

INDEPENDENT AUDITOR'S REPORT

To the Members of Maharashtra Border Check Post Network Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Maharashtra Border Check Post Network Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

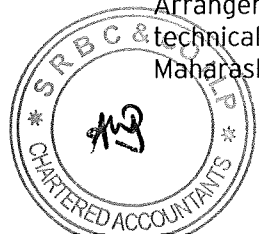
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its loss, and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 27 of the financial statement in respect of acceptance and accounting of intangible Asset/ Intangible Asset under development of ₹ 1,740.57 million under the Service Concession Arrangement of the company, based upon the recommendation made by the project lender's engineer and technical experts appointed by the project authorities. Pending final approval by the Government of Maharashtra, no further cost adjustments are considered necessary in these financial statements.



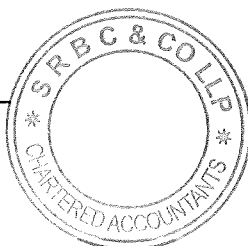
Our conclusion is not qualified in respect of this matter.
Report on Other Legal and Regulatory Requirements

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 Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report dated April 23, 2016 in "Annexure 2" to this report.
 - (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 litigations 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.

For, S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E



per Arpit K Patel
Partner
Membership Number: 34032



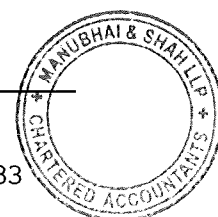
Place of Signature: Ahmedabad
Date: April 23, 2016



For MANUBHAI & SHAH LLP
Chartered Accountants
ICAI Firm Registration Number: 106041W



per K.C. Patel
Partner
Membership Number: 30083



Place of Signature: Ahmedabad
Date: April 23, 2016

Annexure 1 referred to in Paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date of Maharashtra Border Check Post Network Limited for the year ended March 31, 2016

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification;
- (c) According to information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of sections 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) 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(1) of the Companies Act, 2013, related to Roads and other infrastructure projects, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, value added tax, cess and other material statutory dues applicable to it. The provisions relating customs duty, employee's state Insurance, excise duty, and wealth tax are not applicable to the Company as there are no dues payables during the year.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, sales-tax, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable
- c) According to the information and explanations given to us, there are no statutory dues which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to banks. The Company does not have any borrowings from financial institutions, does not have outstanding due to government and has not issued debentures during the year.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purpose for which the loans were raised. The Company has not raised any money by way of initial public offer / further public offer / debt instruments.

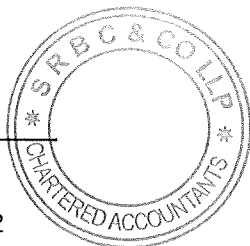


- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting requirements under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the company is not required to obtain registration under section 45-IA of the Reserve Bank of India Act, 1934.

For, S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E



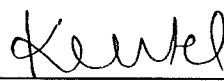
per Arpit K Patel
Partner
Membership Number: 34032



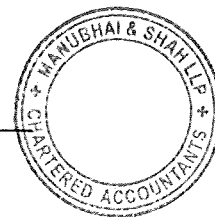
Place of Signature: Ahmedabad
Date: April 23, 2016



For MANUBHAI & SHAH LLP
Chartered Accountants
ICAI Firm Registration Number: 106041W



per K.C. Patel
Partner
Membership Number: 30083



Place of Signature: Ahmedabad
Date: April 23, 2016

Annexure 2 to The Independent Auditor's Report of Even Date on the Financial Statements of Maharashtra Border Check Post Network Limited

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

To the Members of Maharashtra Border Check Post Network Limited

We have audited the internal financial controls over financial reporting of Maharashtra Border Check Post Network Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the 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. 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 the 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.

Auditor's Responsibility

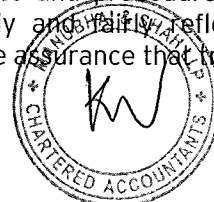
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded



as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For, S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E



per Arpit K Patel
Partner
Membership Number: 34032



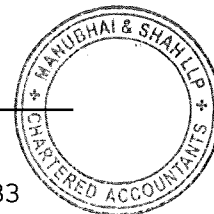
Place of Signature: Ahmedabad
Date: April 23, 2016



For MANUBHAI & SHAH LLP
Chartered Accountants
ICAI Firm Registration Number: 106041W



per K.C. Patel
Partner
Membership Number: 30083



Place of Signature: Ahmedabad
Date: April 23, 2016

Maharashtra Border Check Post Network Limited
Balance Sheet as at 31st March 2016

	Note	31st March 2016	31st March 2015
		(₹ in Million)	(₹ in Million)
I Equity and Liabilities			
(1) Shareholder's Funds			
(a) Share capital	3	0.50	0.50
(b) Reserves and surplus	4	(1,339.09)	(1,144.92)
		(1,338.59)	(1,144.42)
(2) Non-Current Liabilities			
(a) Long-term borrowings (including Sponsor's Contribution)	5	14,243.18	13,346.65
(b) Long-term provisions	6	1.94	1.21
		14,245.12	13,347.86
(3) Current liabilities			
(a) Short-term borrowings	7	124.80	851.21
(b) Trade Payables	8		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		73.87	44.10
(c) Other current liabilities	9	1,074.83	928.19
(d) Short-term provisions	6	0.02	0.01
		1,273.52	1,823.51
Total		14,180.05	14,026.95
II Assets			
(1) Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	10	60.91	66.89
(ii) Intangible assets	10	12,009.14	10,759.52
(iii) Intangible assets under development	10	1,784.82	2,379.65
(b) Long Term Loans and Advances	11	83.09	654.55
		13,937.96	13,860.61
(2) Current assets			
(a) Trade receivable	12	-	0.03
(b) Cash and cash equivalents	13	186.28	130.54
(c) Short-term loans and advances	11	55.81	35.77
		242.09	166.34
Total		14,180.05	14,026.95

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

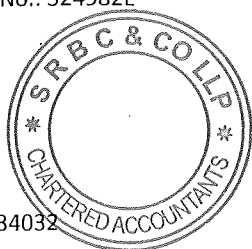
For S R B C & CO LLP
Chartered Accountants
Firm Registration No.: 324982E

For Manubhai & Shah LLP
Chartered Accountants
Firm Registration No.: 106041W

For and on behalf of Board of Directors
Maharashtra Border Check Post
Network Limited

Arpit K. Patel

Arpit K. Patel
Partner
Membership No. 34032



K. C. Patel

K. C. Patel
Partner
Membership No. 30083

Nitin R. Patel
Nitin R. Patel
Director
DIN : 466330

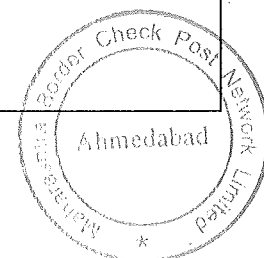
Arun Patel

Arun Patel
Director
DIN : 6365699

Date: April 23, 2016
Place: Ahmedabad

Date: April 23, 2016
Place: Ahmedabad

Date: April 23, 2016
Place: Ahmedabad



Maharashtra Border Check Post Network Limited
Statement of Profit and Loss for the year ended 31st March 2016

	Notes	31st March 2016	31st March 2015
		(₹ in Million)	(₹ in Million)
I Revenue from operations	14	1,568.57	940.55
II Other Income	15	2.69	9.90
III Total Revenue (I+II)		1,571.26	950.45
IV Expenses			
(a) Operating Expenses	16	229.25	165.77
(b) Employee Benefits expense	17	87.39	66.07
(c) Finance Costs	18	1,022.34	1,018.73
(d) Depreciation and Amortization Expense	10	173.95	109.67
(e) Other Expenses	19	252.50	188.64
Total Expenses		1,765.43	1,548.88
V (Loss) for the year (III-IV)		(194.17)	(598.43)
Earnings per share:			
(Nominal Value per share: Rs. 10 (31 March 15: Rs. 10)	20		
(1) Basic and Diluted		(3,883.43)	(11,968.55)

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

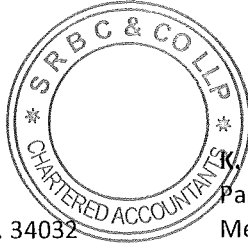
As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No.: 324982E

For Manubhai & Shah LLP
Chartered Accountants
Firm Registration No.: 106041W

For and on behalf of Board of Directors
Maharashtra Border Check Post
Network Limited

Arpit K. Patel



Arpit K. Patel
Partner
Membership No. 34032

K. C. Patel

K. C. Patel
Partner
Membership No. 30083

Nitin R. Patel

Nitin R. Patel
Director
DIN : 466330

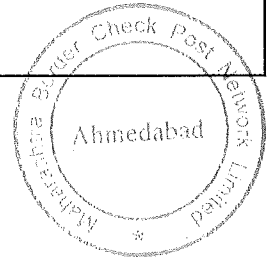
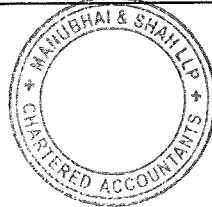
Arun Patel

Arun Patel
Director
DIN : 6365699

Date: April 23, 2016
Place: Ahmedabad

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Place: Ahmedabad



Maharashtra Border Check Post Network Limited
Cash Flow Statement for the year ended 31st March 2016

	31st March 2016	31st March 2015
	(₹ in Million)	(₹ in Million)
(A) Cash Flows From Operating Activities		
Loss Before Tax	(194.17)	(598.42)
Adjustments for:		
Gain on sale of units of mutual fund	(2.62)	(1.37)
Write back of ancillary borrowing cost	-	(8.38)
Interest expenses	1,021.88	993.83
Depreciation and amortization expense	173.95	109.67
Operating Loss Before Working Capital Changes	999.04	520.23
Movement in working capital:		
(Increase) in loans and advances	(3.07)	(9.38)
Decrease / (Increase) in trade receivables	0.03	(0.03)
(Decrease) / increase in trade payables	29.77	(9.31)
(Decrease) / increase in current liabilities	(3.27)	(47.45)
Increase in provisions	0.74	0.73
Cash generated from Operations	1,023.24	454.74
Direct taxes paid (net of refunds)	(25.00)	(0.05)
Net cash generated from operating activities (A)	998.24	454.69
(B) Cash Flows From Investing Activities		
Purchase of fixed assets (including Intangible assets under development)	(43.72)	(1,371.79)
Indirect expenditure during development of project (pending allocation)	(250.36)	(319.09)
Purchase of current investment (having original maturity of more than three months)	(980.10)	(573.86)
Proceeds from sale of current investments (having original maturity of more than three months)	982.72	575.23
Net cash (used in) investing activities (B)	(291.46)	(1,689.51)
(C) Cash Flows From Financing Activities		
Proceeds from Long Term Borrowings	942.20	949.00
Repayment of Long Term Borrowings	(87.37)	(64.70)
Proceeds from Sponsors Contribution (Sub-ordinate Debt)	179.28	2.00
Repayment of Sponsors Contribution (Sub-ordinate Debt)	(50.00)	(305.30)
Proceeds from Short Term Loan	146.70	1,763.00
Repayment Short Term Loan	(733.11)	(82.96)
Interest and other borrowing cost paid	(1,048.74)	(923.06)
Net cash generated in financing activities (C)	(651.04)	1,337.98
Net increase in cash and cash equivalents (A + B + C)	55.74	103.21
Cash and cash equivalents at beginning of the year	130.54	27.33
Cash and cash equivalents at end of the year	186.28	130.54
Components of Cash and Cash Equivalents		
Cash on Hand	6.93	4.91
Balance with Banks		
- In Current Accounts (refer note (ii) below)	179.35	125.63
Total Cash & Cash Equivalents	186.28	130.54

Summary of significant accounting policies - 2.1

Note :

- (i) The cash flow statement has been prepared under indirect method as per Accounting Standard -3 "Cash Flow Statement".
- (ii) Balance with Banks of ₹ 173.93 million (as at March 31, 2015 ₹ 122.85 million) are lying in the Escrow Account, as per terms of borrowings with the lenders.
- (iii) During the year, The company has converted its short term loan of ₹ 140.00 Million (previous year ₹1,217.23 Million) into sub ordinate debts. Thus the impact of these transaction have not been given in the cash flow statement.
- (iv) Figures in brackets represent outflows

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No.: 324982E


Arpit K. Patel
Partner
Membership No. 34032


Date: April 23, 2016
Place: Ahmedabad

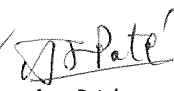
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K. C. Patel
Partner
Membership No. 30083

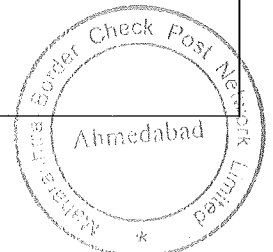
Date: April 23, 2016
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For and on behalf of Board of Directors
Maharashtra Border Check Post
Network Limited


Nitin R. Patel
Director
DIN : 466330


Arun Patel
Director
DIN : 6365699

Date: April 23, 2016
Place: Ahmedabad



Maharashtra Border Check Post Network Limited
Notes to financial statements for the year ended 31st March 2016

1 Corporate Information:

Maharashtra Border Check Post Network Limited ('Company') is an Infrastructure entity engaged in development of Highway Infrastructure facilities. The Company has entered into Service Concession Agreement dated March 30, 2009 with Government of Maharashtra for the purpose of modernization and computerization of Integrated Border Check Posts ('Project') in the state of Maharashtra on Build, Operate and Transfer (BOT) basis. The Concession Agreement is for the year of 24 years and 6 months starting from the work order date i.e. May 5, 2009. As at March 31, 2016, Company has started operations at 13 check posts out of 22 check posts, 3 check posts have been developments pending general resolution to operate the same and 6 check posts are under development. Further, The Government of Maharashtra has given 2 additional checkpost to the company for developments under Build, Operate and Transfer basis (BOT) by way of General resolution dated March 26, 2016.

2 Basis of preparation:

The Financial Statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these Financial Statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. The Financial Statements have been prepared under the historical cost convention on an accrual basis. The accounting policies adopted in the preparation of financial statement are consistent with this of previous year.

2.1 Significant Accounting Policies:

(a) Use of Estimates:

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting years. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future years.

(b) Tangible Fixed Assets

Tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses if any. The cost comprises the purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use.

All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition / sale proceeds of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

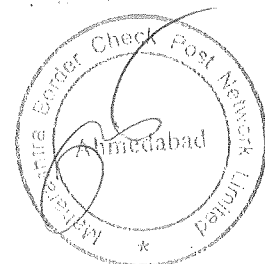
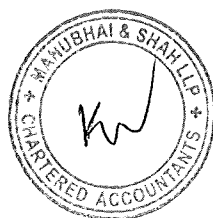
(c) Intangible Assets

Intangible assets in the nature of Service Fee collection rights under the concession agreement with Government of Maharashtra at each border check posts are stated at cost of construction less accumulated amortization and accumulated impairment losses, if any. Costs include direct cost of development of the Project (includes Central Control facilities) and costs of incidental and related to the development activities. Costs incidental to the development activity, includes financing costs of borrowings and other indirect cost attributable to development of the Project, have been capitalized to the Project till date of completion of each border check post.

Intangible Assets under Development

Intangible asset under development is stated at cost of development less accumulated impairment losses, if any. Costs include. Expenditure directly relating to construction / developments (net of income, if any), is capitalized. Indirect expenditure incurred during construction period which are specifically attributable to construction of a Project (including borrowing cost and non-refundable deposits), is capitalized as part of Project cost. Other indirect expenditures incurred during the construction period which are not specifically attributable to construction of a project, is charged to the statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.



Maharashtra Border Check Post Network Limited
Notes to financial statements for the year ended 31st March 2016

(d) Depreciation and Amortization:

- (i) Depreciation on tangible assets is calculated on Written down Value Method at the rates prescribed under Schedule II to the Companies Act, 2013. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal assets. In respect of tangible assets purchased during the year, depreciation is provided on a pro-rata basis from the date on which such asset is ready to use. Assets costing less than rupees five thousand have been depreciated at the rate of 100% p.a.
- (ii) Intangible assets comprising of various Integrated border check posts under a concession agreement are amortized based on proportion of actual revenue received during the accounting year to the total projected revenue till the end of the concession period as prescribed under Schedule II to the Companies Act, 2013. The total projected revenue for the entire useful life is reviewed at the end of each financial year for expected changes in traffic and adjusted to reflect any changes in the estimate which will lead to actual collection at the end of useful life.

(e) Impairment:

- (i) The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, relevant market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.
- (ii) The company bases its impairment calculation on detailed budget and forecast calculations. These budgets and forecasts calculations generally covers period of the concession agreement using long term growth rate applied to future cash flows.
- (iii) After impairment, depreciation/ amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

(f) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Service fees

Revenue by way of Service fees for usage of border check post network is recognized in the period of collection which generally coincides with usage of the respective check posts. The service fee is charged to the users as per the rate notified by Home (Transport) Department of Government of Maharashtra.

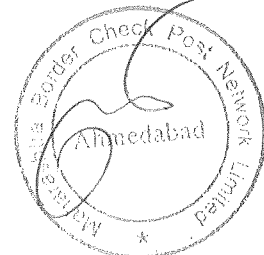
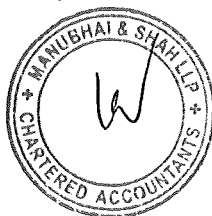
(g) Investments:

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On the disposal of an investment, the difference between carrying amount and net disposal proceeds is charge or credited to the statement of Profit and Loss.

(h) Employee Benefits:

- (i) Retirement benefits in the form of provident fund is a defined contribution scheme and the contribution is charged to the statement of profit and loss in the year when the contribution to the fund are due as employee render the services. The company has no obligation, other than the contribution payable to the provident fund.
- (ii) The company operates one defined benefit plan for its employees, viz., gratuity liability. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method made at the end of each reporting date. Actuarial gains and losses for the defined benefit plans are recognized in full in the year in which they occur in the statement of profit and loss.
- (iii) Accumulated leave, which is expected to be utilized or encashed within the next 12 months from reporting date, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. As per Company policy, no leave are expected to be carried forward beyond 12 months from the reporting date.



Maharashtra Border Check Post Network Limited
Notes to financial statements for the year ended 31st March 2016

(i) Leases :

Where the Company is the lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expenditure in the statement of profit and loss.

(j) Taxes on Income:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. The Company is eligible for tax deduction available under section 80IA of Income tax Act, 1961, under which Company can avail tax holiday for 10 years, within block of 20 year period. Currently, Company has completed 3 year of operation.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liabilities are recognized for all taxable differences. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(k) Borrowing costs

Borrowing cost includes interest, commitment/ loan processing fees and other ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing cost directly attributable to construction/development of an asset that necessarily takes a substantial year of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the year they occur including other ancillary costs where the assets have been put to use.

(l) Segment reporting

Identification of segment

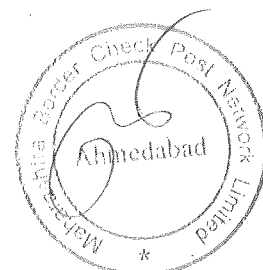
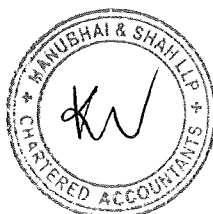
The company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The analysis of geographical segments is based on the areas in which major operating divisions of the company operate

(m) Provisions and Contingent Liabilities:

(i) A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(ii) Contingent Liabilities is a possible obligation that arise from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognized but are disclosed its existence in the financial statment.



Maharashtra Border Check Post Network Limited
Notes to financial statements for the year ended 31st March 2016

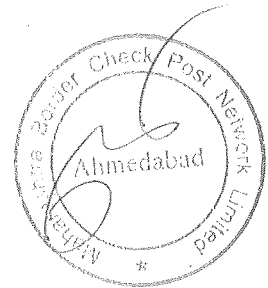
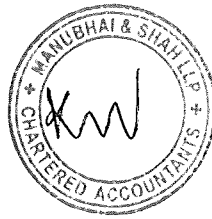
(n) Cash and Cash Equivalent:

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank (including demand deposits) and in hand and short term investments with an original maturity of three months or less.

(o) Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.



Maharashtra Border Check Post Network Limited
Notes to financial statements for the year ended 31st March 2016

3 Share capital

	31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)
I Authorised (No. of Shares in actual) 50,000 (31st March 2015 : 50,000) Equity Shares of ₹ 10 each	0.50	0.50
II Issued, Subscribed and Fully Paid Up (No. of Shares in actual) 50,000 (31st March 2015 : 50,000) Equity Shares of ₹ 10 each fully paid	0.50	0.50
	0.50	0.50

a. Terms/rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of Equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive residual assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b. Shares held by holding/ultimate holding company

Out of equity issued by the company, shares held by its holding company and ultimate holding company (Including Nominees) are as under:

	31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)
Sadbhav Infrastructure Project limited, the holding company 38,960 (31st March 2015: 38,960) equity shares of ₹10 each fully paid	0.39	0.39
Sadbhav Engineering Limited, the ultimate holding company 6,040 (31st March 2015: 6,040) equity shares of ₹10 each fully paid	0.06	0.06

c. Details of shareholders holding more than 5% shares in the Company :

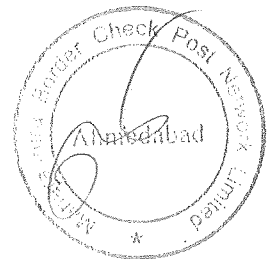
	As at 31st March 2016		As at 31st March 2015	
	No. of Shares	% holding in class	No. of Shares	% holding in class
Sadbhav Infrastructure Project Ltd.	38,960	78%	38,960	78%
Sadbhav Engineering Limited	6,040	12%	6,040	12%

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal and beneficial ownerships of shares.

4 Reserves and surplus

(Deficit) in the statement of profit and loss

	31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)
Balance as per last financial statement	(1144.92)	(546.50)
(Loss) for the year	(194.17)	(598.42)
Net (Deficit) in the statement of profit and loss	(1,339.09)	(1,144.92)



Maharashtra Border Check Post Network Limited
Notes to financial statements for the year ended 31st March 2016

5 Long Term Borrowings

	31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)
Term loans from banks (Secured)	10,545.68	9,690.85
Less: Current maturities of long-term borrowings (Refer Note No.9)	(337.91)	(110.33)
	10,207.77	9,580.52
Sub-ordinate debt (Sponsor's Contribution) (Unsecured) (Refer Note No.24)	4,035.41	3,766.13
	14,243.18	13,346.65

Note: i) Sub-ordinate debt include short term loan of ₹ 140.00 Million received during the year (previous year ₹1,217.23 Million), from Sadbhav Infrastructure Project Limited, converted into sub-ordinate debt.

ii) Sub-ordinate debt include an amount of ₹ 179.28 million received by the Company in terms of Share purchase cum sub-debts agreement dated September 18, 2013 between prospective investor and Company's shareholders. Currently, no shareholding is held by this investor.

A. Term Loans from Banks are secured by:

(a) a first ranking mortgage and charge over:

- (i) All the immovable and moveable properties, both present and future (other than the project site and the project facility);
- (ii) All tangible and intangible assets including but not limited to its goodwill, undertaking and uncalled capital, both present and future;
- (iii) All fees, revenues and receivables of the company, both present and future;
- (iv) All of the rights, title and interest under all agreements entered into by the company, including each of the project documents, duly acknowledged and consented to, where required, by the relevant counter-parties to such project documents, all the company's rights under each letter of credit/guarantee or performance bond that may be provided by any party to the project document for the company's benefit and all the company's rights under all authorizations, clearances, permissions, approvals and consents including but not limited to the clearances (to the extent assignable under applicable law);
- (v) All the accounts, (including but not limited to the accounts and the permitted investments) and each of the other accounts required to be created by the company under any transaction agreements, including without limitation, the trust and retention account agreement; including in each case, all monies lying credited/deposited into such accounts;
- (vi) All insurance contracts entered into including but not limited to the insurance contracts including all rights and receivables thereunder.

(b) Subject to applicable law, a pledge by the sponsors (i.e. Sadbhav Engineering Limited and Sadbhav Infrastructure Project Limited) of the shares constituting / representing at all times not less than thirty percent (30%) of the total shares of the company. Currently 31,500 shares are pledge out of total 50,000 number of shares i.e 63%.

(c) The aforesaid security created will rank pari passu by way of first charge in favour of all the rupee lenders inter se without any preference or priority amongst them.

B. Terms of Repayment of Secured Loans:

The long term loans from the banks carry interest rate from 11.35 % to 13.25%. Such loan is repayable in 50 quarterly installments commencing from last day of 15th quarter from the first disbursement i.e. 20th March 2010.

C. Sub-ordinate debt (Sponsor's Contribution):

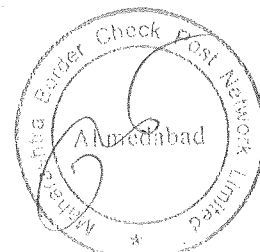
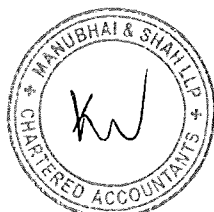
The project of the Company has been funded through sub ordinate debt of ₹ 4,035.41 million (31st March, 2015: ₹ 3,766.13 million) from its Sponsors in accordance with the Sponsor Support and Equity Contribution Agreement read with footnote given above. The Unsecured Subordinate debt is considered as sponsor's contribution to ensure their commitment for the project.

D Terms of Repayment of Sub-ordinate debt (Sponsor's Contribution):

Prepayment or redemption for value or repayment of any debt of the company that is subordinated to the Rupee Loans, cannot be made prior to (a) the scheduled maturity of such Debt, or (b) the Final Settlement Date i.e 31st March, 2026.

6 Provisions

	Long - term		Short - term	
	31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)	31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)
Provision for Gratuity (refer note no 21)	1.94	1.21	0.02	0.01
	1.94	1.21	0.02	0.01



Maharashtra Border Check Post Network Limited
Notes to financial statements for the year ended 31st March 2016

7 Short Term Borrowings

Unsecured Loan from related party (refer note 24 and (a) below)
 Unsecured Loan - Others (Interest free) (refer note (b) below)

31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)
21.80	748.21
103.00	103.00
124.80	851.21

Note :

- (a) Unsecured loan taken from related party is repayable on demand which carries interest rate from 11.20% to 12.60%.
 (b) The amount is received from prospective investor. Also refer note 5, footnote (ii)

8 Trade Payables

Trade payables (refer note 24 and 31)

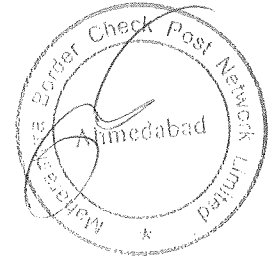
31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)
73.87	44.10
73.87	44.10

9 Other Current Liabilities:

Current maturities of long-term borrowings (refer note no 5)
 Capital creditors including retention (refer note no 24)
 Interest accrued and due on borrowings*(refer note no 24)
 Interest accrued but not due on borrowings
 Others
 Interest free rent deposit
 Employees Benefits Payable
 Statutory Dues Payable

31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)
337.91	110.33
616.76	667.57
94.71	121.67
4.85	4.75
3.81	4.21
7.33	4.47
9.46	15.19
1,074.83	928.19

*Subsequent to year end, the amount is paid to lenders.



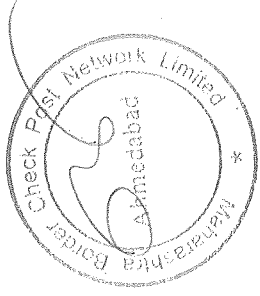
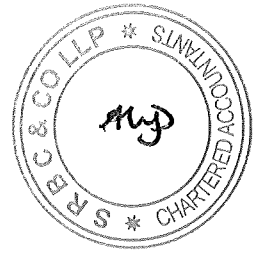
Maharashtra Border Check Post Network Limited

Notes to financial statements for the year ended 31st March 2016

Description	Gross Block			Accumulated Depreciation/Amortisation			Net Block		
	As at 1st April, 2015	Additions	(Adjustments)	As at 31st March, 2016	Upto 1st April, 2015	For the year	(Adjustments)	As at 31st March, 2016	As at 31st March, 2015
A Tangible Assets:									
Building	70.26	-	-	70.26	17.05	2.59	-	19.64	53.21
Furniture and Fixtures	10.84	-	-	10.84	6.59	1.07	-	7.66	4.25
Equipments	2.17	0.11	-	2.28	1.00	0.41	-	1.41	1.17
Vehicles	3.81	0.27	-	4.08	2.20	0.57	-	2.77	1.61
Office Equipment	8.73	1.57	-	10.30	2.63	3.06	-	5.69	6.10
Computer	2.02	0.14	-	2.16	1.47	0.37	-	1.84	0.55
Total (A)	97.83	2.09	-	99.92	30.94	8.07	-	39.01	66.89
Previous Year	87.37	10.46	-	97.83	23.24	7.70	-	30.94	66.89
B Intangible Assets:									
Service Fee Collection Right	10,884.43	1,454.02	(38.52)	12,299.93	124.91	165.88	-	290.79	12,009.14
Total (B)	10,884.43	1,454.02	(38.52)	12,299.93	124.91	165.88	-	290.79	12,009.14
Previous Year	9,068.54	1,985.04	(169.16)	10,884.42	22.93	101.97	-	124.90	10,759.52
C Intangible Assets under Development:									
Road and Check Post Development Work	938.82	307.13	(539.94)	706.01	-	-	-	-	938.82
Building Development Work	138.43	133.35	(109.85)	161.93	-	-	-	-	138.43
Computerisation and Check Post Integration Work	483.43	121.28	(274.60)	330.11	-	-	-	-	483.43
Other Direct Capital Expenses	24.56	47.07	(43.51)	28.12	-	-	-	-	24.56
Project Upfront Fees	246.66	-	(72.45)	174.21	-	-	-	-	246.66
Expenditure during construction year (Pending Allocation) (Refer Note no 10.1)	547.75	250.36	(413.67)	384.44	-	-	-	-	547.75
Total (C)	2,379.65	859.19	(1,454.02)	1,784.82	-	-	-	-	1,784.82
Previous Year	3,133.67	1,267.23	(2,021.25)	2,379.65	-	-	-	-	2,379.65
Total (A + B + C)	13,361.91	2,315.30	(1,492.54)	14,184.67	155.85	173.95	-	329.80	13,854.87
Previous Year	12,289.58	3,262.73	(2,190.41)	13,361.90	46.18	109.67	-	155.85	13,206.06

Note:

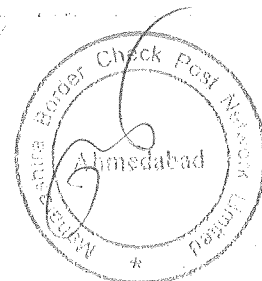
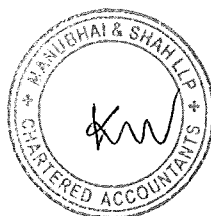
1. Project upfront fees represent amount paid to Maharashtra State Road Development Corporation Limited (MSRDC) as per Project Tender Terms.
2. In term of the Concession agreement, deposits for electricity supply is considered as a part of the project cost.
3. Adjustment in the Gross Block of Intangible assets of ₹ Nil (previous year - ₹ 169.15 million) and Intangible assets under development of ₹ Nil million (previous year - ₹ 36.22 million) is on account of CENVAT credit availed as per provision of Cenvat Credit Rules, 2004.
4. Adjustment in the gross block of Intangible assets ₹ 38.52 million is on account of revision in the price escalation formula as per recommendation made by Technical Expert Committee appointed by steering committee of project. Also refer Note no 27.



Maharashtra Border Check Post Network Limited
Notes to financial statements for the year ended 31st March 2016

10.1 Expenditure during construction year (Pending Allocation)

	31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)
(a) Opening Balance	547.75	593.65
(b) Employee Benefits Expense		
Salary, allowances and other amenities	2.91	2.89
Contribution towards provident fund	0.04	0.15
Staff welfare expenses	0.04	0.07
	2.99	3.11
(c) Other Expenses		
Rent	0.14	0.12
Power and fuel	0.48	0.22
Insurance	0.08	0.70
Legal and professional fees	-	0.55
Project supervision charges to consultants	3.98	8.83
Security Expenses	1.11	0.89
Communication expenses	0.43	0.60
Travelling, Transportation and conveyance	0.82	1.01
Miscellaneous expenses	11.02	1.91
	18.06	14.83
(d) Interest and Finance Charges		
Interest on:		
Long term borrowings from bank	229.31	282.25
Ancillary borrowing cost	-	196.30
	229.31	478.55
(e) Less: Other Income		
Gain on sale of mutual fund units	-	(0.05)
	-	(0.05)
(f) Less: Adjustments		
Capitalised as intangible asset	(413.67)	(532.43)
CENVAT Credit taken	-	(9.91)
	(413.67)	(542.34)
Total (a+b+c+d+e+f)	384.44	547.75



Maharashtra Border Check Post Network Limited
Notes to financial statements for the year ended 31st March 2016

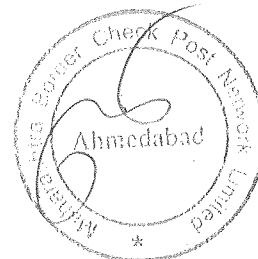
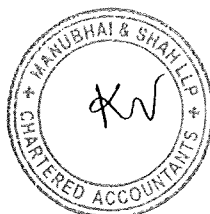
11 Loans & Advances	Long - term		Short - term	
	31st March 2016 (₹ in Million)	1st March 2015 (₹ in Million)	31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)
<i>(Secured, Considered good)</i>				
Capital Advances (refer note no 24)	-	579.49	-	-
<i>(Unsecured, Considered good)</i>				
Capital Advances	0.14	0.46	-	-
Deposits	-	-	0.24	0.21
Loans and Advances recoverable in cash or in kind	-	-	9.75	9.55
Prepaid expenses	-	-	2.26	1.92
Service tax credit receivable	-	-	18.51	24.04
Income tax receivable	-	-	25.05	0.05
Deferred CENVAT Credit (refer note below)	82.95	74.60	-	-
Total	83.09	654.55	55.81	35.77

Note: The CENVAT credit of ₹ 82.95 million (Previous year: ₹ 74.60 million) on works contract for construction of building and civil infrastructure have been accounted as Deferred CENVAT credit account. The utilization of deferred CENVAT credit is subject to assessment made by the statutory authority.

12 Trade Receivable (Unsecured, considered good)	31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Other receivables	-	0.03
	-	- 0.03

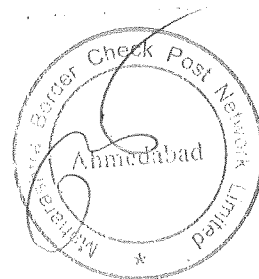
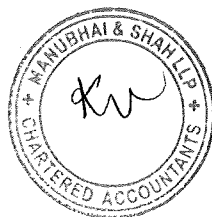
13 Cash and Cash Equivalents	31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)
Cash on hand	6.93	4.91
Balance with bank		
In current accounts (Refer Note below)	179.35	125.63
	186.28	130.54

Note: Balance with Banks of ₹ 173.93 million (as at March 31, 2015 ₹ 122.85 million) are lying in the Escrow Account, as per terms of borrowings with the lenders.



Maharashtra Border Check Post Network Limited
Notes to financial statements for the year ended 31st March 2016

14 Revenue from Operations	31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)
User Fee Income (Gross) (refer note 32)	1,542.20	916.99
Other Operating Income (refer note 32)	26.37	23.56
	1,568.57	940.55
15 Other Income	31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)
Gain on sale of units of mutual funds	2.62	1.37
Write back of ancillary borrowing cost	-	8.38
Miscellaneous income	0.07	0.15
	2.69	9.90
16 Operating Expenses	31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)
Check Post contractor charges	30.26	23.79
IT and communication Charges	9.37	7.42
Power and fuel	62.14	35.65
Annual maintenance charges	21.74	5.37
Security expenses	63.38	44.07
Other expenses (Including checkpoint maintenance)	42.36	49.47
	229.25	165.77
17 Employee benefit expenses	31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)
Salary, allowances and other amenities	70.04	54.14
Contribution to provident fund and other funds	3.87	2.72
Gratuity expenses (refer note 21)	0.74	0.72
Staff welfare expenses	12.74	8.49
	87.39	66.07
18 Finance Cost	31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)
Interest on:		
Long term borrowings (refer note 29)	959.15	959.92
Short term borrowings	62.50	33.88
Others	0.23	0.03
Ancillary borrowing cost	0.46	24.90
	1,022.34	1,018.73



Maharashtra Border Check Post Network Limited
Notes to financial statements for the year ended 31st March 2016

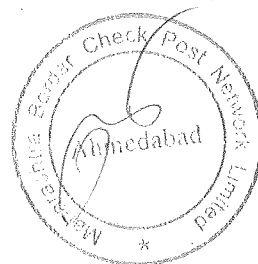
19 Other Expenses

	31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)
Rent (refer note 22)	0.90	1.14
Rates and taxes (refer note 32)	192.38	129.94
Travelling, transport & conveyance	3.31	4.89
Insurance	3.37	2.42
Repairs and maintenance	2.80	3.76
Legal and professional fees	7.12	10.51
Management support charges (refer note 24 & 30)	24.00	24.00
Auditors' remuneration *	0.75	0.80
Bank Charges - cash collection services	8.85	7.53
Miscellaneous expenses	9.02	3.65
	252.50	188.64

*** Payment to Auditors**

Towards

	31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)
Statutory audit fee	0.70	0.60
Certification fees	0.01	0.15
Reimbursement of expenses	0.04	0.05
	0.75	0.80



Maharashtra Border Check Post Network Limited
Notes to financial statements for the year ended 31st March 2016

20 Earnings Per Share (EPS):

	31st March 2016	31st March 2015
Net loss as per Statement of Profit & Loss for calculating Basic & Diluted EPS (₹ in Million)	(194.17)	(598.43)
Weighted average number of Equity Shares	50,000	50,000
Basis & Diluted Earnings Per Share (₹)	(3,883.43)	(11,968.55)

21 Employee Benefits (Gratuity):

The disclosures of employee benefits as defined in the Accounting Standard 15 are as below.

Defined Benefit Plan:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on the termination of his employment at 15 days salary (last drawn salary) for each completed year of service. The scheme is un-funded.

The present value of obligation in respect of gratuity is determined based on actuarial valuation using the Projected Unit Credit Method as prescribed by the Accounting Standard, AS 15(Revised). Gratuity has been recognized in the financial statements as per details given below:

	31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)
Amount recognized in statement of profit and loss		
Current Service Cost	1.11	0.39
Interest Cost	0.09	0.04
Benefit Paid	-	(0.07)
Actuarial (Gain) / Losses	(0.46)	0.36
Net Benefit Expenses	0.74	0.72

Balance Sheet

Liability recognised in the Balance Sheet

Present Value of Unfunded Obligations	1.96	1.22
Liability in the Balance Sheet	1.96	1.22

Changes in present value of defined benefit obligation

Opening Defined benefit obligation	1.22	0.50
Current Service Cost	1.11	0.39
Interest Cost	0.09	0.04
Benefit Paid	-	(0.07)
Actuarial (Gain) / Losses	(0.46)	0.36
Closing Defined benefit obligation	1.96	1.22

Principal Actuarial assumptions at the Balance Sheet Date

Discount Rate	7.60%	7.80%
Annual increase in salary cost*	6.00%	6.00%
Employee turnover rate	14% to 0%	5% to 1%
	(Based on Age band)	(Based on Age band)

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

Amounts for the current and previous periods are as follows

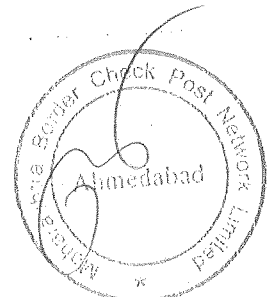
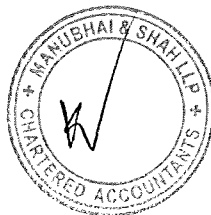
	31st March 2016 (₹ in Million)	31st March 2015 (₹ in Million)	31st March 2014 (₹ in Million)	31st March 2013 (₹ in Million)	31st March 2012 (₹ in Million)
Defined benefit obligation	1.96	1.22	0.50	3.28	1.57
Plan assets	-	-	-	-	-
Surplus / (deficit)	(1.96)	(1.22)	(0.50)	(3.28)	(1.57)
Experience adjustments on plan liabilities	(0.23)	0.20	(0.15)	(0.27)	(0.01)
Experience adjustments on plan assets	-	-	-	-	-

22 Assets taken under operating leases:

Office premises of the Company have been taken on operating lease basis. The lease rent during the year of ₹ 0.90 Million (P.Y ₹ 0.90 Million). These operating lease agreement are cancellable by giving short period notice by either of the parties to the agreement.

23 Segment Information:

The Company is engaged in only one reportable segment viz infrastructure projects. Therefore no disclosure of separate segment reporting is required in terms of Accounting Standard (AS) – 17 "Segment Reporting" notified in Companies (Accounting Standards) Rules, 2006 is given. The Company also primarily operates under one geographical segment namely India.



Maharashtra Border Check Post Network Limited
Notes to financial statements for the year ended 31st March 2016

24 Related Party Disclosures:

(a) Name of the related parties and related party relationship :

Related party where control exists

- (i) Ultimate Holding Company : Sadbhav Engineering Limited
(ii) Holding Company : Sadbhav Infrastructure Project Limited

(b) Transactions with Related parties:

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

	2015-16 (₹ in Million)		2014-15 (₹ in Million)	
	Ultimate Holding Company	Holding Company	Ultimate Holding Company	Holding Company
(i) Sub-ordinate debt (Sponsor's Contribution) Refunded	-	50.00	-	305.30
(ii) Sub-ordinate debt (Sponsor's Contribution) received	-	-	-	1,219.23
(iii) Unsecured Loan Received	-	146.70	-	1,710.00
(iv) Unsecured Loan Refunded (Including Interest)	-	813.78	-	1,314.76
(v) Interest on Unsecured Loan charged	-	62.50	-	33.88
(vi) Availment of EPC services (Including Service tax)	398.17	141.75	531.12	206.35
(vii) Availment of Management services	-	24.00	-	24.00
(viii) Expenses reimbursement (Net)	0.38	25.83	1.36	3.61
(ix) Rent paid/payable	0.90	-	0.90	-

(c) Balance outstanding:

	31st March 16 (₹ in Million)		31st March 15 (₹ in Million)	
	Ultimate Holding Company	Holding Company	Ultimate Holding Company	Holding Company
(i) Sub-ordinate debt (Sponsor's Contribution)	-	3,856.13	-	3,766.13
(ii) Capital advances outstanding	-	-	397.59	181.90
(iii) Interest accrued and due	-	5.69	-	23.86
(iv) Payable as Creditors	2.42	28.89	2.61	5.02
(v) Amounts payable as capital creditors (including retention payable)	447.27	147.73	504.95	146.60
(vi) Unsecured loan	-	21.80	-	748.21

25 Capital and Other commitments (to the extent not provided for, net of advances) :

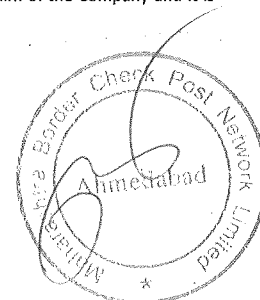
The followings are the estimated amount of contractual commitments relating to the capital expenditure of the company:

	31st March 2016 (₹ in Millions)	31st March 2015 (₹ in Millions)
(i) Road work	896.92	-
(ii) Building work	1,414.79	1,004.30
(iii) IT & Allied Works	782.21	309.57
	3,093.92	1,313.87

26 In terms of the Concession Agreement for setting up the project for Modernization and Computerisation of integrated Border Check Post ('Project') in the state of Maharashtra on Build, Operate and Transfer basis, the Company has been regularly representing in the Steering Committee of the project set up by Maharashtra State Road Development Corporation (MSRDC) under Concession agreement, about handover of the additional project BCP sites so as to meet Concessionaire obligations as regards implementation of project as per the Concession agreement. As at 31st March, 2016, the company has achieved provisional certificate of completion for 16 check posts out of total 22 check posts as per Concession agreement. The collection of service fees have been started in 13 BCP as per directive of MSRDC. Further, during the year, the company has received general resolution from government of Maharashtra for construction of additional 2 Check post on BOT basis.

As at 31st March, 2016, the project implementation is in progress and there are costs variance in development of each BCP site. The Company has been accounting cost variations, if any based on the approval of independent engineers appointed by MSRDC read with note 27 below. The company has been regularly representing to MSRDC for the time extension of completion of BCP construction in terms of Concession agreement. The Company is confident that necessary approvals relating to time extension for completion of BCP construction will be received and that no additional financial obligations is envisaged to be levied on the company under the terms of concession agreement.

27 The Company has accepted and accounted project related cost compensation claim of ₹ 1,740.57 million towards increase in cost of construction due to delay in execution of the Modernisation and Computerisation of 22 Border Check Post Project ('BCP Project') on account various reasons not attributable to the Company, upto March 31, 2016 (upto previous year ₹1,637.44 million). The costs have been accounted as intangible assets / intangible assets under development. The amount accounted is subject to the approval of Government of Maharashtra (GoM) although the Independent Engineer of the Project, Technical Evaluation Committee duly appointed by project Steering Committee of Maharashtra State Road Development Corporation Limited ('the Project Authority') which is monitoring the project progress and the lender's independent engineer has in-principle accepted and recommended the Company's cost compensation claim. Based on the recommendations at the project steering committee, GoM will take appropriate decision in regard to cost escalation claim of the Company and it is confident that the additional costs accounted in the books will be fully accepted by the GoM.



Maharashtra Border Check Post Network Limited
Notes to financial statements for the year ended 31st March 2016

- 28 The company has accumulated losses of ₹ 1,339.09 Million (Previous Year: ₹ 1,144.92 Million), which have resulted in erosion of the company's net worth, although, Sponsor's of the Company's Project, Sadbhav Infrastructure Project Limited has invested ₹ 3,856.13 million as sub ordinate debt which is part of the Project Equity Capital as per terms of the Rupee Facility Agreement (Loan Agreement). The Sub ordinate debts has certain repayment stipulations. The management represented that the company is in start-up phase of the project and its operation/revenue is gradually increasing on commencing operation at additional border checkpost. Further, the Company's project and operations are adequately funded and it has been able to meet its obligations in the ordinary course of business, complimented by the continuing support offered from sponser's of the project. Accordingly, these financial statements have been prepared assuming that the compnay will continue as going concern.
- 29 The Company capitalizes each checkpost from the date it receives provisional completion certificate from the engineer appointed by Maharashtra State Road Development Corporation (Project Implementation Agency). Pending receipt of notification from government authorities to start collecting user service fee, the cost incurred (including interest costs) from the date of capitalization of checkpost till the notification to collect user service fee is expensed to statement of profit and loss. The Company has expensed ₹ 133.36 Million (Previous year: ₹ 212.14 Million) relating to interest costs (with corresponding no user service fee income) in the Statement of profit and loss during year ended March 31, 2016 pertains to such checkposts.
- 30 As per the management support agreement, the Holding Company has charged ₹ 2 million per month to the Company toward provision of Management Services i.e. liasioning with MSRDC and Lenders, Traffic study service, Accounting service, Company secretarial services etc.
- 31 As per information available with the Company, there are no micro, small and medium enterprises as defined in the Micro, Small and Medium Enterprise Development Act, 2006 to whom the Company owes dues on account of principal amount together with interest and accordingly no related additional disclosure have been made.
- 32 As per amendment to Finance Act, 2012, the border check post services provided by the Company, in the State of Maharashtra, were made taxable within the services tax laws since April-2013. Accordingly, in the financial year 2014-15, the Company accounted its service tax liability of Rs. 136.73 million (for the services provided) and correspondingly, also recorded CENVAT credit of Rs. 234.85 million on the project input services/materials, as applicable. During the year, similarly, the Company deposited service tax of Rs 192.15 Million out of the check post user fees collected and recorded the same as expense under rates and taxes in note no 19.
In terms of the concession agreement with Government of Maharashtra, the user fee collected by the Company was not subject to service, whereby Company (Concessionaire) represented to the Government of Maharashtra (Licensor) that such service tax is an additional financial burden on the concessionaire and it should be compensated for the same. The Company represented that in terms of article 17.1 of the concession agreement, this additional financial burden is on account of change of law. As per MSRDC communication dated July 24, 2015 in the matter, it is proposed that subject to the opinion of Law & Judiciary department of Government of Maharashtra, necessary fee notification will have to be issued in the matter (including for the service tax deposited/ to be payable till notification).
Considering the above recommendations from MSRDC, the Company is confident that it will be able to fully recover additional financial burden through service tax amendments. although the same has been expensed in the books of account.
- 33 In accordance with Accounting Standard 22 " Accounting for Taxes on Income", issued by the Institute of Chartered Accountants of India, the Company has net deferred tax assets. However, in view of losses incurred by the Company during the current year under Income Tax Act 1961, deferred tax assets on timing difference, on unabsorbed depreciation and business losses have not been recognised for in the books since it is not virtually certain that they will be realised against future taxable profits. The Company is also eligible for deduction under section 80IA of the Income Tax Act, 1961, which its propose to claim in the future years.
- 34 Previous year figures have been regrouped/reclassified wherever necessary, to confirm this year's classification.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No.: 324982E



Arpit K. Patel
Partner
Membership No. 34032

Date: April 23,2016
Place: Ahmedabad

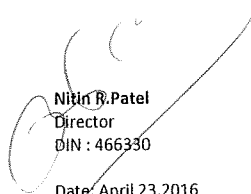
For Manubhai & Shah LLP
Chartered Accountants
Firm Registration No.: 106041W



K. C. Patel
Partner
Membership No.30083


Date: April 23,2016
Place: Ahmedabad

For & on behalf of Board of Directors Maharashtra
Border Check Post Network Limited



Nitin B. Patel
Director
DIN : 466330

Date: April 23,2016
Place: Ahmedabad



Arun Patel
Director
DIN : 6365699

