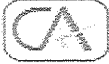


MSK PROJECTS (KIM MANDVI CORRIDOR) (P) LTD

BALANCE SHEET

AS AT

31ST MARCH 2014



AUDITORS' REPORT

To
The Members
MSK PROJECTS (KIM MANDVI CORRIDOR) (P) LIMITED

We have audited the attached Balance-sheet of MSK PROJECTS (KIM MANDVI CORRIDOR) (P) LIMITED, as at 31 March 2014, for the year ended on that date.

These financial statements are the responsibility of the Company's Management; our responsibility is to express an opinion on these financial statements based on our audit.

We conduct our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan & perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation; we believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of section 227- (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in the above paragraph, 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 accounts as required by law have been kept by the company as far as appears from our examination of such books.
 - c. The Balance Sheet dealt with by this report is in agreement with the books of account of the Company.
 - d. On the basis of written representations received from the Directors and taken on record by the board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



RAJU SHAH PATEL & KOTADIA ASSOCIATES
Chartered Accountants

B- 405 Premium House, Opp Gandhigram Rly. Stn. Ashram Road, Ahmedabad - 380 009

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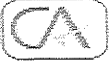
- e. In our opinion, the Balance-sheet dealt with by this report complies with the Accounting Standards as referred to in Sub Section (3C) of Section 211 of the Companies Act.1956.
- f. In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with the notes there on and give the information required by the Companies Act 1956 , in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- i) In the case of the Balance Sheet of the state of affairs, of the Company as at 31st March, 2014
- ii) In the case of the statement of the Profit & Loss of the **LOSS** of the company for the year ended on that date and,
- iii) In the case of the Cash flow statement, of the cash flow for the year ended on that date.

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

Place: AHMEDABAD
Date : 20.05.2014

Harish S. Patel
Partner
M.No.008497

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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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. 9,46,87,211/- and the yearend balance of loan taken from such party was Rs.9,46,87,211/-. 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.
- (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

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Chartered Accountants

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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.

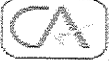
Further since the Central Government has till date not prescribed the amount of cess payable under Section 441 of the companies act 1956 we are note in a position to comment upon the irregularity or otherwise of the company in depositing the same.

(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 31.03.2014. Regarding the TDS liability company has paid the same 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 *except Service tax liability of Rs. 47.21 Lacs. on account of dispute with the department and corresponding appeal is filed with CESTAT ..*

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.

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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 : 20.05.2014

Harish S. Patel
Partner, M.No.008497

Branch Office :23AB, Borivali Shiv Sagar CHS,Ramabaug Lane, Opp. Mulji Nagar,S.V. Road,
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MSK Projects (Kim Mandvi Corridor) Private Ltd
Balance Sheet as at March 31, 2014

Particulars	Notes	March 31, 2014	March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	1	67,300,000	67,300,000
(b) Reserves and Surplus	2	(4,393,092)	35,473,761
Non-Current Liabilities			
(a) Long Term Borrowing	3	299,019,382	87,212,118
(b) Deferred tax Liabilities (net)	4	7,993,245	38,723
Current Liabilities			
(a) Short Term Borrowing	5	94,687,211	2,336,213
(b) Trade Payables	6	5,381,724	305,040,281
(c) Other Current Liabilities	7	29,389,250	13,247,239
(d) Provision	8	2,629,901	2,475,000
TOTAL EQUITY AND LIABILITIES		502,007,621	513,123,334
ASSETS			
Non Current Assets			
(a) Fixed Assets			
i. Tangible Assets	9	3,717,909	3,905,433
ii. Build Operate & Transfer Project Expenditure	9	490,211,567	503,492,908
(b) Non Current Investments			
(c) Deferred tax Assets (net)			
(b) Long Term Loans and Advances	10	76,404	76,404
(c) Other Non Current Assets	11	221,526	377,906
Current Assets			
(a) Current Investment	11		
(a) Cash and Cash Equivalents	12	4,255,655	2,366,478
(b) Short Term Loans and Advances	13	3,524,560	2,904,205
TOTAL ASSETS		502,007,621	513,123,334

Significant Accounting Policies

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR RAJU SHAH PATEL KOTADIA & ASSOCIATES

Chartered Accountants

Firm Registration No.: 120242W



Harish S. Patel

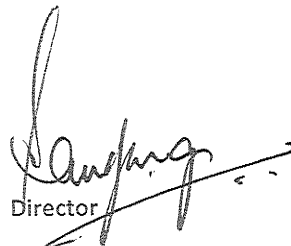
Partner

Membership No.: 008497

Date: 20-05-2014

Place: Ahmedabad

FOR & ON BEHALF OF BOARD OF DIRECTORS


Director

Date: 20-05-14



Director

MSK Projects (Kim Mandvi Corridor) Private Ltd
Profit and Loss statement for the period ended March 31, 2014

0

Particulars		Notes	March 31, 2014	March 31, 2013
I.	Revenue from Operations	14	41,927,138	34,839,941
II.	Other Income	15	39,170	49,911
III.	Total Revenue (I +II)		41,966,308	34,889,852
IV.	Expenses:			
	Employee Benefit Expense	16	4,856,845	5,096,610
	Financial Costs	17	33,272,865	14,757,719
	Depreciation and Amortization Expense	18	17,060,568	16,088,955
	Other Expenses	19	3,335,679	2,457,668
	Repairing & maintaiance Expesne	20	15,352,682	2,316,544
	Total Expenses		73,878,639	40,717,496
V.	Profit before tax (III - IV)		(31,912,330)	(5,827,644)
VI.	Tax expense:			
	(1) Current tax		-	-
	(2) Excess provision of earlier year		-	-
	(3) Deferred tax		7,954,522	-
VII.	Profit/(Loss) for the period (V-VI)		(39,866,852)	(5,827,644)
XII.	Profit/(Loss) from discontinuing operations			
XIII.	Tax expense of discounting operations			
XIV.	Profit/(Loss) from Discontinuing operations (XII - XIII)			
XV.	Profit/(Loss) for the period (XI + XIV)		(39,866,852)	(5,827,644)
XII.	Transfer to Minority Interest			
VIII.	Net Profit/(Loss) Carried to B/Sheet		(39,866,852)	(5,827,644)
VIII.	Earning per equity share:			
	(1) Basic		(5.92)	(0.87)
	(2) Diluted		(5.92)	(0.87)

Significant Accounting Policies

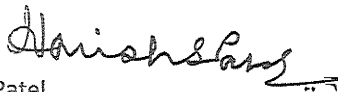
The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR RAJU SHAH PATEL KOTADIA & ASSOCIATES

Chartered Accountants

Firm Registration No.: 120242W



Harish S. Patel

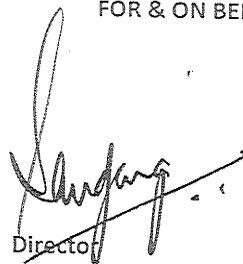
Partner

Membership No.: 008497

Date: 20-05-2014

PLACE. Ahmedabad

FOR & ON BEHALF OF BOARD OF DIRECTORS


Director


Director

SK Projects (Kim Mandvi Corridor) Private Limited
Cash Flow Statement for the period ended March 31, 2014

	March 31, 2014	March 31, 2013
A. Cash Flow from Operating Activities		
Net Profit before taxation	(31,912,330)	(5,827,644)
Add adjustment for non cash items:		
Depreciation and amortisation	16,904,188	15,932,575
Financial Expenses including Interest	33,272,865	14,757,719
Preliminary expenses written off	156,380	156,380
Operating Profit before Working Capital changes	18,421,102	25,019,030
Working Capital Adjustments for :		
Increase/ (decrease) in other current liabilities	16,142,011	6,421,722
Decrease / (increase) in long-term loans and advances	-	730,642
Decrease / (increase) in short-term loans and advances	(620,355)	(352,624)
Increase/ (decrease) in Trade Payables	(299,658,557)	2,561,250
Cash generated from /(used in) operations	(284,136,901)	9,360,990
CASH GENERATED FROM OPERATIONS	(265,715,799)	34,380,020
Income tax Paid	154,901	(2,475,000)
Net Cash inflow from/ (outflow) from Operating activities	(265,560,898)	31,905,020
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(3,435,323)	(1,049,220)
Net Cash inflow from/ (outflow) from Investing activities	(3,435,323)	(1,049,220)
C. Cash Flow from Financing Activities		
Borrowing	342,350,999	-
Repayment of borrowings (incl. inter company)	(38,192,736)	(20,000,528)
Financial Expenses including Interest	(33,272,865)	(14,757,719)
Net Cash inflow from/ (outflow) from Financing activities	270,885,398	(34,758,247)
Net increase / (decrease) in cash and cash equivalents	1,889,177	(3,902,447)
Opening Cash and Cash Equivalents	2,366,478	6,268,925
Closing Cash and Cash Equivalents	4,255,655	2,366,478
Cash in hand	462,058	451,283
Balance with banks	3,793,597	1,915,195
	4,255,655	2,366,478

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

Harish S. Patel

Partner

Membership No.: 008497

Date: 20-05-2014

Place: Ahmedabad

FOR & On behalf of Board of Directors

Raju Shah Patel
 Director

[Signature]
 Director

MSK Projects (Kim Mandvi Corridor) Private Ltd
Annexed to and forming part of financial statements for the half year ended March 31, 2014

A CORPORATE INFORMATION

Welspun Infratech Limited ('WITL' or 'the Company') was incorporated on April 26, 2007 in India and is in its fifth year of existence. The Company is primarily an infrastructure developer arm of the Welspun Group.

B SIGNIFICANT ACCOUNTING POLICIES

i Basis of Accounting

a The financial statements have been prepared under the Historical Cost Convention on going concern basis and in accordance with the accounting standards referred to in Section 211(3C) of the Companies Act 1956 ('the Act').

b The Company generally follows the mercantile system of accounting and recognizes Income and Expenditure on accrual basis except those with significant uncertainties.

ii Use of Estimates

The preparation of Financial Statements in accordance with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as of the date of financial statements and the reported amount of revenue and expenses of the year. Actual results could differ from these estimates. Any revision of such accounting estimate is recognized prospectively in current and future periods.

iii Fixed Assets

a Fixed assets are stated at original cost of acquisition net of accumulated depreciation.

b All direct expenses attributable to fixed assets are capitalized.

c Capital Work In Progress (Incidental Expenditure Pending for Allocation) is stated at the amount expended up to the date of Balance Sheet including pre-operative expenditure.

iv Depreciation

Depreciation on fixed assets is provided on Straight Line Method at the rates prescribed in Schedule XIV to the Act.

v Investments

a Investments intended to be held for more than a year, from the date of acquisition, are classified as long term and are carried at cost. Provision for diminution in value of investments is made to recognize a decline other than temporary. Current investments are stated at cost or fair value whichever is lower.

b The cost includes acquisition charges such as brokerage, fee, duties, and reduced by pre-acquisition dividends.

vi Lease

The Lease Payments under operating lease are recognized as an expense on accrual basis in accordance with the respective lease agreements.

B NOTES TO ACCOUNTS

1 Share Capital

	March 31, 2014	March 31, 2013
	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, 2014		March 31, 2013	
	No.	No.	No.	No.
Issued during the period	6,730,000	6,730,000	6,730,000	6,730,000
Outstanding at the end of the period	6,730,000	6,730,000	6,730,000	6,730,000

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

	March 31, 2014	March 31, 2013
	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

MSK Projects (Kim Mandvi Corridor) Private Ltd
Annexed to and forming part of financial statements for the half year ended March 31, 2014

c Details of shareholders holding more than 5% shares in the Company				
	March 31, 2014	January 0, 1900	March 31, 2013	March 31, 2012
	No.	No.	No.	No.
Welspun Project Limited	6,730,000	6,730,000	6,730,000	6,730,000

2 Reserves and Surplus				
		March 31, 2014	March 31, 2013	
		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		3,823,761	9,651,405	
Add: Net surplus in the statement of profit and loss		(39,866,852)	(5,827,644)	
Total Reserves and Surplus		(4,393,092)	35,473,761	

3 Long Term Borrowing				
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Amount	Amount	Amount	Amount
<u>Secured</u>				
Term Loan from State bank of India	299,019,385	77,212,118	26,700,000	13,200,000
	299,019,385	77,212,118	26,700,000	13,200,000
The above amount includes				
Secure borrowing	299,019,385	77,212,118	26,700,000	13,200,000
unSecure borrowing				
Amount disclosed under the head "other current liabilities (note no 7)			(26,700,000)	(13,200,000)
<u>Unsecured</u>				
Welspun PROJECTS (INDIA) LTD. ADVANCE		10,000,000		
Total Long Term Borrowing	299,019,382	87,212,118		

Security Details

- 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 assignement of all the receivable / revenue of the projects.
- 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.
- 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)
- 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.
- 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.
- Corporate gurantee given by Welspun Projects Limited, holding company

4 Deferred Tax Liabilities (Assets)		
	March 31, 2014	March 31, 2013
	Amount	Amount
Depreciation	42,698,173	99,452
Accumulated losses	(34,642,641)	(95,112)
Bonus Payable	(62,287)	34,383
Total Deferred Tax (net)	7,993,245	38,723

5 Short term Borrowing		
	March 31, 2014	March 31, 2013
	Amount	Amount
<u>Unsecured</u>		
Welspun PROJECTS (INDIA) LTD. ADVANCE	94,687,211	2,336,213
Total Short Term Borrowing	94,687,211	2,336,213

MSK Projects (Kim Mandvi Corridor) Private Ltd
Annexed to and forming part of financial statements for the half year ended March 31, 2014

6	Trade Payable	March 31, 2014 Amount	March 31, 2013 Amount
	Trade Payables:		
	Dues to Related Parties	2,368,650	300,285,420
	Others	3,013,074	4,754,851
		<u>5,381,724</u>	<u>305,040,281</u>
7	Other Current Liabilities	March 31, 2014 Amount	March 31, 2013 Amount
	Other Current Liabilities		
	-Current maturity of long term borrowing (note 3)	26,700,000	13,200,000
	-TDS Payable/Other Statutory Dues	151,632	47,239
	-Interest accrued & dues	2,537,618	-
	Total Other Current Liabilities	<u>29,389,250</u>	<u>13,247,239</u>
8	Provisions	March 31, 2014 Amount	March 31, 2013 Amount
	Provision for Taxation	2,629,901	2,475,000
		<u>2,629,901</u>	<u>2,475,000</u>
10	Long Term Loans and Advances	March 31, 2014 Amount	March 31, 2013 Amount
	Security deposits		
	Unsecured, considered good	24,904	24,904
	Advances for Capital Purchases	51,500	51,500
	Total Long Term Loans and Advances	<u>76,404</u>	<u>76,404</u>
11	Other Non Current Assets	March 31, 2014 Amount	March 31, 2013 Amount
	Unamortised expenditure		
	Balance As per Last financial statements	377,906	534,286
	Less Written off During the year	156,380	156,380
	Total Other Non Current Assets	<u>221,526</u>	<u>377,906</u>
12	Cash and Cash Equivalents	March 31, 2014 Amount	March 31, 2013 Amount
	Balances with banks:		
	- On current accounts	3,793,597	1,915,195
	Cash on hand	462,058	451,283
	Total Cash and Cash Equivalents	<u>4,255,655</u>	<u>2,366,478</u>
13	Short Term Loans and Advances	March 31, 2014 Amount	March 31, 2013 Amount
	Advance recoverable in cash or kind		
	Unsecured, considered good	66,433	57,785
	(A)	66,433	57,785
	Loans and advances to related parties		
	Unsecured, considered good		
	(C)		

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Sr	Fixed Assets	Gross Block				Depreciation				Net Block	
		As At 01-04-13	Addition	Deduction	As At 31-03-14	As At 01-04-13	Addition	Deduction	As At 31-03-14	As At 31-03-14	As At 31-03-13
TANGIBLE ASSETS											
1	Land	1612755	-	-	1612755	-	-	-	1612755	1612755	
2	Computer	1294594	-	-	1294594	950093	137801	-	1087894	206700	
3	Office Equipments	1556964	248378	-	1805342	415829	174023	-	589852	1215490	
4	Furniture & Fixture	49400	-	-	49400	15465	6142	-	21607	27793	
5	Vehicles	381963	36690	-	418653	46840	93686	-	140526	278127	
6	Plant & Machineries	475279	-	-	475279	37294	60941	-	98235	335123	
	TOTAL (1)	5370955	285068	-	5656023	1465521	472593	-	1938114	3717909	
IN-TANGIBLE ASSETS											
Build, Operate & Transfer Projects											
1 Kim Mandvi Projects											
		539470919	3150255	-	542621174	35978011	16431596		52409607	490211567	
	TOTAL (2)	539470919	3150255	-	542621174	35978011	16431596	-	52409607	490211567	
	TOTAL (1) + (2)	544841874	3435323	-	548277197	37443532	16904189	-	54347721	493929476	
	PREVIOUS YEAR	54392653	1049220	-	55441873	21510957	15932575		37443532	507398341	

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MSK Projects (Kim Mandvi Corridor) Private Ltd
Annexed to and forming part of financial statements for the half year ended March 31, 2014

Other Loans and advances		828,220	198,683
Unsecured, considered good		2,629,907	2,647,737
Advance Income Tax	(6)	3,458,127	2,846,420
Total Short Term Loans and Advances (A+B)		3,524,560	2,904,205
14 Revenue			
Toll Collection			
- Karanj Toll		13,359,000	11,026,393
- Tarkeshwar Toll		28,568,138	23,813,548
Total Revenue		41,927,138	34,839,941
15 Other Income			
Dividend Income		39,170	46,711
Miscellaneous Income		-	3,200
		39,170	49,911
16 Employee benefit expense			
House Rent		30,000	31,600
Mess Expense		-	-
Medical Expense		14,637	19,002
Salary and Wages		3,866,204	4,677,956
PF Employer Contribution		391,742	-
Bonus		92,611	213,002
Leave encashment		2,320	-
Staff Welfare Expense		459,331	155,050
Total Employee benefit expenses		4,856,845	5,096,610
17 Financial costs			
Bank Charge		657,375	608,931
Interest on Term Loan		32,330,058	12,253,788
Processing fees		-	1,895,000
Commission on Bank Guarantee		123,068	-
Other Interest		162,363	-
Total Financial Cost		33,272,865	14,757,719
18 Depreciation & Amortisation Expense			
Depreciation		472,592	491,446
Amortisation Expense		16,431,586	15,441,129
Preliminary Expense Written Off		156,380	156,380
Total Depreciation & Amortisation Expense		17,060,568	16,088,955

MSK Projects (Kim Mandvi Corridor) Private Ltd
Annexed to and forming part of financial statements for the half year ended March 31, 2014

19 Other Expenses

	March 31, 2014	March 31, 2013
	Amount	Amount
Computer Expense	111,979	41,934
Conveyance Expense	54,076	46,874
Consultancy Charge	233,740	553,013
Electricity Expenses	351,565	260,062
General Expense	236,763	769,956
Post & Telegramme Expense	2,661	1,936
Printing & Stationary Expense	144,401	160,162
Telephone Expense	17,719	32,244
ROC Expense	9,931	510
Vehicle Tax	1,000	-
Service Tax	18,880	-
Appeal Fees	10,500	-
Insurance	242,227	220,577
Project Supervision & Monitoring Expense	1,426,907	-
Security Charges	84,000	54,700
Travelling exp	69,015	176,161
Advertisement Expenses	5,000	39,539
Vehicle Expense	3,585	-
Land Rent	50,000	-
Machinery Hire Charge	101,800	-
Vehicle Hire Charge	5,200	-
Audit fees	144,720	100,000
Total Other Expenses	3,335,679	2,457,668

19 Rep. & Maintenance Expense

	March 31, 2014	March 31, 2013
	Amount	Amount
Bituman	12,056,109	-
Diesel & Oil	556,710	-
Metal	634,894	-
Muhuraum	25,384	-
Sand	525	-
Super Slug	7,788	-
Transporation	-	-
- Bituman Transporation	6,371	-
- Other Transporation	49,100	-
- Sand Transporation	8,000	-
Toll Maintaaince Expense	618,754	-
Electric Expense	69,694	-
Paint Work	4,706	-
Road Furniture	25,822	-
R/m Machinery	147,948	-
R/m Others	37,078	-
R/m Vehicles	153,642	-
Wages	950,157	-
Total Other Expenses	15,352,682	2,316,544

MSK PROJECTS (KIM MANDVI CORRIDOR) PRIVATE LIMITED

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:

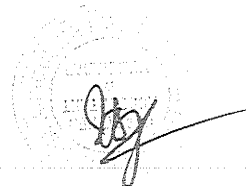
Depreciation on assets is provided on written down value basis as per the rates and method prescribed under Schedule - XIV to the Companies Act 1956.

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:



MSK PROJECTS (KIM MANDVI CORRIDOR) PRIVATE LIMITED

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, 1,64,31,596/- (Previous year Rs. 1,54,41,129/-) has been written off / amortized during the year after considering the Subsidy amount received / receivable from the Gujarat State Road Development Corporation.

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). **Contingent Liabilities:**

Service tax Demand raised by the Commissioner, Office of the Service Tax and Excise Department Vadodara for Rs. 47.21 Lacs.



MSK PROJECTS (KIM MANDVI CORRIDOR) PRIVATE LIMITED

- 6). Under the Micro, Small and Medium Enterprise Development Act, 2006 ("MSMED Act") which came into force effective from 2nd October, 2006, certain disclosures relating to amounts due to micro, small and medium enterprises and remained unpaid after the appointed date etc. of principal and interest amounts are required to be made. The Company is in the process of compiling the relevant information. As the relevant information is not yet readily available and / or not given or confirmed by such enterprises, it is not possible to give required information in the accounts. However, in view of the management, the impact of interest, if any, which may subsequently become payable to such enterprise in accordance with the provisions of the Act, would not be material and the same, if any, would be disclosed in the year of payment of interest.

In the absence of the necessary information with the Company relating to the registration status of the suppliers under the Micro, Small and Medium Enterprises Development Act' 2006, the information required under the said Act could not be compiled and disclosed.

- 7). There is no such provision for the Gratuity, Leave Encashment and other retirement benefits because none of the employees are eligible for the same.
- 8). 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	
		31-3-14	31-3-13	31-3-14	31-3-13
1.	Construction Expenses	31,50,255	-	-	-
2.	Loan received	9,10,42,521	1,16,49,653	11,00,000	-
3.	Repayment of loan received	86,91,523	2,01,94,006	11,00,000	-
4.	Recoverable expenses		-	-	44,95,088
5.	Recoverable expenses paid			-	21,26,438
6.	Payable at the end of the year	9,46,87,211	31,26,21,642	23,68,650	23,68,650



MSK PROJECTS (KIM MANDVI CORRIDOR) PRIVATE LIMITED

6). Earning Per Share:

Particulars	2013-14	2012-13
Net Profit after Tax available for Equity share holders	(39866852)	(5827644)
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.)	(5.92)	(0.87)

As per our report of even date

For Raju Shah Patel & Kotadia Associates

Chartered Accountants

Firm Registration No.: 120242W

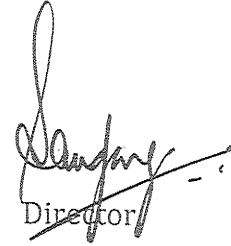


Harish S. Patel

Partner

Membership No.: 008497

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


Director
Director

Date : 20-05-2014

Place: Ahmedabad

MSK PROJETS (KIM MANDVI CORRIDOR) PRIVATE LIMITED

Sr	Trade Payable	Amount
From Related Parties		
1	MSK Projects (Himmatnagar Bypass) P Limited	2368650
		<u>2368650</u>

From Others		
1	Gujarat State Road Development Corporation	2047901
2	Jayant Auto Centre	24815
3	Mahesh Ram Niwas	9731
4	M. Sahu & Company	2000
5	Link Legal	136935
6	Raju Shah Patel & Kotadia Associates	132248
7	Sarvoday General Supplier	12460
8	Shrereji Construction Co.	65021
9	Yogen Mahadevia	28800
		<u>2459911</u>

Other Payable		
10	Bonus Payable	201557
11	Provision for Expense	148690
12	Salary Payable	76703
13	Concession Payable	2
14	Lease Fees Payable	2
15	Audit Fees Payable	90000
16	Security Depoists Payable	36209
		<u>553163</u>

Sr	Statutories Liabilities	Amount
1	Tds on Contractors	
2	Tds on Professional	68742
3	Tds on Sub Contractors	63733
4	Service Tax Payable	19109
6	Labour Welfare Fund	48
		<u>151632</u>

Sr	Long Term Advances	Amount
Secuty Deposits		
1	Deposit Arihant Gas Agency (Gas Deposit)	1500
2	Deposit House Rent	5000
3	Deposit Jayant Auto Centre (Diesel & Oil)	15000
4	Electricity Security Deposit	3404
		<u>24904</u>
Advance fro Capital Purchase		
	Land Advances	51500
		<u>51500</u>

Sr	Cash & Bank Balances	Amount
Cash Balance		
1	Cash Karanj Imprest	126238
2	Cash Karanj Toll	28014
3	Cash Tadkeshwar - Imprest	246426
4	Cash Tadkeshwar - Toll	61380
		<u>462058</u>
1	Corp. Bank C.B.C.A. A/c No. 2343	29669
2	ICICI Bank (Lower Parel) CA No.032305002592	198288
3	S.B.I. CA A/c 30185402592 (Escrow A/c)	2969973
4	S.B.I., Indore A/c 30185396803	97692
5	SBI - KIM A/C NO. 31479445560 (Collection Ac)	497975
		<u>3793597</u>

Sr	Advance Recoverable in Cash Or in Kind	Amount
1	Pre-Paid Expense	66433
		<u>66433</u>
2	Loan to staff & Employees	3800
3	Gsrdc for Independent Consultancy Charge	500000
4	Receivcable State Bank of India	132690
5	Jay Mahakaleshwar Enterprises	184500
6	MOH SARTAZ HUSSAIN	
7	Mycar (Bhopal) Pvt. Ltd.	7230
		<u>828220</u>