

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

MSK PROJECTS (KIM MANDAVI CORRIDOR) PRIVATE LIMITED

Report on the Standalone Financial Statements

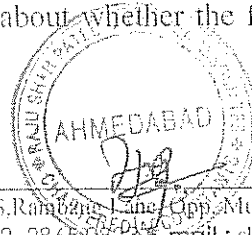
1. We have audited the accompanying standalone financial statements of **MSK PROJECTS (KIM MANDAVI CORRIDOR) PRIVATE LIMITED** ("the company"), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

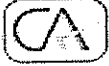
Management's Responsibility for the Financial Statements

2. The Management and 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 the 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 the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that are 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

3. Our responsibility is to express an opinion on these standalone 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 there under. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.





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

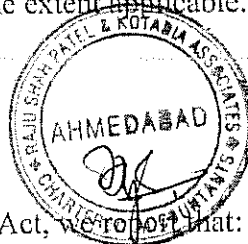
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due 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 true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us the aforesaid standalone 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, 2016;
- (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.

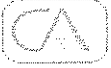
Report on other Legal and Regulatory Requirements

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



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

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



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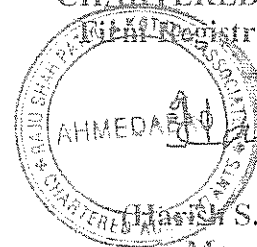
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- (c) The Balance Sheet, the 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 standalone 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 31 March, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the other matters included in the Auditor's Report and to the best of our information and according to the explanations given to us :
- (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statement (Refer Note 05 to the stand alone financial statements);
- (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, in respect of long term contracts.
- (iii) There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

FOR RAJU SHAH PATEL & KOTADIA ASSOCIATES .
CHARTERED ACCOUNTANTS

Registration No. 120242W

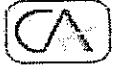
Place: AHMEDABAD .

Dated: 18/5/16



(Hansir S. Patel) PARTNER
Membership 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@mmnl.net.in

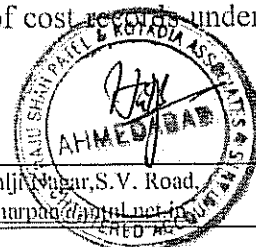


ANNEXURE TO INDEPENDENT AUDITORS' REPORT.

Referred to in paragraph 7 under the heading of "Report on other legal and regulatory requirements" Ref: **MSK PROJECTS (KIM MANDAVI CORRIDOR) PRIVATE LIMITED**

1. Fixed Assets:

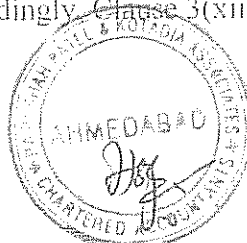
- (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. However company is in the process of updating the records.
 - (b) As explained to us, fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size and nature of the Company. Discrepancies if any noticed on such physical verification have been properly dealt in the books of accounts.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties listed in the register maintained under Section 189 of the Companies Act 2013 therefore clauses iii (a) to (c) are not applicable to the company.
 4. In our opinion and according to the information and explanations given to us, the Company has not made any investments, provided any Security and guarantee under Section 185 and 186 of the Companies Act.
 5. In our opinion and according to the information and explanations given to us the Company has not accepted any deposits from the public.
 6. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for the activity carried out by the Company.
 - 7.





Statutory Dues

- (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, Income-tax, sales tax, value added tax, duty of customs, Excise duty, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of duty of customs, income tax, service tax, value added tax, which have not been deposited with the appropriate authorities on account of any dispute.
8. In our opinion and according to the information and explanation given to us the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank and Government.
9. The Company have not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause 3 (ix) of the Order is not applicable.
10. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations give to us and based on our examination of the records of the Company, the provisions of Section 197 read with Schedule V to the Companies Act, 2013 is not applicable to the Company as no managerial remuneration is paid during the financial year under review.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, Clause 3(xii) of the Order is not applicable.





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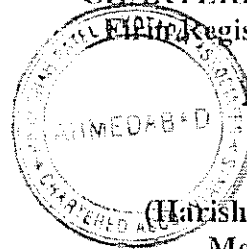
☎ 079 2658 0412, 2658 43 98 E-mail : shahmars@hotmail.com www.rspkasso.com

13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013. Details of transactions with the related parties have been disclosed in the financial statements as required by applicable Accounting Standard, and are at Arms Length Price.
14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has made preferential allotment or private placement of Unsecured compulsorily convertible debentures. It was informed that they have made the allotment of the said debentures on Right Basis hence the provisions of Section 42 of The Companies Act 2013 are not covered hence we have no comments to offer under this clause.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable.
16. As per the information and explanation given this is a company engaged in the toll project on BOT basis hence the same is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

FOR RAJU SHAH PATEL & KOTADIA ASSOCIATES .
CHARTERED ACCOUNTANTS
Registration No. 120242W

Place: AHMEDABAD .

Dated: 18/5/16



Harish S. Patel

(Harish S. Patel) PARTNER
Membership No. 008497

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



Annexure - B to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of MSK PROJECTS (KIM MANDAVI CORRIDOR) PRIVATE LIMITED ("the Company") as of 31 March 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

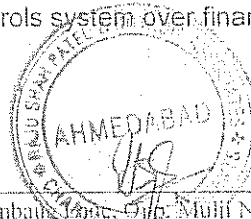
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial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

Auditors' Responsibility

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

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

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





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Chartered Accountants

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☎ 079 2658 0412, 2658 43 98 E-mail : shahmars@hotmail.com www.rspkasso.com

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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

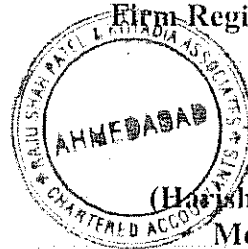
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria 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 RAJU SHAH PATEL & KOTADIA ASSOCIATES .
CHARTERED ACCOUNTANTS

Firm Registration No. 120242W

Place: AHMEDABAD .

Dated: 15/5/16



Hrish S. Patel

(Hrish S. Patel) PARTNER

Membership No. 008497

Branch Office :23AB, Borivali Shiv Sagar CHS,RamBaag Lane, Opp. Mulji Nagar,S.V. Road,
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MSK Projects (Kim Mandvi Corridor) Private Limited
Balance Sheet as at March 31, 2016

All amounts in Indian Rupees

Particulars	Notes	March 31, 2016	March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	1	6,73,00,000	6,73,00,000
(b) Reserves and Surplus	2	(3,57,49,758)	(47,47,441)
Non-Current Liabilities			
(a) Long Term Borrowing	3	44,13,92,581	43,33,66,096
(b) Deferred tax Liabilities (net)		-	-
(c) Other Long Term Liabilities	4	1,57,80,139	29,84,795
(d) Long Term Provision	5	-	6,14,579
Current Liabilities			
(a) Short Term Borrowing	6	-	8,86,110
(b) Trade Payables	7	15,04,003	24,02,357
(c) Other Current Liabilities	8	16,83,372	12,32,677
TOTAL EQUITY AND LIABILITIES		49,19,10,336	50,40,39,173
ASSETS			
Non Current Assets			
(a) Fixed Assets			
i. Tangible Assets	9	25,80,957	32,86,797
ii. Build Operate & Transfer Project Expenditure	9	45,54,70,803	47,67,31,575
(b) Deferred Tax Assets (Net)	10	2,21,96,928	2,21,96,928
(c) Long Term Loans and Advances	11	69,904	96,404
(d) Other Non Current Assets	12	-	65,146
Current Assets			
(a) Cash and Cash Equivalents	13	1,05,01,794	7,44,525
(b) Short Term Loans and Advances	14	9,79,494	9,17,798
(c) Other Current Assets	15	1,10,457	-
TOTAL ASSETS		49,19,10,336	50,40,39,173
		-	-

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



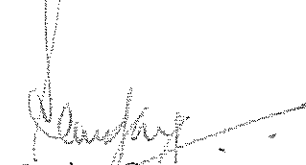
Harish S. Patel
PARTNER

Membership No.: 008497

Date : May 18, 2016

Place: Ahmedabad

FOR & ON BEHALF OF THE BOARD OF DIRECTORS



Sandeep Garg
Director

DIN : 00036419

Date : May 18, 2016

Place : Mumbai



Banwari Lal Biyani
Director

DIN : 02101444

MSK Projects (Kim Mandvi Corridor) Private Limited
Profit and Loss statement for the year ended March 31, 2016

All amounts in Indian Rupees

	Particulars	Notes	March 31, 2016	March 31, 2015
I.	Revenue from Operations	16	3,89,18,994	3,96,16,874
II.	Other Income	17	11,23,441	21,55,376
III.	Total Revenue (I + II)		4,00,42,435	4,17,72,250
IV.	<u>Expenses:</u>			
	Employee Benefit Expense	18	5,62,746	71,96,126
	Financial Costs	19	2,47,73,770	3,70,01,903
	Depreciation and Amortization Expense	20	2,19,75,612	1,85,31,390
	Other Expenses	21	2,37,32,625	94,72,704
	Total Expenses		7,10,44,753	7,22,02,123
V.	Profit before tax (III - IV)		(3,10,02,318)	(3,04,29,873)
VI.	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax		-	(3,01,90,172)
VII.	Profit/(Loss) for the period (V-VI)		(3,10,02,318)	(2,39,701)
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)		(3,10,02,318)	(2,39,701)
XII.	Transfer to Minority Interest		-	-
VIII.	Net Profit/(Loss) Carried to B/Sheet		(3,10,02,318)	(2,39,701)
VIII.	Earning per equity share (Face Value Rs 10 per share):			
	(1) Basic (in Rupees)		(4.61)	(0.04)
	(2) Diluted (in Rupees)		(4.61)	(0.04)
	Weighted average number of shares used in computing		67,30,000	67,30,000

Significant Accounting Policies

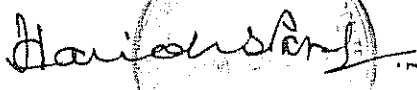

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR RAJU SHAH PATEL KOTADIA & ASSOCIATES

Chartered Accountants

Firm Registration No. 120242W

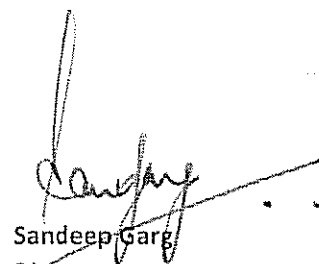
Harish S. Patel
Partner

Membership No.: 008497

Date : May 18, 2016

Place : Ahmedabad

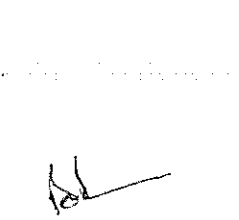
FOR & ON BEHALF OF THE BOARD OF DIRECTORS


Sandeep Garg
Director

DIN : 00036419

Date : May 18, 2016

Place : Mumbai


Banwari Lal Biyani
Director

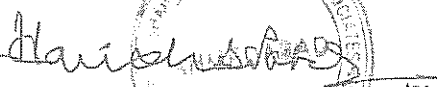
DIN : 02101444

MSK Projects (Kim Mandvi Corridor) Private Limited
Cash Flow Statement for the year ended March 31, 2016

	March 31, 2016	March 31, 2015
A. Cash Flow from Operating Activities		
Net Profit before taxation	(3,10,02,318)	(2,04,29,873)
<u>Add adjustment for Non Cash items:</u>		
Depreciation and amortisation	2,19,75,612	1,85,31,390
Financial Expenses including Interest	1,19,78,426	3,70,01,903
Provision for Gratuity & Leave Enashment	-	6,14,579
Sundry Balance written back	(3,17,211)	-
Bad Debts written off	-	-
Preliminary expenses written off	65,146	1,56,380
Operating Profit before Working Capital changes	26,99,655	2,58,74,379
<u>Working Capital Adjustments for :</u>		
Increase/ (decrease) in other current liabilities	4,50,695	(2,83,15,195)
Increase/ (decrease) in short term borrowings	(8,86,110)	-
Decrease / (increase) in long-term loans and advances	26,500	(20,000)
Decrease / (increase) in short-term loans and advances	(61,696)	(23,137)
Decrease / (increase) in other current assets	(1,10,457)	-
Increase/ (decrease) in trade payables	(8,98,354)	(28,20,745)
Cash generated from /(used in) operations	(14,79,422)	(3,11,79,077)
CASH GENERATED FROM OPERATIONS	12,20,233	(53,04,698)
Income tax Paid	-	-
Net Cash inflow from/ (outflow) from Operating activities	12,20,233	(53,04,698)
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(9,000)	(47,34,933)
Net Cash inflow from/ (outflow) from Investing activities	(9,000)	(47,34,933)
C. Cash Flow from Financing Activities		
Borrowing taken	1,01,78,400	-
Borrowing repaid	(21,51,914)	4,35,30,405
Other Long term liabilities	1,27,95,344	-
Financial Expenses including Interest	(1,19,78,426)	(3,70,01,903)
Net Cash inflow from/ (outflow) from Financing activities	85,46,036	65,28,501
Net increase / (decrease) in cash and cash equivalents	97,57,269	(35,11,130)
Opening Cash and Cash Equivalents	7,44,525	42,55,655
Closing Cash and Cash Equivalents	1,05,01,794	7,44,525
<u>Closing Cash and Cash Equivalents</u>		
Cash in hand	2,21,431	2,23,253
Balance with banks	1,02,80,363	5,21,272
	1,05,01,794	7,44,525

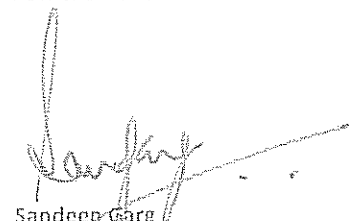
Note: The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.


As per our report of even date
FOR RAJU SHAH PATEL KOTADIA & ASSOCIATES
Chartered Accountants
Firm Registration No. P-120369W


Harish S. Patel
Partner
Membership No.: 008497 ACCOUNTANTS

Date : May 18, 2016
Place : Ahmedabad

FOR & ON BEHALF OF THE BOARD OF DIRECTORS


Sandeep Garg
Director
DIN : 00036419
Date : May 18, 2016
Place : Mumbai


Banwari Lal Biyani
Director
DIN : 02101444

MSK Projects (Kim Mandvi Corridor) Private Ltd
Annexed to and forming part of financial statements for the year ended March 31, 2016

A CORPORATE INFORMATION

MSK Projects (Kim Mandvi Corridor) Private Limited, was incorporated on November 17, 2005 in India and is in its eleventh year of existence. The Company is primarily an infrastructure developer arm of the Welspun Group.

B SIGNIFICANT ACCOUNTING POLICIES

i Basis of Accounting

a These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply.

Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013, and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in sub-section (3C) of Section 211 of the Act. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated 30 March 2016. The said notification read with Rule 3(2) of the Companies (Accounting Standards) Rules, 2006 is applicable to accounting period commencing on or after the date of notification i.e. 1 April 2016.

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 Tangible Assets are provided on Written Down Value basis at the rate derived on the basis of useful life and method prescribed under Schedule II of the Companies Act 2013.

Intangible Assets ie BOT Cost (Toll Collection Right) is amortised over the period of concession using revenue based amortisation.

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.

vii 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. All revenues are accounted on accrual basis except to the extent stated otherwise.

Toll revenue from operations is recognized on an accrual basis which coincides with the collection of toll.

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



MSK Projects (Kim Mandvi Corridor) Private Ltd
Annexed to and forming part of financial statements for the year ended March 31, 2016

8 NOTES TO ACCOUNTS

1 Share Capital

	March 31, 2016	March 31, 2015
	Amount	Amount
Authorized: 16,000,000 (Previous year 16,000,000) Equity Shares Of Rs. 10/- Each	16,00,00,000	16,00,00,000
Issued, subscribed and fully paid up: 67,30,000 (Previous Year 67,30,000) Equity Shares of Rs. 10/- Each Fully Paid up	6,73,00,000	6,73,00,000
Total issued, subscribed and fully paid up Share Capital	6,73,00,000	6,73,00,000

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

	March 31, 2016		March 31, 2015	
	No.	No.	No.	No.
Opening Balance	67,30,000	6,73,00,000	67,30,000	6,73,00,000
Issued during the period	-	-	-	-
Outstanding at the end of the period	67,30,000	6,73,00,000	67,30,000	6,73,00,000

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

	March 31, 2016	March 31, 2015
	Amount	Amount
Welspun Enterprises Limited (Formerly known as Welspun Projects Limited) 67,30,000 (Previous Year 67,30,000) equity Shares of Rs. 10/- Each Fully Paid up	6,73,00,000	6,73,00,000

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

	March 31, 2016		March 31, 2015	
	Nos of Shares	% Holding	Nos of Shares	% Holding
Welspun Enterprises Limited (Formerly known as Welspun Projects Limited)	67,30,000	100%	67,30,000	100%

2 Reserves and Surplus

	March 31, 2016	January 0, 1960
	Amount	Amount
Capital Reserves (Subsidy received from Gujarat State Road Development Corporation against the Build, Operate and Transfer Project of Kim Mandvi Projects)	3,16,50,000	3,16,50,000
<u>Profit and Loss account</u>		
Balance As per Last financial statements	(3,63,97,441)	(3,60,43,032)
Add: Net surplus in the statement of profit and loss	(3,10,02,318)	(1,14,647)
Depreciation pertaining to earlier years	(6,73,00,758)	(3,63,97,441)
Total Reserves and Surplus	(3,57,49,758)	(47,47,441)

3 Long Term Borrowing

	Non Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	Amount	Amount	Amount	Amount
<u>Secured</u>				
Term Loan from State bank of India	1,25,373	33,50,316	11,00,000	10,00,000
- India Rupee Loan	22,60,00,800	22,50,15,770	-	-
- Foreign Currency Loan	-	-	-	-
	22,62,14,181	22,83,66,096	11,00,000	10,00,000
Amount disclosed under the head "other current liabilities (note no 7)	-	-	(11,00,000)	(10,00,000)
<u>Unsecured</u>				
Convertible Debenture	21,51,70,400	20,50,00,000	-	-
2,151,784 (PY 2,050,000) 0% Compulsorily Convertible Debenture of Rs. 100/- each fully paid up.				
Each debenture shall be Converted into 1 equity Share of Rs. 10/- each at the end of the Five (5) years from the date of allotment				
	44,13,84,581	43,33,66,096	-	-



MSK Projects (Kim Mandvi Corridor) Private Ltd
Annexed to and forming part of financial statements for the year ended March 31, 2016

A 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.
- vi Corporate gurantee given by Welspun Enterprises Limited, a holding company (formerly known as Welspun Projects Limited)
Rate of Interest : 10.32% p.a. (4.94% + 5.38% premium)
Repayment Terms (Rs. in Lacs): FY16-10; FY17-11; FY18-158; FY19-172; FY20-189; FY21-308; FY22-387; FY23-473; FY24-563

4 Other Long Term Liabilities

	March 31, 2016	March 31, 2015
	Amount	Amount
Foreign Currency Premium Payable (Refer Note 3 A)	1,57,80,139	29,84,795
	1,57,80,139	29,84,795

5 Long Term Provision

	March 31, 2016	March 31, 2015
	Amount	Amount
Employees Benefits		
- Gratuity Payable	-	3,98,361
- Leave Encashment Payable	-	2,16,218
	-	6,14,579

6 Short term Borrowing

	March 31, 2016	March 31, 2015
	Amount	Amount
<u>Unsecured</u>		
Borrowing from related parties	-	8,86,110
Total Short Term Borrowing	-	8,86,110

7 Trade Payable

	March 31, 2016	March 31, 2015
	Amount	Amount
Trade Payables:		
Dues to Related Parties	-	-
Others	15,04,003	24,02,357
	15,04,003	24,02,357

8 Other Current Liabilities

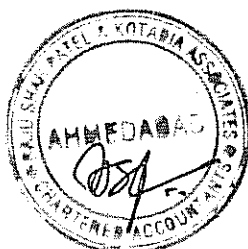
	March 31, 2016	March 31, 2015
	Amount	Amount
Current maturity of long term borrowing (Note 3)	11,00,000	10,00,000
Security Deposits payable	62,362	36,209
Payable to employees	1,83,572	1,22,413
Statutory Dues including TDS	3,37,438	74,055
Total Other Current Liabilities	16,83,372	12,32,677

10 Deferred Tax Liabilities (Assets)

	March 31, 2016	March 31, 2015
	Amount	Amount
Depreciation	(7,33,88,252)	(7,33,88,252)
Retirement Benefit	1,95,510	1,95,510
Accumulated losses	9,53,89,670	9,53,89,670
Bonus Payable	-	-
Total Deferred Tax (net)	2,21,96,928	2,21,96,928

11 Long Term Loans and Advances

	March 31, 2016	March 31, 2015
	Amount	Amount
<u>Unsecured, considered good</u>		
Security deposits	69,904	44,904
Advances for Capital Purchases	-	51,500
Total Long Term Loans and Advances	69,904	96,404



MSK Projects (KIm Mandvi Corridor) Private Ltd
Annexed to and forming part of financial statements for the year ended March 31, 2016

12 Other Non Current Assets

	March 31, 2016 Amount	March 31, 2015 Amount
Unamortised expenditure		
Balance as per last financial statements	55,146	2,21,526
Less Written off During the year	(55,146)	1,56,380
	-	65,146
Total Other Non Current Assets	-	65,146

13 Cash and Bank

	March 31, 2016 Amount	March 31, 2015 Amount
Cash And Cash Equivalents :-		
Balances with banks:-		
- In current accounts	12,44,861	5,21,372
- In deposit having original maturity less than 3months	-	-
Cash on Hand	2,21,431	2,23,253
	14,66,292	7,44,625
Other Bank Balances :-		
- Fixed deposit having original maturity 3 months to 12 months	80,60,000	-
- Earmarked Escrow account	10,35,502	-
	90,95,502	-
	1,05,01,794	7,44,625
Total Cash and Bank Balances	1,05,01,794	7,44,625

14 Short Term Loans and Advances

	March 31, 2016 Amount	March 31, 2015 Amount
Advance recoverable in cash or kind	8,47,920	7,90,635
Prepaid expenses	72,380	78,659
Loans and advances to Employees	35,511	48,498
Balance with Government authorities :-		
- Direct tax (net of provision)	23,074	6
- Indirect tax	-	-
	679,484	3,17,798
Total Short Term Loans and Advances	679,484	3,17,798

15 Other Current Assets

	March 31, 2016 Amount	March 31, 2015 Amount
Interest Accrued on Bank Deposit	1,10,457	-
Total Other Current Assets	1,10,457	-

16 Revenue from Operation

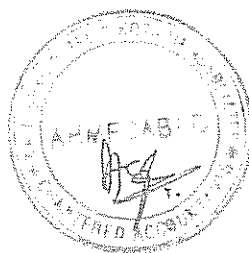
	March 31, 2016 Amount	March 31, 2015 Amount
Toll Collection		
- Karanj Toll	1,24,97,976	1,29,41,338
- Tarakeswar Toll	2,64,21,018	2,66,78,536
Total Revenue	3,89,18,994	3,96,19,874

17 Other Income

	March 31, 2016 Amount	March 31, 2015 Amount
Interest Income - FDR	1,22,397	-
Dividend Income	-	2,955
Insurance Claim	13,170	19,55,152
Sundry Balances written off	3,17,211	-
Maintenance Income	5,86,700	-
Other Income	83,963	-
Excess Provision Written Back	-	1,97,269
	11,23,441	21,65,376

18 Employee benefit expense

	March 31, 2016 Amount	March 31, 2015 Amount
Salaries and Wages	2,09,176	55,15,058
Contribution to Provident Funds and others	-	11,26,761
Staff Welfare Expenses	3,53,570	5,54,307
	5,62,746	71,96,126
Total Employee benefit expenses	5,62,746	71,96,126



MSK Projects (Kim Mandvi Corridor) Private Ltd
Annexed to and forming part of financial statements for the year ended March 31, 2016

19 **Financial costs**

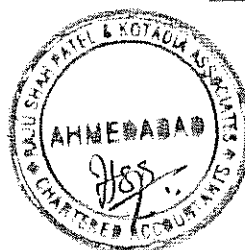
	March 31, 2016	March 31, 2015
	Amount	Amount
Bank Charge	-	5,48,699
Interest on Term Loan	1,19,78,426	3,34,49,066
Foreign Exchange Premium A/c	1,27,95,344	29,84,795
Commission on Bank Guarantee	-	21,079
Other Interest	-	265
Total Financial Cost	2,47,73,770	3,70,01,903

20 **Depreciation & Amortisation Expense**

	March 31, 2016	March 31, 2015
	Amount	Amount
Depreciation	7,14,840	10,11,699
Amortisation Expense	2,12,60,772	1,75,19,692
Total Depreciation & Amortisation Expense	2,19,75,612	1,85,31,390

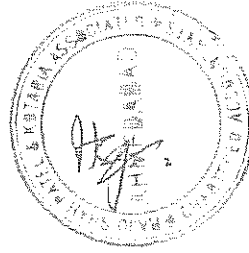
21 **Other Expenses**

	March 31, 2016	March 31, 2015
	Amount	Amount
Stores and spares consumed	29,452	-
Hire charges	1,04,325	1,83,357
Power, fuel and water charges	8,35,251	13,48,298
Repairs and Maintenance :-		
- Plant and machinery	6,565	70,354
- Road maintenance	1,80,66,922	27,22,823
- Others	94,669	3,63,266
Project Monitoring and Maintenance Fees	3,89,189	4,27,420
Civil Work	44,605	23,67,112
Safety expenses	17,858	3,600
Shuttering expenses	-	6,47,250
Toll Survey expenses	1,67,843	-
Rates and taxes	8,67,681	12,516
Insurance cost	2,75,801	2,62,412
Travelling and conveyance	1,24,169	66,750
Communications	65,522	34,428
Legal and professional fees	1,940	-
Civil consultancy charges	17,86,862	1,51,927
Freight and transportation expenses	1,48,038	1,70,050
Advertisement expenses	1,47,098	10,000
Printing and stationery	2,05,621	1,84,909
Bank charges & Other Interest	15,153	-
Payment to Auditors		
- As Auditor	1,14,500	1,00,000
Filing and registration expenses	19,057	11,624
Preliminary expense written off	65,146	1,56,380
Miscellaneous expenses	1,39,349	1,78,228
Total Other Expenses	2,37,32,625	94,72,704



MSK Projects (Kim Mandvi Corridor) Private Limited

Sr	Fixed Assets	Gross Block				Depreciation				Net Block		
		As at 01-04-2015	Addition	Deduction	As at 31-03-2016	As at 01-04-2014	Addition	Reduced from Reserves & Surplus	Deduction	As at 31-03-2016	As at 31-03-2016	As at 31-03-2015
	- Tangible Assets											
1	Land	16,12,755	-	-	16,12,755	-						16,12,755
2	Computer	13,60,094	-	-	13,60,094	12,45,741	34,306			12,80,047	80,047	1,14,353
3	Office Equipments	24,59,534	9,000	-	24,68,534	13,99,405	5,48,267			19,47,672	5,20,862	10,60,129
4	Furniture & Fixture	49,400	-	-	49,400	29,772	5,641			35,413	13,987	19,628
5	Vehicles	4,18,653	-	-	4,18,653	2,25,112	60,241			2,85,353	1,33,300	1,93,541
6	Plant & Machineries	4,75,279	-	-	4,75,279	1,88,889	66,984			2,55,273	2,20,006	2,86,390
	Total- (a)	63,75,715	9,000	-	63,84,715	30,88,918	7,14,840			36,03,758	25,60,957	32,86,797
	- In-tangible Assets											
7	Kim Mandvi Projects	54,66,60,874	-	-	54,66,60,874	6,99,29,299	2,12,60,772			9,11,90,071	45,54,70,803	47,67,31,575
	Total- (b)	54,66,60,874	-	-	54,66,60,874	6,99,29,299	2,12,60,772			9,11,90,071	45,54,70,803	47,67,31,575
	Total- (a) + (b)	55,30,36,589	9,000	-	55,30,45,589	7,30,18,217	2,19,75,612			9,49,93,629	45,80,51,760	48,00,18,372
	Previous Year	54,82,77,197	47,34,933	-	55,30,12,130	5,43,47,721	1,85,31,390	1,14,647		7,29,93,758	48,00,18,372	



MSK PROJECTS (KIM MANDVI CORRIDOR) (P) LTD

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 proportionately 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, Intangible Assets ie BOT Cost (Toll Collection Right) is amortized over the period of concession using revenue based amortization.

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.

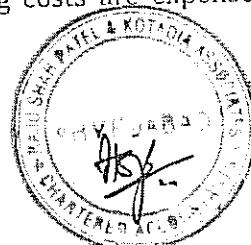
C). DEPRECIATION & AMORTISATION:

Depreciation is provided on written down basis as per the rate and method prescribed under Schedule - II of the Companies Act 2013, Adjustment of Rs. - Nil - (Previous Year Rs.1,14,647/-) towards assets of which use full life is over and depreciated by debit to retained earning.

Intangible Assets i.e. BOT Cost (Toll Collection right) is amortized over the period of concession, using revenue based amortization. Under this methodology, the Carrying value is amortized in the proportion of actual toll revenue for the year to projected revenue for the balance toll period, to reflect the pattern in which the assets' economic benefits will be consumed. At each Balance sheet date, the projected revenue for the balance toll period is reviewed by the management. If there is any change in the projected revenue from previous estimates, the amortization of toll collection rights is changed prospectively to reflect any change in the estimates

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.



MSK PROJECTS (KIM MANDVI CORRIDOR) (P) LTD

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. In view of the losses for the year under review no tax is provided for.

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.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period.

F). OTHER NOTES:

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

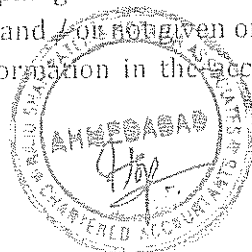
The Company obtained Build, Operate & Transfer (BOT) Contract from Gujarat State Road Development Corporation for Construction of, Strengthening, Widening and maintenance of Kim Mandvi Projects. In terms of the Contract the Company has been entitled to collect the toll during the concession period of 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. 2,12,60,772/- (Previous Year Rs, 1,75,19,692/-) 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). 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 not given or confirmed by such enterprises, it is not possible to give required information in the accounts. However, in view of the



MSK PROJECTS (KIM MANDVI CORRIDOR) (P) LTD

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.

6). Long Term Employee benefits:

There is no such provision of Leave encashment, Gratuity and Other Retirement benefit because there are no employees on the role of the Company.

Transaction with related parties during the year ended 31st March 2016.

- Holding Company:

Welspun Enterprises Limited (Formerly known as Welspun Projects Limited)

- Fellow Subsidiary Company:

Msk Projects (Himmatnagar Bypass) Pvt Ltd
ARSS Bus Terminal Private Limited

- Key Management Person:

Sandeep Garg
Banwari Lal Biyani

Sr	Particulars	Holding Company		Fellow Subsidiary Company	
		31-3-16	31-3-2015	31-3-16	31-3-15
1.	Operational & Maint. Expense	75,00,000	-	-	-
2.	Loan received	1,88,15,040	12,44,53,961	13,00,516	13,00,516
3.	Debenture amount received	1,01,78,400	20,50,00,000	-	-
4.	Debenture transferred	(11,50,00,000)	-	11,50,00,000	-
5.	Repayment of loan received	1,97,01,150	86,91,523	-	36,39,186
6.	Payable at the end of the year	-	8,86,110	-	-

6). Earning Per Share:


Particulars	2015-16	2014-15
Net Profit after Tax available for Equity share holders	(3,10,02,318)	(239701)
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.)	(4.61)	(0.04)

As per our report of even date

For Raju Shah Patel & Kotadia Associates

Chartered Accountants

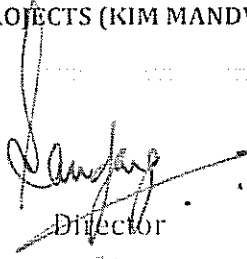

Firm Registration No. 120242W


Harish S. Patel
Partner
Membership No. 000497

Date: 18/05/2016

Place: Ahmedabad

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


Director

Director

Date: 18/05/2016

Place: Mumbai