

MSK PROJECTS (KIM MANDVI CORRIDOR) PVT LTD

707-708, STERLING CENTER, R.C. DUTT ROAD, VADODARA – 390 005

PHONE NO. 0265-2359893 – 2344756 FAX NO. 0265-2341642

DIRECTORS' REPORT

To,
The Members,
MSK Projects (Kim Mandvi Corridor) Private Limited

Your Directors have pleasure in presenting the Annual Report and audited statement of accounts for the financial year ended 31st March, 2013.

FINANCIAL RESULTS

During the year under review, the total revenue of the Company was Rs.3,48,89,852/- and the Company incurred net loss of Rs.58,27,644/-.

DIVIDEND

Your Directors do not recommend any dividend for the year ended 31st March, 2013.

PUBLIC DEPOSITS

The Company has not accepted any Public Deposit under provisions of Section 58A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 and Reserve Bank of India Rules, if any.

DIRECTORS

None of the directors are liable to retire by rotation as per the provision of Articles of Association

AUDITORS

M/s. Raju Shah Patel & Kotadia Associates, Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS' REPORT

The notes on account referred to in the Auditors' Report are self-explanatory and therefore, do not call for any further comments.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Since the Company is a not a manufacturing unit the above particulars are not applicable.

PARTICULARS OF EMPLOYEES

No employee of the Company comes under the purview of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1988.

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DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that they had:

- a. followed in the preparation of annual accounts, the applicable accounting standards and given proper explanation relating to material departures, if any;
- b. selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year;
- c. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act so as to safeguard the assets of the company and to prevent and detect fraud and other irregularities; and
- d. prepared the accounts on a going concern basis.

For and on behalf of the Board

Mumbai
Date: 18th May, 2013

Sd/-
B.L. Biyani
Director

Sd/-
Sandeep Garg
Director



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

MSK PROJECTS (KIM MANDAVI CORRIDOR) PRIVATE LIMITED.

Report on the Financial Statements

We have audited the accompanying financial statements of MSK PROJECTS (KIM MANDAVI CORRIDOR) PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

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





RAJU SHAH PATEL & KOTADIA ASSOCIATES
Chartered Accountants

B- 405 Premium House, Opp Gandhigram Rly. Stn. Ashram Road, Ahmedabad - 380 009
☎ 079 2658 0412, 2658 43 98 E-mail : shahmars@hotmail.com www.rspkasso.com

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the **LOSS** for the year ended on that date; **AND**
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act; the said accounts read together with the notes there on and *more particularly Note No. A-2,F(1) of significant accounting policies for amortization of Build, Operate & Transfer (BOT) Projects expenses the loss for the year is over stated by Rs. 17,80,395/- (including Rs. 6,15,588/-for the current year).*
 - e. as per information and explanations given to us, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of Section 274(1)(g) of the Act.

For Raju Shah Patel & Kotadia Associates
Firm Reg. No.120242W
Chartered Accountants

Place: AHMEDABAD
Date : 17-05-2013

Harish S. Patel
Partner

M.No.008497

Branch Office :23AB, Borivali Shiv Sagar CHS,Ramabaug Lane, Opp. Mulji Nagar,S.V. Road,
Borivali (west)Mumbai -400 092 Phone :022 2865 0823 E-mail : sharpan@imnl.net.in



ANNEXURE TO THE AUDITOR'S REPORT TO THE MEMBERS OF MSK PROJECTS
(KIM MANDVI CORRIDOR) PRIVATE LIMITED, VADODARA.

(REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE)

- 1(a) The company has acquired fixed assets during the year under review and has maintained proper record showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us the fixed assets have been physically verified by the management at the yearend which in our opinion, having regard to the size of the company and nature of its assets. No discrepancy has been noticed on such physical verification.
- (c) No disposal of any part of fixed assets of the Company has taken place during the year which affects the going concern concept.
2. In view of the company's nature of business the inventory is NIL hence reporting requirement under clause 4(ii) is not applicable to the company.
- 3(a) According to the information and explanations given to us the company has not granted loans Secured and / or Unsecured to any party covered under the register maintained under section 301 of the company's act 1956. Consequently reporting requirements of clause (iiia) to (iiid) of paragraph 4 of the order are not applicable.
- (b) The company has taken loans from **Welspun Projects Limited** (Holding Company) covered under the register maintained under section 301 of the companies act 1956 the maximum amount involved during the year was Rs. 2,09,02,960/-and the year end balance of loan taken from such party was Rs.1,23,36,212/-. The aforesaid loan is interest free and other terms are not prima facie prejudicial to the interest of the company.
- (c) The company is regular in repaying the principal amount where ever stipulated and has been regular in the payment of interest wherever stipulated.
4. In our opinion and according to the information and explanation given to us, there is adequate internal control procedure commensurate with the size of the Company and nature of its business for the financial activities and purchase of assets. During the course of our audit, no major weaknesses in internal control have come to our notice.
- 5(a) In our opinion and according to information and explanation given to us, the transaction made in pursuance of the contracts or arrangements that needed to be entered in the register maintained u/s 301 of the Companies Act 1956 have been so entered.





RAJU SHAH PATEL & KOTADIA ASSOCIATES
Chartered Accountants

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- (b) In our opinion and according to the information and explanation given to us, the transaction made in pursuance of Contract or arrangement entered in the register maintained u/s 301 of the Companies Act 1956 and exceeding value of Rupees Five Lacs in respect of any parties during the year have been made at prices which are reasonable having regards to prevailing market price at the relevant time where ever direct comparison is available.
6. During the year the company has not accepted deposits from the Public within the meaning of section 58A, 58AA and other relevant provisions of the Companies Act,1956 & the rules framed there under.
7. The Company does not have an Internal Audit System.
8. As informed to us The Central Government has not prescribed the maintenance of Cost records Under Section 209 (1) (d) of the Companies Act 1956. In respect of the activity carried out by the Company.
9. (a) According to the records of the Company, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax Wealth Tax, Custom Duty, Excise Duty, cess and other Statutory dues with the appropriate authorities. Further since the Central Government has till date not prescribed the amount of cess payable under Section 441 of the companies act 1956 we are note in a position to comment upon the irregularity or otherwise of the company in depositing the same.
- (b) According to information and explanation given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, custom duty and excise duty were in arrears as at 31.03.2013. Regarding the TDS liability company was in default but the same has been paid after the balance sheet date with interest.
- (c) According to the Information and explanation given to us there are no dues of Sales Tax, Service tax Income Tax, Custom Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute.
10. The company has no accumulated losses and has not incurred Cash losses in the current financial year and in the immediately preceding financial year.
11. Based on our audit procedures and information and explanations given by the management we are of the opinion that The Company has not defaulted in repayment of dues to any financial institution or Banks.

Branch Office : 23AB, Borivali Shiv Sagar CHS, Rambaug Lane, Opp. Mulji Nagar, S.V. Road, Borivali (west) Mumbai -400 092 **Phone :** 022 2865 0823 **E-mail :** sharpan@mtnl.net.in





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12. In our opinion and according to information and explanations given to us no loans and advances have been granted by the company on the basis of security by way of pledge of shares , debentures or other securities.
13. In our opinion the company is not a chit fund or a nidhi/mutual benefit fund / society. Therefore, the reporting requirement under clause 4(Xiii) of the Companies Auditors Report Order 2003 is not applicable to the company.
14. According to the information and explanations given to us , the company is not a dealer or trader in securities , debentures or other investments and hence, reporting requirement of 4(xiv) are not applicable to the company.
15. In our opinion and according to information and explanation given to us the company has not given guarantee for loan taken by other from Bank / financial institutions.
16. In our opinion and according the information and explanation given to us, no new term loan has been disbursed during the year hence question of reporting as to the use there of does not arise.
17. According to the Cash Flow Statement and other records examined by us and on the basis of information and explanation given to us, on over all basis fund raised on Short Term basis have prima facie not being used during the year for Long Term Investment and Vice Versa.
- 18 According to information and explanation given to us, the company has not made any Preferential Allotment of shares to parties and companies covered in register maintained u/s 301 of the companies act, during the year.
- 19 Since the Company does not have any debenture the question of creation of securities for debenture does not arise.
- 20 As the Company has not raised money by Public Issue, this clause is not applicable.
- 21 To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year.

For, RAJU SHAH PATEL & KOTADIA ASSOCIATES

Firm Reg. No.120242W

Chartered Accountants

Place: Ahmedabad

Date : 17-05-2013



Harish S. Patel

Harish S. Patel

Partner, M.No.008497

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MSK Projects (Kim Mandvi Corridor) Private Ltd
Balance Sheet as at Mar 31, 2013

Particulars	Notes	March 31, 2013	March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	1	67,300,000	67,300,000
(b) Reserves and Surplus	2	35,473,760	41,301,405
Non-Current Liabilities			
(a) Long Term Borrowing	3	87,212,118	98,668,293
(b) Deferred tax Liabilities (net)	4	38,723	38,723
Current Liabilities			
(a) Short Term Borrowing	5	2,336,213	10,880,566
(b) Trade Payables	6	305,040,281	302,479,031
(c) Other Current Liabilities	7	13,247,239	6,825,517
(d) Provision	8	2,475,000	2,475,000
TOTAL EQUITY AND LIABILITIES		513,123,334	529,968,534
ASSETS			
Non Current Assets			
(a) Fixed Assets			
i. Tangible Assets	9	3,905,433	3,390,597
ii. Build Operate & Transfer Project Expenditure	9	503,492,908	518,891,099
(b) Long Term Loans and Advances	10	76,404	807,046
(c) Other Non Current Assets	11	377,906	534,286
Current Assets			
(a) Cash and Cash Equivalents	12	2,366,478	6,268,925
(b) Short Term Loans and Advances	13	2,904,205	76,581
TOTAL ASSETS		513,123,334	529,968,534

Significant Accounting Policies & Other Notes

A to F

The accompanying notes are an integral part of the financial statements

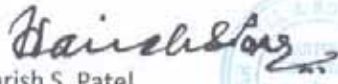
As per our report of even date

For Raju Shah Patel & Kotadia Associates

For and on behalf of the Board of Directors

Chartered Accountants

Firm Registration No.: 120242W


Harish S. Patel

Partner

Membership No.: 008497

Date : 17-05-2013

Place: Ahmedabad


Director


Director

MSK Projects (Kim Mandvi Corridor) Private Ltd
Profit and Loss statement for the period ended Mar 31, 2013

	Particulars	Notes	March 31, 2013	March 31, 2012
I.	Revenue from Operations	14	34,839,941	44,135,814
II.	Other Income	15	49,911	63,747
III.	Total Revenue (I +II)		34,889,852	44,199,561
IV.	<u>Expenses:</u>			
	Employee Benefit Expense	16	5,096,610	4,117,438
	Financial Costs	17	14,757,719	13,321,427
	Depreciation and Amortization Expense	18	16,088,955	10,612,356
	Other Expenses	17	4,774,212	3,917,868
	Total Expenses		40,717,496	31,969,089
V.	Profit before tax (III - IV)		(5,827,644)	12,230,472
VI.	Tax expense:			
	(1) Current tax		-	2,475,000
	(2) Excess provision of earlier year		-	(750)
	(3) Deferred tax		-	37,527
VII.	Profit/(Loss) for the period (V-VI)		(5,827,644)	9,718,695
VIII.	Earning per equity share:			
	(1) Basic		(0.87)	1.44
	(2) Diluted		(0.87)	1.44

Significant Accounting Policies & Other Notes

A to F

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Raju Shah Patel & Kotadia Associates

For and on behalf of the Board of Directors

Chartered Accountants

Firm Registration No.: 120242W

Harish S. Patel
Harish S. Patel

Partner

Membership No.: 008497

Date : 17-05-2013

Place: Ahmedabad



[Signature]
Director

[Signature]
Director

MSK Projects (Kim Mandvi Corridor) Private Limited
Cash Flow Statement for the period ended Mar 31, 2013

	March 31, 2013	March 31, 2012
A. Cash Flow from Operating Activities		
Net Profit before taxation	(5,827,644)	12,230,472
<u>Add adjustment for non cash items:</u>		
Depreciation and amortisation	15,932,575	10,455,976
Financial Expenses including Interest	14,757,719	13,321,427
Preliminary expenses written off	156,380	156,380
Operating Profit before Working Capital changes	25,019,030	36,164,255
<u>Working Capital Adjustments for :</u>		
Increase/ (decrease) in other current liabilities	6,421,722	(802,266)
Decrease / (increase) in long-term loans and advances	730,642	(503,046)
Decrease / (increase) in short-term loans and advances	(352,624)	18,090
Increase/ (decrease) in Trade Payables	2,561,250	(4,717,144)
Cash generated from / (used in) operations	9,360,990	(6,004,366)
CASH GENERATED FROM OPERATIONS	34,380,020	30,159,891
Income tax Paid	(2,475,000)	-
Net Cash inflow from/ (outflow) from Operating activities	31,905,020	30,159,891
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(1,049,220)	(16,630,946)
Net Cash inflow from/ (outflow) from Investing activities	(1,049,220)	(16,630,946)
C. Cash Flow from Financing Activities		
Repayment of borrowings (incl. inter company)	(20,000,528)	(6,349,935)
Financial Expenses including Interest	(14,757,719)	(13,321,427)
Net Cash inflow from/ (outflow) from Financing activities	(34,758,247)	(19,671,362)
Net increase / (decrease) in cash and cash equivalents	(3,902,447)	(6,142,417)
Opening Cash and Cash Equivalents	6,268,925	12,411,342
Closing Cash and Cash Equivalents	2,366,478	6,268,925
Closing Cash and Cash Equivalents		
Cash in hand	451,283	441,343
Balance with banks	1,915,195	5,827,582
	2,366,478	6,268,925

Note: The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

As per our report of even date

For Raju Shah Patel & Kotadia Associates

Chartered Accountants

Firm Registration No.: 120242W

Harish S. Patel
Partner

Membership No.: 008497

Date : 17-05-2013

Place: Ahmedabad

For and on behalf of the Board of Directors


Director


Director

MSK Projects (Kim Mandvi Corridor) Private Ltd

8 NOTES TO ACCOUNTS

1 Share Capital

	March 31, 2013	March 31, 2012
	Amount	Amount
Authorised: 10,000,000 (Previous year 67,30,000) equity Shares Of Rs.10/- Each	100,000,000	100,000,000
Issued, subscribed and fully paid up: 67,30,000 (Previous Year 67,30,000) equity Shares of Rs. 10/- Each Fully Paid up	67,300,000	67,300,000
Total Issued, subscribed and fully paid up Share Capital	67,300,000	67,300,000

a Reconciliation of shares outstanding at the beginning and at the end of the period

	March 31, 2013		March 31, 2012	
	No.	Amount	No.	Amount
At the beginning of the period	6,730,000	67,300,000	6,730,000	67,300,000
Issued during the period	-	-	-	-
Outstanding at the end of the period	6,730,000	67,300,000	6,730,000	67,300,000

b Shares held by holding/ultimate holding company and/or their subsidiaries/associates

	March 31, 2013	March 31, 2012
	Amount	Amount
Welspun Project Limited 67,30,000 (Previous Year 67,30,000) equity Shares of Rs. 10/- Each Fully Paid up	67,300,000	67,300,000

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

	March 31, 2013		March 31, 2012	
	No.	% Holding	No.	% Holding
Welspun Project Limited	6,730,000	100%	6,730,000	100%

2 Reserves and Surplus

	March 31, 2013	March 31, 2012
	Amount	Amount
Capital Reserves		
Subsidy received from Gujarat State Road Development Corporation against the Build, Operate and Transfer Project of Kim Mandvi Projects	31,650,000	31,650,000
Profit and Loss account		
Balance As per Last financial statements	9,651,405	(67,291)
Add: Net surplus in the statement of profit and loss	(5,827,644)	9,718,695
Total Reserves and Surplus	35,473,760	41,301,405



MSK Projects (Kim Mandvi Corridor) Private Ltd

3 Long Term Borrowing

	Non Current		Current	
	March 31, 2013 Amount	March 31, 2012 Amount	March 31, 2013 Amount	March 31, 2012 Amount
<i>Secured</i>				
Term Loan from State bank of India	77,212,118	88,668,293	13,200,000	6,510,682
	77,212,118	88,668,293	13,200,000	6,510,682
The above amount includes				
Secure borrowing	77,212,118	88,668,293	13,200,000	6,510,682
Amount disclosed under the head "other current liabilities (note no 7)			(13,200,000)	(6,510,682)
<i>Unsecured</i>				
Welspun PROJECTS (INDIA) LTD. ADVANCE	10,000,000	10,000,000		
Total Long Term Borrowing	87,212,118	98,668,293	-	-

Security Details

- i First Charge over on the assignment of project rights/movable / Im-movable property/intangible assets / uncalled capital of the borrower/ for the respective projects and on assignment of all the receivable / revenue of the projects.
- ii First charge on Company's bank accounts from the Kim Mandvi projects including the Trust and Retention account / Escrow Account and Debt Service Reserve Account /Maintenance Reserve Account or such other account to be opened as directed by the bank.
- iii First Charge / Assignment Security interest on the Company's right under the concession Agreement, Project documents, Contracts and All licences permits, approvals, Consents, and insurance policies in respect of the Kim Mandvi Projects)
- iv Assignment of contractors guarantee, liquidated damages letter of credit, guarantee or performance bond and insurance policies pertaining to the Kim Mandvi Projects noting the interest of the lenders.
- v First charge on all the intangible assets of the Company including but not limited to the Goodwill of the Company pertaining and specific to the Kim Mandvi Projects.

4 Deferred Tax Liabilities (Assets)

	March 31, 2013 Amount	March 31, 2012 Amount
Depreciation	99,452	99,452
Accumulated losses	(95,112)	(95,112)
Bonus Payable	34,383	34,383
Total Deferred Tax (net)	38,723	38,723

5 Short term Borrowing

	March 31, 2013 Amount	March 31, 2012 Amount
<i>Unsecured</i>		
Welspun PROJECTS (INDIA) LTD. ADVANCE	2,336,213	10,880,566
Total Short Term Borrowing	2,336,213	10,880,566

6 Trade Payable

	March 31, 2013 Amount	March 31, 2012 Amount
Trade Payables:		
Dues to holding company	300,285,430	300,284,950
Others	4,754,851	2,194,081
	305,040,281	302,479,031



MSK Projects (Kim Mandvi Corridor) Private Ltd

7 Other Current Liabilities

	March 31, 2013 Amount	March 31, 2012 Amount
Other Current Liabilities		
-Current maturity of long term borrowing (note 3)	13,200,000	6,510,682
-TDS Payable/Other Statutory Dues	47,239	314,835
Total Other Current Liabilities	13,247,239	6,825,517

8 Provisions

	March 31, 2013 Amount	March 31, 2012 Amount
Provision for Taxation	2,475,000	2,475,000
	2,475,000	2,475,000

10 Long Term Loans and Advances

	March 31, 2013 Amount	March 31, 2012 Amount
Security deposits		
Unsecured, considered good	24,904	21,500
Advances for Capital Purchases	51,500	785,546
Total Long Term Loans and Advances	76,404	807,046

11 Other Non Current Assets

	March 31, 2013 Amount	March 31, 2012 Amount
Unamortised expenditure		
Balance As per Last financial statements	534,286	690,666
Less Written off During the year	156,380	156,380
Total Other Non Current Assets	377,906	534,286

12 Cash and Cash Equivalents

	March 31, 2013 Amount	March 31, 2012 Amount
Balances with banks:		
- On current accounts	1,915,195	5,827,582
Cash on hand	451,283	441,343
Total Cash and Cash Equivalents	2,366,478	6,268,925

13 Short Term Loans and Advances

	March 31, 2013 Amount	March 31, 2012 Amount
Advance recoverable in cash or kind		
Unsecured, considered good	57,785	43,477
(A)	57,785	43,477
Other Loans and advances		
Unsecured, considered good	198,683	33,104
Advance Income Tax	2,647,737	
(B)	2,846,420	33,104
Total Short Term Loans and Advances (A+B)	2,904,205	76,581



MSK Projects (Kim Mandvi Corridor) Private Ltd

14 Revenue		March 31, 2013	March 31, 2012
		Amount	Amount
Toll Collection			
- Karanj Toll		11,026,393	13,746,284
- Tarkeshwar Toll		23,813,548	30,389,530
Total Revenue		34,839,941	44,135,814
15 Other Income		March 31, 2013	March 31, 2012
		Amount	Amount
Dividend Income		46,711	-
Miscellaneous Income		3,200	-
		49,911	-
16 Employee benefit expense		March 31, 2013	March 31, 2012
		Amount	Amount
House Rent		31,600	63,200
Mess Expense		-	167,593
Medical Expense		19,002	16,102
Salary and Wages		4,677,956	3,320,166
Bonus		233,002	227,154
Staff Welfare Expense		155,050	323,223
Total Employee benefit expenses		5,096,610	4,117,438
17 Financial costs		March 31, 2013	March 31, 2012
		Amount	Amount
Bank Charge		608,931	38,411
Interest on Term Loan		12,253,788	13,271,736
Processing fees		1,895,000	-
Other Interest		-	11,280
Total Financial Cost		14,757,719	13,321,427
18 Depreciation & Amortisation Expense		March 31, 2013	March 31, 2012
		Amount	Amount
Depreciation		491,446	621,653
Amortisation Expense		15,441,129	9,834,323
Preliminary Expense Written Off		156,380	156,380
Total Depreciation & Amortisation Expense		16,088,955	10,612,356
19 Other Expenses		March 31, 2013	March 31, 2012
		Amount	Amount
Computer Expense		41,934	32,764
Conveyance Expense		46,874	70,905
Consultancy Charge		553,013	27,536
Electricity Expenses		260,062	-
General Expense		769,956	182,548
Post & Telegram Expense		1,936	9,037
Printing & Stationary Expense		160,162	311,378
Telephone Expense		32,244	24,169
ROC Expense		510	9,050
Insurance		220,577	93,671
Concession Fees		-	1
Security Charges		54,700	10,000
Lease Fees		-	1
Travelling exp		176,161	53,733
Advertisement Expenses		39,539	-
Share Issue expense		-	327,000
Audit fees		100,000	100,000
Repairs & Maintenance		2,316,544	2,666,095
Total Other Expenses		4,774,212	3,917,868



MSK PROJECTS (KIM MANDVI CORRIDOR) PVT LTD

Note No. 9

SR	FIXED - ASSETS		GROSS BLOCK				DEPRECIATION			NET BLOCK	
	AS ON 4/1/2012	AS ON 3/31/2013	ADDITION	DEDUCTION	AS ON 4/1/2012	ADDITION	DEDUCTION	AS ON 3/31/2013	AS ON 30/12/2013	AS ON 3/31/2013	AS ON 3/31/2012
TANGIBLE ASSETS:											
1	Land	1,612,755	-	-	-	-	-	-	-	1,612,755	1,612,755
2	Computers	1,294,594	-	-	720,435	226,063	-	950,093	344,501	574,189	574,189
3	Office Equipments	1,311,351	245,913	-	240,802	175,027	-	415,829	1,141,135	1,070,549	1,070,549
4	Furniture & Fixtures	49,400	-	-	7,965	7,500	-	15,465	33,935	41,435	41,435
5	Vehicles	96,572.00	265,351	-	4,863.00	41,957	-	46,840	335,123	91,689	91,689
6	Plant and Machinery	-	475,279	-	-	37,294	-	37,294	437,985	-	-
7	Capital Work in Progress	-	-	-	-	-	-	-	-	-	-
TOTAL - (i)		4,364,672	1,006,263	-	974,075	491,445	-	1,465,521	3,905,434	3,390,597	3,390,597
BUILD, OPERATE & TRANSFER PROJECT EXPENDITURE:											
1	Project Road - Build Operate and Transfer-Project Expense *	539,427,981	42,937	-	20,536,882	15,441,129	-	35,978,011	503,492,907	518,891,099	518,891,099
TOTAL - (ii)		539,427,981	42,937	-	20,536,882	15,441,129	-	35,978,011	503,492,907	518,891,099	518,891,099
Previous Year		527,151,707	16,594,985	64,039,000	11,054,861.00	10,455,976	-	21,510,957	507,398,341	522,281,696	522,281,696

* Project Road pertains to the costs incurred by the company for the construction of highway on a road owned by the Government of India under concession agreements entered into between the company and the Gujarat State Road Development Corporation (GSRDC). These agreements encompass the construction, operation and maintenance of the highway on a Build, Operate, Transfer basis. The construction was completed in August 2010. The concession for the company is valid till February, 2026.



A). **SIGNIFICANT ACCOUNTING POLICIES:**

A-1. **REVENUE RECOGNITION:**

- a. The accounts have been prepared under historical cost convention adopting the accrual basis.
- b. All revenues and expenses are accounted on accrual basis.

Income from Toll Contracts

Toll revenue from operation are accounted on accrual basis.

Interest Income

Interest income is recognized proportion basis taking into account the amount outstanding and the applicable interest rate on accrual basis.

A-2. **EXPENDITURE IN RESPECT OF BUILD, OPERATE & TRANSFER (B.O.T.) PROJECTS:**

One time significant expenditure incurred on Build, Operate & Transfer Project (BOT Project) which does not present Company's own assets is classified as BOT Project Expenditure and is amortized over the concession period as per Agreement with Gujarat State Road Development Corporation Limited

B). **FIXED ASSETS:**

- Fixed assets are stated at cost of acquisition as reduced by accumulated depreciation and impairment losses if any

All direct expenditure attributable to fixed assets are capitalized.

C). **DEPRECIATION & AMORTISATION:**

Depreciation on assets is provided on written down value basis as per the rates and method prescribed under Schedule – XIV to the Companies Act 1956.

Amortization of Road – BOT Project Expenditure is amortized / written off over the concession period on the basis of estimated revenue from the project toll road over the entire concession period.

D). **BORROWING COST:**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs are expensed in the period they occur.

E). **PROVISION FOR CURRENT & DEFERRED TAX:**



Provision for the current tax is made based on taxable income for the current accounting year and in accordance with the provisions of the Income Tax Act' 1961.

Deferred tax resulting from "timing difference" between book and taxable profit for the year is accounted for using the tax rates and laws that have enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward on the unabsorbed depreciation or carry forward losses only to the extent that there is virtual certainty that the assets will be adjusted in future.

The Company is eligible for 100% tax holiday under section 80-IA of the Income Tax Act, 1961. As a result, timing differences arising and reversing during the tax holiday period are not recognized by the Company.

F). **OTHER NOTES:**

1). **Build, Operate & Transfer (BOT) Projects:**

The Company obtained Build, Operate & Transfer (BOT) Contract from Gujarat State Road Development Corporation for Construction of Strengthening, Widening and maintenance of Kim Mandvi Projects. In terms of the Contract the Company has been entitled to collect the toll during the concession period of 20 years, including period of the construction i.e. up to February 2026.

The Company has completed the construction of the project in the earlier year. Having regards to the accounting policies followed by the Company the entire expenditure incurred is treated as BOT Projects expenditure and proportionate amount Rs, 1,54,41,129/- (Previous year Rs. 98,34,323) has been written off / amortized during the year after considering the Subsidy amount received / receivable from the Gujarat State Road Development Corporation.

Hitherto up to 31st March 2012 expenditure incurred on Build, Operate & Transfer projects, by the Company, was amortized / written off after reducing the "Cash Subsidy" received from Gujarat state Road Development Corporation from the total BOT cost on the basis of projected toll revenue over the period of concession. Based on the expert opinion received by the Company the Company has changed the policy and the said BOT Expenditure is amortized / written off without deducting the Cash Subsidy received from Gujarat State Road Development corporation retrospectively,

Had there been no change in the method of amortization, the amount of amortization would have been lower by Rs. 17,80,395/- (including Rs. 6,15,588/-for the current year). Consequently Profit and reserves and surplus would have been higher to that extent.

2). The Company is engaged in the business of construction, operation and maintenance of Road under Build, Operate and Transfer Scheme, which as per



accounting standard AS-17 is considered as the only reportable business segment. The Company is operating in a single geographical segment i.e. India.

- 3). In the opinion of the Directors, Current Assets, Loans and Advances have value at which they are stated in the Balance Sheet, if realized in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
- 4). There are no dues to Micro, Small and Medium Enterprises as defined under "The Micro, Small and Medium Enterprises Development Act, 2006" as at 31st March 2013. This information has been determined to the extent such parties have been identified on the basis of the information available with the Company.
- 5). Transaction with related parties during the year ended 31st March 2013.
 - Holding Company:
Welspun Projects Limited
 - Fellow Subsidiary Company:
Msk Projects (Himmatnagar Bypass) Pvt Ltd
 - Key Management Person:
Sandeep Garg
Banwari Lal Biyani

Sr	Particulars	Holding Company		Fellow Subsidiary Company	
		31-3-13	31-3-12	31-3-13	31-3-12
1.	Construction Expenses	-	15,217,648	-	-
2.	Loan received	1,16,49,653	8,566,246	-	-
3.	Repayment of loan received	2,01,94,006	8,038,211	-	-
4.	Recoverable expenses	-	-	44,95,088	
5.	Recoverable expenses paid			21,26,438	
6.	Payable at the end of the year	31,26,21,642	321,165,516	23,68,650	-
7.	Receivable at the end of the year	-	-	-	-

6). Earning Per Share:

Particulars	2012-13	2011-12
Net Profit after Tax available for Equity share holders	(58,27,644)	97,18,695



Weighted average number of equity shares of Rs.10/- each out standing during the year	6,730,000	6,730,000
Basic & diluted Earning Per Share (Rs.)	(0.87)	1.44

As per our report of even date

For Raju Shah Patel & Kotadia Associates
Chartered Accountants
Firm Registration No.: 120242W

For and on behalf of the Board of Directors
MSK PROJECTS (KIM MANDVI CORRIDOR) P LTD

Harish S. Patel

Harish S. Patel

Partner

Membership No.: 008497



[Signature]
Director

[Signature]
Director

Date :

Place: Ahmedabad