at cost less accumulated depreciation and accumulated impairment loss. The cost comprised the direct and attributable expenses for the construction of the road project. Under Ind AS, the Company has accounted for the service concession arrangement in accordance with Appendix A to Ind AS 11 Service Concession Arrangements. In accordance with the principles in this Appendix, the Company is treated as a service provider for the construction services. Consequently, the Company has recognized construction cost and construction revenue in accordance with the Ind AS 11 principles. The construction revenue is measured at fair value of the construction services rendered. Since the Company has a right to charge fees to the users of the checkpost, it has recognised an intangible asset in exchange for the construction services. The long term borrowings were measured at fair value till end of the repayment and the differential amount considered as deemed equity and its unwinding interest cost charged to profit and loss account. The net effect of all this is an increase in total equity as at March 31, 2016 of Rs.2,2240.81 increase as at April 1, 2015 of Rs.507.18 and an decrease in loss for the year ended March 31, 2016 of Rs.485.00

B) For intangible assets under SCA, the Company has elected to continue with the carrying value of all of its intangible assets recognized as of April 1, 2015 (transition date) measured as per the previous GAAP*and use that carrying value under Ind AS, as per the provisions of para D22 of Ind AS 101.
In accordance with Para D22 (ii) (c), the Company has tested these intangible assets for impairment as on April 1, 2015 and an amount of Rs. 3300 million has been adjusted in the carrying value of the intangible asset with a corresponding debit to the Reserves.
*Previous GAAP refers to the financial statements prepared in accordance with Indian GAAP and principles outlined in the exposure draft on the guidance note on accounting for SCA for public to private SCA, issued by ICAI.

MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2017

6. Property, plant and equipment

Current Year

Particulars	Cost				Accumulated depreciation and impairment				Carrying Amount	
	Balance as at April 1, 2016	Additions	Disposals	Balance as at March 31, 2017	Balance as at April 1, 2016	Disposals of assets	Depreciation expense	Balance as at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Property plant and equipment										
Vehicles	2.23	-	(1.11)	1.11	1.29	(0.76)	0.27	0.80	0.31	0.93
Data processing equipments	1.03	-	(0.08)	0.95	0.97	(0.08)	0.04	0.94	0.02	0.06
Office equipments	0.53	-	(0.32)	0.21	0.50	(0.32)	0.03	0.21	0.00	0.03
Furniture and fixtures	1.59	-	(0.42)	1.17	0.90	(0.28)	0.12	0.74	0.42	0.69
Total	5.38	-	(1.93)	3.45	3.67	(1.44)	0.46	2.69	0.76	1.71

Previous Year

Particulars	Cost				Accumulated depreciation and impairment				Carrying Amount	
	Balance as at April 1, 2015	Additions	Disposals	Balance as at March 31, 2016	Balance as at April 1, 2015	Eliminated on disposals of assets	Depreciation expense	Balance as at March 31, 2016	As at March 31, 2016	As at April 1, 2015
Property plant and equipment										
Vehicles	2.23	-		2.23	0.97		0.32	1.29	0.93	1.25
Data processing equipments	0.98	0.05		1.03	0.90		0.07	0.97	0.06	0.08
Office equipments	0.53	-		0.53	0.30		0.20	0.50	0.03	0.23
Furniture and fixtures	1.59	-		1.59	0.77		0.13	0.90	0.69	0.82
Total	5.33	0.05	-	5.38	2.95	-	0.72	3.67	1.71	2.38

Luthra & Luthra * Chartered Accountants * New Delhi

MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2017

7. Other intangible assets

Current Year

Particulars	Cost				Accumulated depreciation and impairment			Carrying Amount	
	Balance as at April 1, 2016	Additions from separate acquisitions	Disposals due to Claim	Balance as at March 31, 2017	Balance as at April 1, 2016	Amortisation expense	Balance as at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Software / Licences acquired	0.14	-		0.14	0.14		0.14	0.00	0.00
Subtotal (a)	0.14	-	-	0.14	141,995.00	-	0.14	0.00	0.00
Rights under service concession arrangements (b)	9,367.71	80.31	1,232.95	8,215.07	1,314.88	968.74	2,283.62	5,931.45	8,052.84
									-
Intangible assets under development (c)	767.29	79.49	80.31	766.48	-		-	766.48	767.29
Total (a+b+c)	10,135.14	159.80	1,313.26	8,981.69	143,309.88	968.74	2,283.76	6,697.92	8,820.12

Previous Year

Particulars	Cost				Accumulated depreciation and impairment			Carrying Amount	
	Balance as at April 1, 2015	Additions from separate acquisitions	Impairment of assets	Balance as at March 31, 2016	Balance as at April 1, 2015	Amortisation expense	Balance as at March 31, 2016	As at March 31, 2016	As at April 1, 2015
Software / Licences acquired	0.14			0.14	0.14		0.14	0.00	0.00
Subtotal (a)	0.14	-	-	0.14	0.14	-	0.14	0.00	0.00
Rights under service concession arrangements (b)	7,588.61	5,079.10	3,300.00	9,367.71	646.57	668.31	1,314.88	8,052.84	3,642.04
Intangible assets under development (c)	4,864.08	982.31	5,079.10	767.29	-		-	767.29	4,864.08
Total (a+b+c)	12,452.83	6,061.41	8,379.10	10,135.14	646.71	668.31	1,315.02	8,820.12	8,506.12

Luthra & Luthra * Chartered Accountants * New Delhi

8. Other financial assets

A. Other financial assets - Non current

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Security Deposits	10.04	11.51	11.31
Total	10.04	11.51	11.31

B. Other financial assets - Current

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unsecured Considered Good			
Claim Receivable from Authority	6,213.36	-	-
Interest Accrued	-	0.00	0.05
		-	-
Total	6,213.36	0.00	0.05

9. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Balances with Banks	41.38	30.01	27.85
Cash on hand	5.87	5.24	3.76
Fixed Deposits	0.01	0.01	0.01
Cash and cash equivalents	47.26	35.26	31.62

At 31 March 2017, the Group had available Rs.2,111,200,000/- (31 March 2016: Rs.2,111,200,000/-, 1 April 2015: Rs.2,111,200,000/-) of undrawn committed borrowing facilities.

10. Other assets

A. Other assets - Non Current

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unsecured Capital Advances Related Parties	23.32	29.58	85.38
Unsecured Capital Advances Others	-	-	0.18
Total	23.32	29.58	85.56

B. Other assets - Current

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Others			
Prepaid Expenses	4.93	4.97	0.51
Retention Money MPRDCL	0.52	0.32	0.32
Advance Recoverable in cash or kind	0.52	1.01	1.49
Service tax Input Credit	1.52	1.40	0.07
Work Contract Receivable	0.38	0.32	0.32
Statutory Advances (Service tax)	0.00	0.01	0.03
Total	7.87	8.03	2.74

11. Construction contracts disclosures

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Contracts in progress at the end of the reporting year			
Cumulative revenue recognised	1,061.80	982.31	-
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Contract revenue recognised as revenue during the year	79.49	982.31	-

12. Contingent Liabilites

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Income tax demand	-	-	-
Total	-	-	-

Luthra & Luthra * New Delhi * Chartered Accountants

13. Equity Share Capital

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Equity share capital	1,490.25	1,490.25	1,490.25
Total	1,490.25	1,490.25	1,490.25

Authorised Share capital :			
150,000,000 equity shares of Rs.10/- each	1,500.00	1,500.00	1,500.00
Issued and subscribed capital comprises:			
149,024,500 fully paid equity shares of Rs.10/- eac (as at March 31, 2016: 149,024,500, as at April 01, 2015 : 149,024,500)	1,490.25	1,490.25	1,490.25
	1,490.25	1,490.25	1,490.25

13.1 Movement during the year

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of shares	Share capital (Amount)	Number of shares	Share capital (Amount)
Balance at the start of the year	149,024,500	1,490.25	149,024,500	1,490.25
Movements	-	-	-	-
Balance at the end of the year	149,024,500	1,490.25	149,024,500	1,490.25

Fully paid equity shares, which have a par value of Rs.10, carry one vote per share and carry a right to dividends.

13.2 Details of shares held by the holding company,

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
IL&FS Transportation Networks Limited, the holding company	110,278,130	110,278,130	110,278,130
Total	110,278,130	110,278,130	110,278,130

13.3 Details of shares held by each shareholder holding more than 5% shares

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of shares held	% holding in the class of shares	Number of shares held	% holding in the class of shares	Number of shares held	% holding in the class of shares
Fully paid equity shares						
IL&FS Transportation Networks Limited, the holding Company	110,278,130	74.00%	110,278,130	74.00%	110,278,130	74.00%
Spanco Limited (an Enterprise having significant influence over Company)	38,746,370	26.00%	38,746,370	26.00%	38,746,370	26.00%
Total	149,024,500	100.00%	149,024,500	100.00%	149,024,500	100.00%

13.4 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.

Other Equity (excluding non-controlling interests)

Particulars	As at March 31, 2017	As at March 31, 2016
Deemed Equity		
Balance at beginning of the year	558.80	475.49
Transfer during the year	-	83.31
Balance at end of the year	**558.80**	**558.80**
Retained Earnings		
Balance at beginning of the year	(6,234.44)	(1,374.65)
Impairment of Assets	-	(3,300.00)
Profit/(Loss) for the year	2,550.90	(1,559.79)
Balance at end of the year	**(3,683.55)**	**(6,234.44)**

Luthra & Luthra New Delhi Chartered Accountants

14. Non-current Borrowings

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unsecured – at amortised cost			
Loans from related parties	2,000.95	2,000.95	1,660.51
Secured – at amortised cost			
Term loans			
- from banks	5,310.05	6,120.05	6,751.70
Total Non-current borrowings	7,311.00	8,121.00	8,412.20

14.1 Summary of borrowing arrangements

(i) Amounts repayable to related parties of the Company. Interest of 13.65% per annum is charged on the outstanding loan balences (as at March 31, 2016: 13.65% per annum; as at April 1, 2015: 14.20% per annum).

Footnote

1. Security details	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015	
Secured against:	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
	Non-current		Non-current		Non-current	
a) First charge on all theaccounts of the Company, including the Escrow Account, only to the extent permitted under the concession agreement. b) Assignment of all the rights and interest of the Company to or in favour of the Senior Lenders to the extenet covered by and in accordance with Substitution Agreement. c) 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.	5,310.05	810.00	6,120.05	618.75	6,751.70	587.10
Total	5,310.05	810.00	6,120.05	618.75	6,751.70	587.10

2. Age-wise analysis and Repayment terms of the Company's Long term Borrowings are as below:

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
	₹	₹	₹	Frequency of Repayment*	Frequency of Repayment*	Frequency of Repayment*
Less than 1 year	810.00	618.75	587.10	QT	QT	QT
1-3 Years	2,113.57	1,761.31	1,192.56	QT	QT	QT
3 to 5 years	2,704.35	2,487.85	1,761.31	QT	QT	QT
5+ years	492.13	1,870.89	3,797.83	QT	QT	QT
Total	6,120.05	6,738.80	7,338.80			

QT = Quarterly, Y = Yearly and B = Bullet repayment

15. Other financial liabilities

A. Other financial liabilities - Non Current

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Interest accrued but not due on borrowings from Related parties	607.47	321.76	80.10
Total	607.47	321.76	80.10

B. Other financial liabilities - Current

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Current maturities of long-term debt	810.00	618.75	587.10
(b) Payable on account of capital expenditure - related parties	2,781.88	2,652.30	2,200.75
(c) Interest accrued but not due on borrowings from Related parties	192.16	54.57	-
Total	3,784.04	3,325.62	2,787.86

16. Provisions

A. Provisions - Non current

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Employee benefits	-	0.11	0.07
Total	-	0.11	0.07

B. Provisions - Current

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Employee benefits	-	0.01	0.00
Total	-	0.01	0.00

17. Other liabilities

Other current liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Statutory Dues	2.49	1.79	7.55
Expenses Payable			
-from related parties	8.85	47.78	62.96
-from others	12.96	10.72	9.77
Total	24.30	60.28	80.28

18. Current Borrowings

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unsecured - at amortised cost			
Loans from related parties	2,573.43	1,275.00	-
Total	2,573.43	1,275.00	-

(i) Amounts repayable to related parties of the Company. Interest of 13.80% - 13.25% per annum is charged on the outstanding loan balances (as at March 31, 2016: 13.30% per annum; as at April 1, 2015: NIL% per annum).

19. Current tax assets and liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current tax assets			
Advance payment of taxes (net of provision)	0.57	12.17	11.82
Total	0.57	12.17	11.82
Current tax liabilities			
Income tax payable	335.37	-	-
Total	335.37	-	-

Luthra & Luthra
New Delhi
Accountants

20. Revenue from operations

The following is details of the Company's revenue for the year

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
(a) Construction income	79.49	982.31
(b) User fee income	730.38	662.49
(c) Licence fee income	2.06	2.33
(d) Claim	4,714.49	-
Total	**5,526.42**	**1,647.13**

21. Other Income

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Bank deposits (at amortised cost)	-	0.00
Interest on Security Deposits	0.92	0.90
Interest on Income tax Refund	2.44	-
Other operating revenues	0.59	0.24
Other Interest	265.92	-
Total (a)	**269.87**	**1.14**

22. Operating Expenses

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Construction cost	72.27	893
Operation and maintenance expenses	368.57	461
Electricity Charges	64.25	56
Telephone Expenses	11.06	9
Total	516.15	1,419

23. Employee benefits expense

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Salaries and Wages	0.90	0.82
Deputation cost	0.88	0.67
Total	**1.77**	**1.48**

Luthra & Luthra * New Delhi * Chartered Accountants

MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2017

24. Finance costs

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
(a) Interest costs :-		
Interest on loans for fixed period	764.90	765.07
Interest on loans from related parties	575.72	336.65
Total	1,340.62	1,101.72
(b) Other borrowing costs		
Finance charges	3.31	3.96
Total	**1,343.93**	**1,105.68**

Foot note :

Finance costs incurred by the group on qualifying assets are capitalised and accordingly the finance cost reported is net of such capitalization

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Gross finance costs	1,343.93	1,185.20
Less : Capitalised	-	79.52
Finance costs (net)	**1,343.93**	**1,105.68**

25. Other expenses

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Rent expense	0.61	0.42
Travelling and conveyance	2.93	2.96
Legal and consultation fees	66.30	3.11
Rates and taxes	0.02	0.05
Insurance	5.72	2.36
Printing and Stationary	0.02	0.09
Directors Fees	0.37	0.51
Bank Comission	2.03	1.87
Payment to auditors	0.88	1.15
Miscellaneous expenses	0.01	0.01
Total	78.89	12.53

Payments to auditors	Year Ended March 31, 2017	Year Ended March 31, 2016
a) For audit	0.80	0.95
b) For other services	0.08	0.20
Total	0.88	1.15

Luthra & Luthra * New Delhi * Chartered Accountants

MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2017

26. Income taxes

Income tax recognised in profit or loss

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Current tax		
In respect of the current year	335.37	
In respect of prior year	0.06	0.19
	335.43	0.19
Deferred tax		
In respect of the current year	-	-
	-	-
Total income tax expense recognised in the current year	335.43	0.19

Luthra & Luthra
New Delhi
Chartered Accountants

MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2017

27. Earnings per share

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
From Continuing operations	**Rs. per share**	**Rs. per share**
Basic earnings per share	17.12	(10.47)
Diluted earnings per share	17.12	(10.47)

27.1 Basic Earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Profit for the period attributable to owners of the Company (A)	2,550.90	(1,559.79)
Weighted average number of equity shares for the purposes of basic earnings per share (B)	149,024,500	149,024,500
Basic Earnings per share (A/B)	17.12	(10.47)

27.2 Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are as follows.
The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Earnings used in the calculation of basic earnings per share Adjustments (describe)	2,550.90	(1,559.79)
Earnings used in the calculation of diluted earnings per share (A)	2,550.90	(1,559.79)
Weighted average number of equity shares used in the calculation of basic earnings per share Adjustments [describe]	149,024,500	149,024,500
Weighted average number of equity shares used in the calculation of diluted earnings per share (B)	149,024,500	149,024,500
Diluted earnings per share (A/B)	17.12	(10.47)

Luthra & Luthra Chartered Accountants New Delhi

28. Financial instruments

28.1 Capital management

The company manages its capital to ensure that it will be able to continue as going concern while maximising the return to shareholders and also complying with the ratios stipulated in the loan agreements through the optimisation of debt and equity balance .

The capital structure of the company consists of debt (borrowings as detailed in notes) and equity of the Company (comprising issued capital, reserves and subordinated debt from the immediate Parent Company).

28.1.1 Capital Gearing Ratio

The Capital Gearing Ratio at end of the reporting year was as follows.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Debt	13,465.94	12,424.64	10,693.06
Cash and Bank Balances	47.26	35.26	31.62
Net Debt (A)	**13,418.68**	**12,389.38**	**10,661.44**
Equity (B)	**(1,634.50)**	**(4,185.40)**	**(2,708.91)**
Net Debt to Equity Ratio in times (A/B)	**(8.21)**	**(2.96)**	**(3.94)**

(i) Debt is defined as long-term, current maturity of long term, short term borrowings and interest accrued thereon

(ii) Total equity is defined as equity share capital, reserves and surplus and quasi equity

28.2 Categories of financial instruments

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Financial assets			
Financial Assets measured at amortised cost			
Cash and bank balances	47.26	35.26	31.62
Others	6,223.40	11.51	11.36
Total	**6,270.67**	**46.77**	**42.98**
Financial liabilities			
Financial Liabilities measured at amortised cost			
Borrowings (including Interest Accrued)	13,465.94	12,424.64	10,693.06
Trade Payables	-	-	-
Others	810.00	618.75	587.10
Total	14,275.94	13,043.39	11,280.16

28.3 Financial risk management objectives

The company's financial risks mainly include market risk (interest rate risk), credit risk and liquidity risk.

28.4 Market risk

The company's activities expose it primarily to the financial risks of changes in interest rates.
There has been no significant change to the company's exposure to market risks or the manner in which these risks are managed and measured.

28.4 Interest rate risk management

The company is exposed to interest rate risk because it borrows funds primarily at floating interest rates. However, the interest rates are dependent on prime lending rates of the Banks which are not expected to change very frequently and the estimate of the management is that these will not have a significant upward trend
The company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

28.4.1 Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for borrowings at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally and represents management's assessment of the reasonably possible change in interest rates.
If interest rates had been 50 basis points higher/lower and all other variables were held constant, the company's loss for the year ended March 31, 2017 would increase/decrease by Rs. 30.60mn (March 31, 2016 increase/decrease by Rs. 33.69 mn).

28.5 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties.The Management believes that the credit risk is negligible since its main receivable is from the grantors of the concession which is a government authority.

28.6 Liquidity risk management

28.6.1 Liquidity and interest risk tables

The following tables detail the company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate prevailing at the end of the reporting period. The contractual maturity is based on the earliest date on which the company may be required to pay.

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
	Non-interest bearing	Variable interest rate instruments	Fixed interest rate instruments	Non-interest bearing	Variable interest rate instruments	Fixed interest rate instruments	Non-interest bearing	Variable interest rate instruments	Fixed interest rate instruments
Less than 1 year	6,782.38	1,479.74	3,043.29	6,093.01	1,372.20	1,437.44	2,200.75	1,459.05	-
1-3 Years		3,166.72			3,035.05			2,926.12	
3 to 5 years		3,189.39			3,277.35			3,220.45	
5+ years		5,778.52			7,365.66			8,379.11	
Total	**6,782.38**	**13,614.37**	**3,043.29**	**6,093.01**	**15,050.27**	**1,437.44**	**2,200.75**	**15,984.73**	-
Carrying Amount	**6,782.38**	**8,121.00**	**2,573.43**	**6,093.01**	**8,739.75**	**1,275.00**	**2,200.75**	**8,999.31**	-
Average Interest rate	**0.00%**	**12.28%**	**13.25%**	**0.00%**	**12.25%**	**13.22%**	**0.00%**	**12.74%**	**0.00%**

The following table details the company's expected maturity for its financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on financial assets is necessary in order to understand the company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
	Non-interest bearing	Variable interest rate instruments	Fixed interest rate instruments	Non-interest bearing	Variable interest rate instruments	Fixed interest rate instruments	Non-interest bearing	Variable interest rate instruments	Fixed interest rate instruments
Less than 1 year	(3,729.33)	-	10,900.00	(9,953.23)	-	10,900.00	(9,957.02)	-	10,900.00
1-3 Years	-	-	-	-	-	-	-	-	-
3 to 5 years	-	-	-	-	-	-	-	-	-
5+ years	-	-	-	-	-	-	-	-	-
Total	**(3,729.33)**	-	**10,900.00**	**(9,953.23)**	-	**10,900.00**	**(9,957.02)**	-	**10,900.00**
Carrying Amount	**(3,729.33)**	-	**10,000.00**	**(9,953.23)**	-	**10,000.00**	**(9,957.02)**	-	**10,000.00**

The amounts included above for variable interest rate instruments for both financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

28.6.2 Financing facilities

As at the reporting date there are no unused bank overdraft facilities and bank loan facilities which may be extended by mutual agreement

28.7 Fair value measurements

28.7.1 This note provides information about how the company determines fair values of various financial assets and financial liabilities.

28.7.2 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair

	As at March 31, 2017		As at March 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets at amortised cost:	-	-	-	-
Receivables under service concession arrangements				
Financial liabilities				
Financial liabilities held at amortised cost:	**13,465.94**	**13,465.94**	**12,424.64**	**12,424.64**
Borrowings (including Interest Accrued)	13,465.94	13,465.94	12,424.64	12,424.64

Lodha & Luthra New Delhi Chartered Accountants

29. Capital Commitments

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 201
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,568	1,612	1,9
Total	1,568	1,612	1,94

30. Contingent Liabilites

During the year, the Company has filed a claim of Rs. 13400 million with Madhya Pradesh Road Development Corporation for Compensation for increase in direct costs and revenue loss due to increase in construction period. The Company had also filed claim of Rs.1560 million loss of parking charges and loading/ unloading charges due the inaction by the State authorities for diversion of the identified overloaded vehicles to the parking areas in current year as well as previous years through various letters. Based on the technical and legal opinion by an independent expert, the Company on conservative basis have recognised claim of an amount Rs. 5947.40 million in its books of account.

31. Note on demonitisation

Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the Table below:-

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	3.97	1.31	5.2
(+) Permitted receipts	8.15	107.55	115.7
(+) Cash Withdrawal from Bank		0.01	0.0
(-) Permitted payments		(0.00)	(0.0
(-) Amount deposited in Bank	(12.12)	(103.10)	(115.2
Closing cash in hand as on 30.12.2016	-	5.76	5.7

Luthra & Luthra New Delhi Chartered Accountants

MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2017

32. Related Party Disclosures

As at March 31, 2017

(a) Name of the Related Parties and Description of Relationship:

Nature of Relationship	Name of Entity	Abbreviation used
Ultimate Holding Company	Infrastructure Leasing & Financial Services Ltd	IL&FS
Holding Company	IL&FS Transportation Networks Limited	ITNL
Fellow Subsidiaries	Elsamex Maintainence Services Ltd.	EMSL
	Amravati Chikli Expressway Limited	ACEL
	ISSL CPG BPO Pvt. Ltd.	ISCBPL
	Unique Waste Processing Company Limited	UWPCL
Key Management Personnel and Directors	Mr. Kazim Raza Khan	Managing Director
	Mr. Devang Shah	Chief Financial Officer
	Mrs. Komal Bafna	Company Secretary
	Krishan Ghag	Director
	S. C. Mittal	Director
	Vijay Kini	Director
	Sumathy Iyer	Director
	Kamalkant Chaubal	Independent Director
	Rupak Ghosh	Independent Director
Enterprises having Significant Influence over the Company	Spanco Limited	SPANCO

As at March 31, 2016

(a) Name of the Related Parties and Description of Relationship:

Nature of Relationship	Name of Entity	Abbreviation used
Ultimate Holding Company	Infrastructure Leasing & Financial Services Limited	IL&FS
Holding Company	IL&FS Transportation Networks Limited	ITNL
Fellow Subsidiaries (Only with whom there have been transaction during the period/ there was balance outstanding at the year end)	IL&FS Trust Company Limited	ITCL
	IL&FS Financial Services Limited	IFIN
	Elsamex Maintainence Services Ltd.	EMSL
	IL&FS Securities Services Limited	ISSL
	ISSL CPG BPO Pvt. Ltd.	ISCBPL
Enterprises having Significant Influence over the Company	Spanco Limited	SPANCO
Key Management Personnel ("KMP")	Mr. Kazim Raza Khan	Managing Director
	Mr. Devang Shah	Chief Financial Officer
	Mrs. Komal Bafna w.e.f.May 01, 2015	Company Secretary
	Harish Mathur	Director
	Krishan Ghag	Director
	S. C. Mittal	Director
	Vijay Kini	Director
	Sumathy Iyer	Director

As at April 01, 2015

(a) Name of the Related Parties and Description of Relationship:

Nature of Relationship	Name of Entity	Abbreviation used
Ultimate Holding Company	Infrastructure Leasing & Financial Services Ltd	IL&FS
Holding Company	IL&FS Transportation Networks Limited	ITNL
Fellow Subsidiaries (Only with whom there have been transaction during the period/ there was balance outstanding at the year end)	IL&FS Trust Company Limited	ITCL
	IL&FS Financial Services Limited	IFIN
	Elsamex Maintainence Services Ltd.	EMSL
	IL&FS Securities Services Limited	ISSL
Enterprises having Significant Influence over the Company	Spanco Limited	SPANCO
Key Management Personnel ("KMP")	Mr. Kazim Raza Khan	Managing Director
	Mr. Devang Shah	Chief Financial Officer
	Mr. Krishna Ghag	Director
	Mr. S. C. Mittal	Director
	Mr. Vijay Kini	Director
	Mr Harish Mathur	Director

MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2017

Related Party Disclosures (contd.)

Year ended March 31, 2017
(b) transactions/ balances with above mentioned related parties (mentioned in note 32 above)

	Particulars	ITNL	SPANCO	EMSL	UNIQUE	ISCBPL	IL&FS	ACEL	KMP	Total
	Balance									
1	Share Capital	1,102.78	387.46							1,490.25
2	Mobilisation Advance Recoverable	23.32								23.32
3	Sundry Creditors	2,781.88		8.85						2,790.73
4	Unsecured Loan - Sub Debt (Taken)	2,559.76								2,559.76
5	Unsecured Loan - Short Term Loan (Taken)	2,573.43								2,573.43
6	Interest Accrued and due	192.16								192.16
7	Interest Accrued but not due	738.87			0.52					739.40

	Particulars	ITNL	SPANCO	EMSL	UNIQUE	ISCBPL	IL&FS	ACEL	KMP	Total
	Transactions									-
1	Interest On Loan	501.93			106.02					607.95
2	Construction Cost	73.00								73.00
3	Legal & Professional Fees	62.50				0.02				62.52
4	Unsecured Loan - Short Term Loan (Taken)	2,648.43			1,350.00					3,998.43
5	Unsecured Loan - Short Term Loan (Repaid)	1,350.00			1,350.00					2,700.00
6	Deputation Cost	0.88								0.88
7	Operation & Maintainence			360.30						360.30
8	Licencee Fee Income			2.06						2.06
9	Insurance charges (Reimbursement)						0.03			0.03
10	Advance Given									-
11	Advance Taken									-
12	Sale of Assets							0.49		0.49
13	Director Fee (Karim Raza Khan)								0.04	0.04
14	Director Fee (Krishna Ghag)								0.01	0.01
15	Director Fee (S. C. Mittal)								0.01	0.01
16	Director Fee (Vijay Kini)								0.03	0.03
17	Director Fee (Sumathy Iyer)								0.06	0.06
18	Independent Director Fee (Kamalkant Chaubal)								0.10	0.10
19	Independent Director Fee (Rupak Ghosh)								0.10	0.10

Year ended March 31, 2016

	Particulars	ITNL	SPANCO	EMSL	ITCL	ISCBPL	IL&FS	KMP		Total
	Balance									
1	Share Capital	1,102.78	387.46							1,490.25
2	Mobilisation Advance Recoverable	29.58								29.58
3	Sundry Creditors	2,652.30		47.78						2,700.08
4	Unsecured Loan - Sub Debt (Taken)	2,559.76								2,559.76
5	Unsecured Loan - Short Term Loan (Taken)	1,275.00								1,275.00
6	Interest Accrued but not due	475.50								475.50
7	Trade Receivables			1.01						1.01

	Particulars	ITNL	SPANCO	EMSL	ITCL	ISCBPL	IL&FS	KMP		Total
	Transactions									-
1	Development Cost	805.44								805.44
2	Interest On Loan (Capitalised)	25.66								25.66
3	Interest On Loan charged to Profit & Loss	378.47								378.47
4	Unsecured Loan - Sub Debt (Taken)	423.76								423.76
5	Unsecured Loan - Short Term Loan (Taken)	1,275.00								1,275.00
6	Deputation Cost (Capitalised)	0.16								
7	Deputation Cost charged to Profit & Loss	0.67								
8	Security Trustees Fees				0.25					0.25
9	Operation & Maintainence (Capitalised) (Excl. Service tax)			1.81						1.81
10	Operation & Maintainence charged to Profit & Loss (Excl. Ser Tax)			453.40						453.40
11	Licencee Fee Income			2.33						2.33
12	Legal & Professional Fee					0.02				0.02
13	Insurance charges (Reimbursement)						0.03			0.03
14	Director Fee (Karim Raza Khan)							0.04		0.04
15	Director Fee (Krishna Ghag)							0.04		0.04
16	Director Fee (S. C. Mittal)							0.05		0.05
17	Director Fee (Vijay Kini)							0.09		0.09
18	Director Fee (Harish Mathur)							0.03		0.03
19	Director Fee (Sumathy Iyer)							0.04		0.04
20	Independent Director Fee (Kamalkant Chaubal)							0.07		0.07
21	Independent Director Fee (Rupak Ghosh)							0.09		0.09

Year ended March 31, 2015

	Particulars	ITNL	SPANCO	EMSL	ITCL	ISSL	IL&FS	KMP		Total
	Balance									
1	Share Capital	1,102.78	387.46							1,490.25
2	Mobilisation Advance Recoverable	85.38								85.38
3	Sundry Creditors	2,200.75		62.95			0.01			2,263.71
4	Unsecured Loan - Sub Debt (Taken)	2,136.00								2,136.00
5	Interest Accrued but not due	111.79								111.79
6	Trade Receivables			1.49						1.49

	Particulars	ITNL	SPANCO	EMSL	ITCL	ISSL	IL&FS	KMP		Total
	Transactions									-
1	Development Cost	1,186.67								1,186.67
2	Interest On Loan (Capitalised)	116.77								116.77
3	Interest On Loan charged to Profit & Loss	102.47								102.47
4	Unsecured Loan - Sub Debt (Taken)	991.00								991.00
5	Deputation Cost (Capitalised)	0.85								0.85
6	Security Trustees Fees				0.28					0.28
	Operation & Maintainence (Capitalised) (Excl. Service tax)			12.64						12.64
	Operation & Maintainence charged to Profit & Loss (Excl. Ser Tax)			388.12						388.12
	Licencee Fee Income			2.96						2.96
	Legal & Professional Fee					0.02				0.02
	Insurance charges (Reimbursement)						0.01			0.01
	Director Fee (Karim Raza Khan)							0.04		0.04
	Director Fee (Krishna Ghag)							0.06		0.06
	Director Fee (S. C. Mittal)							0.05		0.05
	Director Fee (Vijay Kini)							0.08		0.08
	Director Fee (Harish Mathur)							0.07		0.07

Luthra & Luthra
New Delhi
Chartered Accountants

MP BORDER CHECKPOST DEVELOPMENT COMPANY LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2017

33. Significant terms of Service Concession Arrangements (SCA)

Particulars	Project 1
Brief description of Concession	The agreement of concession was entered between Government of Madhya Pradesh through Madhya Pradesh Road Development Co. Ltd. (MPRDCL) and the Company on November 10, 2010. The construction cost of the project is estimated Rs. 1,350 Crores. Scheduled completion date was May 04, 2013 which could not be achieved due to land issues. MPRDCL has agreed to extend concession period by 24 months. Further Independent Engineer has recommended extension of concession period by 25 months Becasue of land acquistion issue, construction of five checkpost will commence upon entire land acquistion. The Authority has splitted the Project into Three phases: Phase I - Nineteen Checkpost which are Operational, Phase II - Includes Two checkpost were work was in progress. The transfer date will be after end of Concession Period of 4566 days from appointed date. Phase III - for which fresh appointed date will be notified and transfer date will be 4566 days after appointed date.
Nature of Assets	Intangible Asset
Period	12.5 years
Extension of period	As per conditions mentioned in Concession agreement.
Construction	Under Construction and Partly operational (Nineteen Checkpost out of 24 checkpost)
Premature Termination	On event of default by either party.

34. Going Concern

The Company's total liabilities exceeded its total assets by Rs.3124.75 millions. Based on the business plan and financial supports from promoters, the management believes that the Company will be able to operate as going concern and meet all its obligations as they fall due for payment.

35. Segment Reporting

The company operates in a single business segment viz. Surface Transportation Business. Also it operates in a single geographic segment. In the absence of separate reportable business or geographic segments the disclosures required under the Indian Accounting Standard (INDAS) 108 on 'Operating Segments' are not applicable.

36. Approval of Financial Statements:

The financial statements were approved for issue by the board of Directors on May 28, 2017

37. Previous year

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

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

Luthra & Luthra Chartered Accountants New Delhi

Akhilesh Gupta
Partner
Membership Number : 89909

Place: Mumbai
Date: May 28, 2017

For and on Behalf of Board

Kazim Raza Khan
Managing Director
Din No. 05188955

Sumathy Sivaramakrishnan
Director
Din No. 06720409

D. R. Shah.

Devang Shah
Chief Financial Officer

Komal Bafna
Company Secretary

Place: Mumbai
Date: May 28, 2017