

# **MSK PROJECTS (HIMMATNAGAR BYPASS) PVT LTD**

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

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

## **DIRECTORS' REPORT**

To,  
The Members,  
MSK Projects (Himmatnagar Bypass) Private Limited

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

### **FINANCIAL RESULTS**

During the year under review, the Company generated total revenue of Rs.2,65,93,586/- and made net profit of Rs. 31,21,657/-.

### **DIVIDEND**

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

### **PUBLIC DEPOSITS**

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

### **DIRECTORS**

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

### **AUDITORS**

M/s. H K Shah and Company, Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

### **AUDITORS' REPORT**

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

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

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

### **PARTICULARS OF EMPLOYEES**

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

### **DIRECTORS' RESPONSIBILITY STATEMENT**

# **MSK PROJECTS (HIMMATNAGAR BYPASS) PVT LTD**

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

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

The Directors confirm that they had:

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

**For and on behalf of the Board**

**Mumbai**  
**Date: 18<sup>th</sup> May, 2013**

**Sd/-**  
**B.L. Biyani**  
**Director**

**Sd/-**  
**Sandeep Garg**  
**Director**

99241 12785



CA J. G. Vaidya 99099 19785  
B.Com., F.C.A.

98257 22785

T.P., F.C.A.

CA T. H. Patel 99099 19785  
B.Com., F.C.A., C.P.A.

Shah 98258 44995  
F.C.A., D.I.S.A. (ICAI)

# H. K. Shah & Co.

## Chartered Accountants

CA M. G. Desai 9998612120  
M.Com., A.C.A., C.S.

### AUDITORS' REPORT

TO

THE MEMBERS OF

MSK PROJECTS (HIMMATNAGAR BYPASS) PRIVATE LIMITED

Report on the Financial Statements.

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

#### Management's Responsibility for the Financial Statements

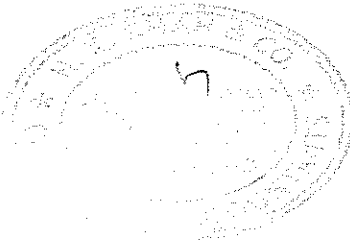
Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956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

#### Auditor's Responsibility

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

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

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



Address : 403/404, "SARAP" Building, 4th Floor, Opp. Navjivan Press, Nr. Income Tax, Off Ashram Road, Ahmedabad-380014  
Phone : 079-27544995 / 2785 (M) 9909919785

Ahmedabad (Guj.) Branches in Gujarat : Gandhinagar, Vadodara, Vapi Branch in Maharashtra : Kandiwali (East) Mumbai

e-mail : hkshahandco@gmail.com, hkshahandco@hotmail.com  
PAN No. : AACFH 1917 R SERVICE Tax No. : AACFH 1917 R - ST001  
C&AG Regn. No. : WRO / 510. ICAI Regn. No. : 109583/W

## Opinion

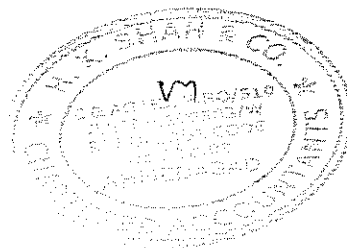
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, 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 Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For H. K. Shah & Co.,**  
Chartered Accountants  
Firm Regn. No. 109583/W



Place :  
Date:

**H.K Shah**  
(Partner)  
M. No. 042758

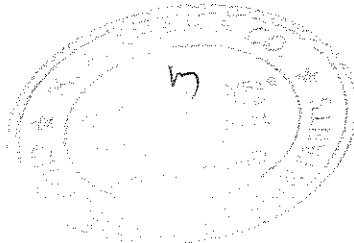
## ANNEXURE TO THE AUDITOR'S REPORT

With reference to the Annexure referred to in paragraph 1 of our report of even date, to the members of **MSK PROJECTS (HIMMATNAGAR BYPASS) PRIVATE LIMITED** on the accounts for the year ended March 31, 2013, we report that:

- i.
  - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) We have been informed that, the fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the company and nature of company and nature of its assets. Discrepancies noticed on such verification have been properly dealt with books of account.
  - (c) The Company has not disposed off any substantial part of its fixed assets during the year so as to affect the going concern status.
- ii. The Company is engaged in the business of infrastructure development and its maintenance and hence the clauses 4(ii) (a), (b) and (c) of the Companies (Auditor's Report) order, 2003 relating to inventory are not applicable.
- iii. (a) According to the information and the explanations given to us the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Act. Hence reporting under Clause 4 (iii) (a) to (d) does not arise.  
  
(b) According to the information and the explanations given to us the Company has not accepted Unsecured Loan from Companies, firms or other parties covered in the register maintained under Section 301 of the Act. Hence reporting under Clause 4 (iii) (e) to (g) does not arise
- iv. In our opinion and according to the information and the explanations given to us, the company has adequate internal control procedure commensurate with the size of the company and the nature of its business of Construction of Road under B. O. T. scheme and toll collection.
- v. (a) To the best of our knowledge and belief, and according to the information and the explanations given to us, transaction that needed to be entered in to 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 maintained u/s 301 of the companies Act 1956 and exceeding the value of Rupees Five Lacs in the 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.
- vi. During the year company has not accepted deposits from public within the meaning of section 58-A, of the Companies Act, 1956



- vii. Company has internal controls systems which can be improved looking to the size & nature of its business. There is a no Internal auditors appointed by the company during the year.
- viii. The Company is engaged in service activity and we were informed that maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 is not applicable to the Company.
- ix.
- (a) According to the information and explanations given to us, The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and other statutory dues as applicable with the appropriate authorities except TDS of Rs. 2680/-.
- (b) According to the information and explanations given to us there were no arrears of outstanding Statutory dues as at 31<sup>st</sup> March, 2013 for the period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no disputed statutory liabilities in respect of Income tax, Service Tax or any other Cess.
- x. The Company has no accumulated losses and has not incurred cash losses in current financial year and in the immediate preceding financial year.
- xi. The company has not defaulted in repayment of dues to any Financial Institute or Banks.
- xii. The company has not granted loan and advance on the basis of security by way of pledge of Share, Debenture or other securities.
- xiii. The provisions of any special statute applicable to the chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
- xiv. In our opinion and according to the information and the explanations given to us, though the Company is not dealing or trading in shares, securities, debentures and other investments, It parks surplus funds in approved mutual fund investments & Fixed Deposits. In our opinion, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The investments have been held by the Company in its own name.
- xv. In our opinion and according to information and explanation given to us the company has not given any guarantees for loan taken by others from bank or financial institutions.
- xvi. In our opinion and according to the information and the explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were raised.



- xvii. 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.
- xviii. In our opinion and accordingly to information and explanation given to us, the company has not allotted equity on preferential share allotment of share to parties and companies during the year.
- xix. Since the company does not have any debenture the question of creation of securities for debenture does not arise.
- xx. The Company has not raised any money by public issue during the period, this clause is not applicable.
- xxi. To 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 H. K. Shah & Co.,**  
**Chartered Accountants**  
Firm Regn. No. 109583/W

*H.K. Shah*

**H.K Shah**  
(Partner)  
M. No. 042758  
Place: Ahmedabad  
Date: 17/05/2013



**MSK Projects (Himmatnagar Bypass) Private Ltd**  
Balance Sheet as at March 31, 2013

*All amounts in Indian Rupees*

Particulars	Notes	March 31, 2013	March 31, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	1	2,420,000	2,420,000
(b) Reserves and Surplus	2	37,143,429	34,021,772
<b>Non-Current Liabilities</b>			
(a) Long Term Borrowing	3	-	8,663,135
<b>Current Liabilities</b>			
(a) Short Term Borrowing	4	-	2,013,476
(b) Other Current Liabilities	5	16,567,232	12,358,494
(c) Provision	6	742,059	2,036,176
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>56,872,721</b>	<b>61,513,053</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	7	648,805	431,962
(ii) Build. Operate Transfer Project Expenditure	7	43,224,423	48,903,369
(b) Other Non Current Assets	8	-	5,770,743
(c) Deferred tax Assets (net)	9	13,466	13,466
<b>Current Assets</b>			
(a) Cash and Cash Equivalents	10	10,217,563	5,003,971
(b) Short Term Loans and Advances	11	2,425,610	358,139
(c) Other Current Assets	12	342,855	1,031,404
<b>TOTAL ASSETS</b>		<b>56,872,721</b>	<b>61,513,053</b>

Significant Accounting Policies & Other Notes

A & B

The accompanying notes are an integral part of the financial statements

As per our report of even date

For H.K. Shah & Company

Chartered Accountants

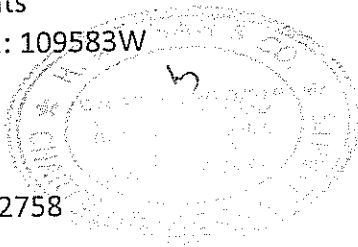
Firm Registration No.: 109583W

H.K. Shah  
Partner

Membership No.: 042758

Date: 17/05/2013

Place: Ahmedabad



For and on behalf of the Board of Directors

Director

Director



**MSK Projects (Himmatnagar Bypass) Private Ltd**  
**Profit and Loss statement for the year ended 31 March 2013**

Particulars		Notes	March 31, 2013	31-Mar-12
I.	Revenue from operations	13	26,428,231	23,271,822
II.	Other Income	14	165,355	18,194
III.	<b>Total Revenue (I +II)</b>		<b>26,593,586</b>	<b>23,290,016</b>
IV.	<u>Expenses:</u>			
	Employee benefit expense	15	1,989,118	1,469,379
	Financial costs	16	2,043,492	2,616,183
	Depreciation and amortization expense	17	5,757,838	6,760,528
	Repairs and maintenance expenses	18	12,365,798	1,862,814
	Other expenses	19	580,823	364,729
	<b>Total Expenses</b>		<b>22,737,069</b>	<b>13,073,633</b>
V.	Profit before tax (III - IV)		3,856,517	10,216,382
VI.	Tax expense:			
	(1) Current tax		734,859	2,036,176
	(2) Deferred tax		-	(13,466)
VII.	Profit/(Loss) for the period (V -VI)		<b>3,121,657</b>	<b>8,193,672</b>
VIII.	Earning per equity share:			
	(1) Basic		12.90	33.86
	(2) Diluted		12.90	33.86

Significant Accounting Policies & Other Notes

A & B

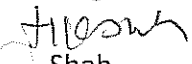
The accompanying notes are an integral part of the financial statements

As per our report of even date

**For H.K. Shah & Company**

Chartered Accountants

Firm Registration No.: 109583W.

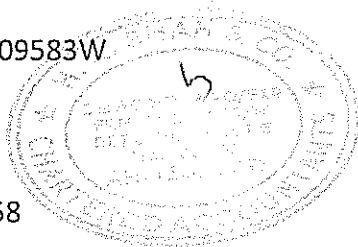
  
H.K. Shah

Partner

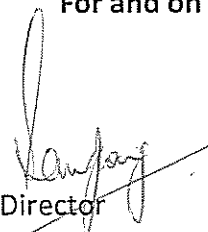
Membership No.: 042758

Date: 17/05/2013

Place: Ahmedabad



**For and on behalf of the Board of Directors**

  
Director

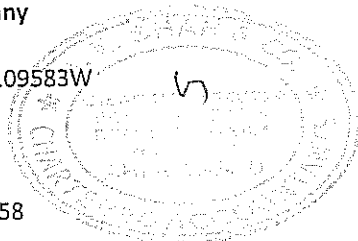
  
Director

MSK Projects (Himmatnagar Bypass) Private Ltd  
Cash Flow Statement for the period yended March 31, 2013

	March 31, 2013	March 31, 2012
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before taxation	3,856,517	10,216,382
<b>Add adjustment for non cash items:</b>		
Depreciation and amortisation	5,757,838	6,760,528
Financial Expenses including Interest	2,043,492	2,616,183
Preliminary expenses written off	-	-
<b>Operating Profit before Working Capital changes</b>	<b>11,657,847</b>	<b>19,593,093</b>
<b>Working Capital Adjustments for :</b>		
Increase/ (decrease) in other current liabilities	4,208,738	(4,582,969)
Decrease / (increase) in long-term loans and advances	5,770,743	
Decrease / (increase) in short-term loans and advances	(2,067,471)	(297,898)
Increase/ (decrease) in Other non Current Assets	-	(1,613,231)
Increase/ (decrease) in Other Current Assets	688,549	(1,011,851)
Cash generated from / (used in) operations	8,600,559	(7,505,949)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>20,258,406</b>	<b>12,087,144</b>
Income tax Paid	(2,028,976)	(663,130)
<b>Net Cash inflow from/ (outflow) from Operating activities</b>	<b>18,229,430</b>	<b>11,424,014</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of fixed assets	(295,734)	(473,465)
<b>Net Cash inflow from/ (outflow) from Investing activities</b>	<b>(295,734)</b>	<b>(473,465)</b>
<b>C. Cash Flow from Financing Activities</b>		
Repayment of borrowings (incl. inter company)	(10,676,612)	(10,060,489)
Financial Expenses including Interest	(2,043,492)	(2,616,183)
<b>Net Cash inflow from/ (outflow) from Financing activities</b>	<b>(12,720,104)</b>	<b>(12,676,672)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>5,213,592</b>	<b>(1,726,123)</b>
<b>Opening Cash and Cash Equivalents</b>	<b>5,003,971</b>	<b>6,730,094</b>
<b>Closing Cash and Cash Equivalents</b>	<b>10,217,563</b>	<b>5,003,971</b>
<b>Closing Cash and Cash Equivalents includes :</b>		
Cash in hand	3,714,274	3,641,490
Balance with banks	6,503,289	1,362,481
	<b>10,217,563</b>	<b>5,003,971</b>

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 H.K. Shah & Company  
Chartered Accountants  
Firm Registration No.: 109583W  
H.K. Shah  
Partner  
Membership No.: 042758  
Date: 17/05/2013  
Place: Ahmedabad



and on behalf of the Board of Directors

  
Director

  
Director

## MSK Projects (Himmatnagar Bypass) Private Ltd

### B NOTES TO ACCOUNTS

#### 1 Share Capital

	March 31, 2013	March 31, 2012
	Amount	Amount
Authorised:		
2,50,000 Previous Year (2,50,000) EQUITY SHARES OF Rs.10/- EACH	2,500,000	2,500,000
Issued, subscribed and fully paid up:		
2,42,000 Previous Year (2,42,000) EQUITY SHARES OF RS. 10/- each Fully Paid up	2,420,000	2,420,000
<b>Total Issued, subscribed and fully paid up Share Capital</b>	<b>2,420,000</b>	<b>2,420,000</b>

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

	March 31, 2013		March 31, 2012	
	No.	Amount	No.	Amount
At the beginning of the period	242,000	2,420,000	242,000	2,420,000
Issued during the period	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>242,000</b>	<b>2,420,000</b>	<b>242,000</b>	<b>2,420,000</b>

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

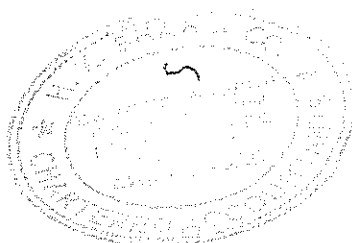
	March 31, 2013	March 31, 2012
	Amount	Amount
Welspun Project Limited	2,420,000	2,420,000
2,42,000 Previous Year (2,42,000) EQUITY SHARES OF RS. 10/- each Fully Paid up		

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

	March 31, 2013		March 31, 2012	
	No.	% Holding	No.	% Holding
Welspun Project Limited	242,000	100%	242,000	100%

#### 2 Reserves and Surplus

	March 31, 2013	March 31, 2012
	Amount	Amount
Securities Premium	20,880,000	20,880,000
<u>Profit and Loss account</u>		
Balance As per Last financial statements	13,141,772	4,948,099
Add: Profit for the year	3,121,657	8,193,672
Net surplus in the statement of profit and loss	16,263,429	13,141,772
<b>Total Reserves and Surplus</b>	<b>37,143,429</b>	<b>34,021,772</b>



## MSK Projects (Himmatnagar Bypass) Private Ltd

### 3 Long Term Borrowing

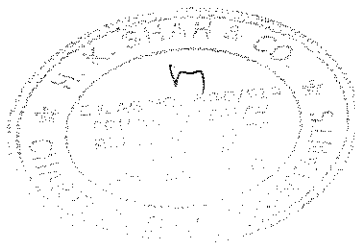
	Non Current		Current	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	Amount	Amount	Amount	Amount
<u>Secured:</u>				
Term Loan from State bank of India	-	8,663,135	9,099,324	9,336,000
	-	8,663,135	9,099,324	9,336,000
<b>The above amount includes</b>				
Secure borrowing	-	8,663,135	9,099,324	9,336,000
Amount disclosed under the head "other current liabilities (note no 6)			(9,099,324)	(9,336,000)
<b>Total Long Term Borrowing</b>	-	<b>8,663,135</b>	-	-

#### Security Details

- a. First Charge on the assignment of project rights/movable / im-movable property/intangible assets / uncalled capital of the borrower for the Himmatnagar bypass project and on assignement of all receivable / revenue of the projects.
- b. First charge on Company bank accounts from the Himmatnagar bypass projects including the Trust and Retention account / Escrow Account and Debt Service Reserve Account (Debt Service Reserve account to be maintained in the form either Bank Guarantbee of ta First class Bank or deposits in the Escrow Account / Trust and Retention account to cover Six Month Principle and Interst Repayment)
- c. First Charge / Assignment Security Interest on the Compny;s right under the concession Agreement, Project documents, Contracts and All licences permits, approvals, Consents, and insurance policies in respect of the Himmatnagar Bypass Projects)
- d. Assignment of contractors guarantee, liquidated damages letter of credit, guarantee or performance bond and insurance policies pertaining to the Himmatnagar Bypass road Projects noting the interest of the lenders.
- e. First charge on all the intangible assets of the Company inclvuding but not limited to the Goodwill of the Company pertaining and specific to the Himmatnagatr Bypass Projects.
- f. First charge on all the revenue / receivable and projects accounts of the Company.
- g. Corporate gurantee given by Welspun Projects Limited, holding company

### 4 Short term Borrowing

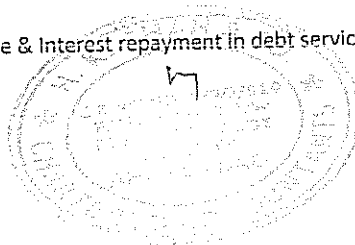
	March 31, 2013	March 31, 2012
	Amount	Amount
<u>Unsecured</u>		
Welspun Projects Limited Advances	-	2,013,476
MSK Projects (Kim Mandvi corridor) P Ltd	-	-
<b>Total Short Term Borrowing</b>	-	<b>2,013,476</b>



## MSK Projects (Himmatnagar Bypass) Private Ltd

		March 31, 2013	March 31, 2012
		Amount	Amount
<b>5</b>	<b>Other Current Liabilities</b>		
	Trade Payables:		
	Due to related parties	6,970,511	2,787,596
	Others	248,173	225,259
	Other Liabilities :		
	-Current maturity of long term borrowing (note 3)	9,099,324	9,336,000
	Others		
	-TDS Payable/Other Statutory Dues	249,224	9,639
	<b>Total Other Current Liabilities</b>	<b>16,567,232</b>	<b>12,358,494</b>
<b>6</b>	<b>Provisions</b>		
	Provision for Taxation	742,059	2,036,176
	<b>Total Provision</b>	<b>742,059</b>	<b>2,036,176</b>
<b>8</b>	<b>Other Non Current Assets</b>		
	Bank balance maintain in Debt Service Reserve Account (Note no. 10)	-	5,770,743
	<b>Total Other Non Current Assets</b>	<b>-</b>	<b>5,770,743</b>
<b>9</b>	<b>Deferred Tax Assets (net)</b>		
	Deferred Tax Assets	13,466	13,466
	<b>Total Deferred Tax Assets (net)</b>	<b>13,466</b>	<b>13,466</b>
<b>10</b>	<b>Cash and Cash Equivalents</b>		
	Balances with banks:		
	- On current accounts *	5,503,037	6,982,780
	- others ( Including Fixed Deposits with Bank maturing within one year)	1,000,252	150,444
		6,503,289	7,133,224
	Less: Restricted Bank balance maintain in Debt Service Reserve Account * ( Note No. 8)	-	5,770,743
	Cash on hand	3,714,274	3,641,490
	<b>Total Cash and Cash Equivalents</b>	<b>10,217,563</b>	<b>5,003,971</b>

\* previous year balance Includes Six (6) Months Principle & Interest repayment in debt service reserve account maintained in the escrow account with State Bank of India, Indore.

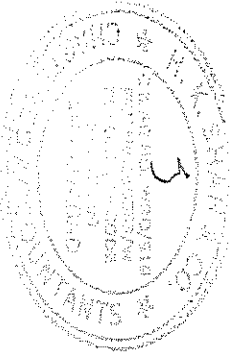


**MSK PROJECTS (HIMMATNAGAR BYPASS) PRIVATE LIMITED**

Note No. 7

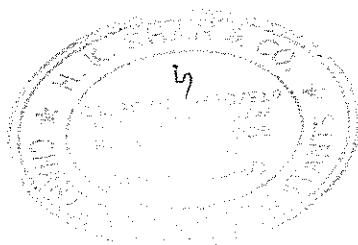
SR	FIXED - ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		AS ON	ADDITION	DEDUCTION	AS ON	ADDITION	DEDUCTION	AS ON	AS ON	
		01-04-2012			31-03-2013	01-04-2012		31-03-2013	31-03-2013	31-03-2012
	<b>Tangible Assets</b>									
1	Office Equipment	473,465	10,343	-	483,808	41,503	78,891	120,394	363,414	431,962
1	Vehicle		285,391		285,391	-	-	-	285,391	-
	<b>Total - (i)</b>	473,465	295,734	-	769,199	41,503	78,891	120,394	648,805	431,962
	<b>Build, Operate &amp; Transfer Project Expenditure</b>									
3	Project Road - Build Operate and Transfer Project Expense *	84,447,460	-	-	84,447,460	35,544,091	5,678,947	41,223,038	43,224,422	48,903,369
	<b>Total - (ii)</b>	84,447,460	-	-	84,447,460	35,544,091	5,678,947	41,223,038	43,224,422	48,903,369
	<b>Total - (i) + (ii)</b>	84,920,925	295,734	-	85,216,659	35,585,594	5,757,838	41,343,432	43,873,227	49,335,331
	Previous year	84,447,460	473,485		84,920,925	28,825,066	6,760,528	35,585,594	49,335,331	

\* Project Roads pertains to the costs incurred by the company for the construction of highway on a road owned by the Government of India under concession agreements entered into between the company and the Gujarat State Road Development Corporation (GSRDC). These agreements encompasses the construction, operation and maintenance of the highway on a Build, Operate, Transfer basis. The construction was completed in April 2006. The concession for the company is valid till March, 2020.



## MSK Projects (Himmatnagar Bypass) Private Ltd

11 Short Term Loans and Advances	March 31, 2013 Amount	March 31, 2012 Amount
Advance recoverable in cash or kind Unsecured, considered good (A)	22,285 22,285	329,115 329,115
Loans and advances to related parties Unsecured, considered good (B)	2,368,650 2,368,650	- -
Other Loans and advances Unsecured, considered good (C)	34,675 34,675	29,024 29,024
<b>Total Short Term Loans and Advances (A+B+C)</b>	<b>2,425,610</b>	<b>358,139</b>
<b><u>Other Current Assets</u></b>	<b>March 31, 2013 Amount</b>	<b>March 31, 2012 Amount</b>
Interest Accrued but not dues Tax Deducted/Advance Tax	81,583 261,272	- 1,031,404
<b>Total Other Current Assets</b>	<b>342,855</b>	<b>1,031,404</b>
<b>13 <u>Revenue</u></b>	<b>March 31, 2013 Amount</b>	<b>March 31, 2012 Amount</b>
Toll Collection	26,428,231	23,271,822
<b>Total Revenue</b>	<b>26,428,231</b>	<b>23,271,822</b>
<b>14 <u>Other Income</u></b>	<b>March 31, 2013 Amount</b>	<b>March 31, 2012 Amount</b>
Interest on fixed Deposits Dividend Income Total Revenue	82,391 82,964 165,355	18,194 - 18,194
<b>15 <u>Employee benefit expense</u></b>	<b>March 31, 2013 Amount</b>	<b>March 31, 2012 Amount</b>
Bonus House Rent Medical Expense Mess Expense Salary Staff Welfare Expense	40,247 42,500 906 - 1,795,474 109,991	80,914 30,000 600 89,121 1,217,296 51,448
<b>Total Employee benefit expenses</b>	<b>1,989,118</b>	<b>1,469,379</b>



## MSK Projects (Himmatnagar Bypass) Private Ltd

### 16 Financial costs

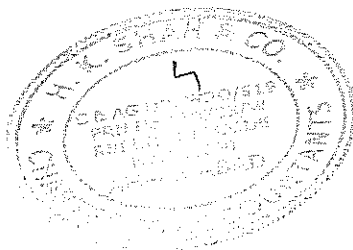
	March 31, 2013	March 31, 2012
	Amount	Amount
Bank Charge	22,795	45,210
Commission on Bank Guarantee	42,018	31,960
Interest on Loan	1,884,831	2,539,013
Other interest	93,848	
<b>Total Financial Cost</b>	<b>2,043,492</b>	<b>2,616,183</b>

### 17 Depreciation & Amortisation

	March 31, 2013	March 31, 2012
	Amount	Amount
Depreciation	78,891	41,503
Amortisation on Build, Operate & Transfer project Expense	5,678,947	6,719,025
<b>Total Depreciation and Amortisation</b>	<b>5,757,838</b>	<b>6,760,528</b>

### 18 Repairs and Maintenance Expenses

	March 31, 2013	March 31, 2012
	Amount	Amount
Consumable Store	220,851	3,925
Electric Material	-	2,087
Repairs to Road Work	12,000,000	1,014,950
Cement	-	7,470
Sand	-	2,000
Metal	-	6,400
Thermoplastic Paints	-	353,549
Repairing to Other	-	10,335
Repairing to Vehicles	-	9,309
Diesel & Oil	-	10,308
Bituman	-	81,900
Electric Power Bill	91,518	85,997
Toll Plaza	-	35,485
Wages	-	192,734
Transportation	-	14,800
Insurance	37,779	21,465
Vehicle Hire Charges	15,650	10,100
<b>Total Repairs and Maintenance Expenses</b>	<b>12,365,798</b>	<b>1,862,814</b>







# MSK PROJECTS (HIMMATNAGAR BYPASS) PRIVATE LIMITED

## A). SIGNIFICANT ACCOUNTING POLICIES:

1) The accounts have been prepared under historical cost convention adopting the accrual basis.

## 2) CASH FLOW STATEMENT

The Cash Flow Statement has been prepared and presented as per the requirements of Accounting Standard (AS) 3 "Cash Flow Statements".

Cash Flow Statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of:

i) transactions of non-cash nature,

ii) any deferrals or accruals of past or future operating cash receipts or payments and

iii) items of income or expense associated with investing or financing cash flows.

Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement.

Those cash and cash equivalents which are not available for general use as on the date of Balance

Sheet are also included under this category with a specific disclosure.

## 3) CASH & BANK BALANCES

Cash and bank balances also include fixed deposits and earmarked balances with banks.

## 4) EXTRAORDINARY AND EXCEPTIONAL ITEMS

Income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Company are classified as extraordinary items. Specific disclosure of such events/transactions is made in the financial statements, if any. Similarly, any external event beyond the control of the Company, significantly impacting income or expense, is also

## 5) REVENUE RECOGNITION

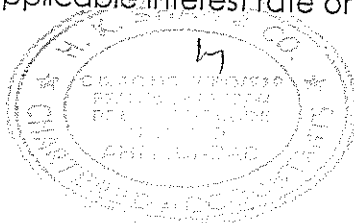
All revenues and expenses are accounted on accrual basis.

### INCOME FROM TOLL CONTRACTS

Toll revenue from operations of toll roads is recognized on actual toll collection.

### INTEREST INCOME

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



# MSK PROJECTS (HIMMATNAGAR BYPASS) PRIVATE LIMITED

## 6) FIXED ASSETS

- a. Fixed assets are stated at cost of acquisition as reduced by accumulated depreciation and impairment losses.
- b. All direct expenditure attributable to fixed assets are capitalized.

## BOT PROJECT EXPENDITURE

BOT Project Expenditure pertains to the costs incurred by the Company for construction of highway road under the concession agreement entered into between the Company and Gujarat State Road Development Corporation (GSRDC). This agreement encompasses the construction, operation and maintenance of the highway on a Build, Operate, Transfer basis. The construction was completed in April 2006. The concession is valid for a period of 15 years (5112 days) including period of construction up to 31<sup>st</sup> March 2020.

## 7) DEPRECIATION AND AMORTISATION:

### Depreciation

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

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.

## 8) INVESTMENTS

- (a) Current Investments are stated at lower of cost or market value.
- (b) Long Term Investments are stated at Cost.

## 9) BORROWING COST

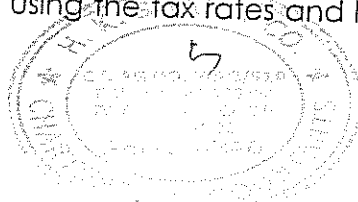
Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs are expensed in the period they occur.

## 10) INCOME TAXES

Tax expense comprise of current and deferred tax. Provision for current tax is made based on taxable Income for the current accounting year and in accordance the provisions of the Income Tax Act 1961.

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.

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



## **MSK PROJECTS (HIMMATNAGAR BYPASS) PRIVATE LIMITED**

substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the assets will be adjusted in future.

### **11) LEASE**

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit & Loss Account on accrual basis.

### **12) IMPAIRMENT OF ASSETS**

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

- a) the provision for impairment loss, if any; and
  - b) the reversal of impairment loss recognised in previous periods, if any,
- Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- a) in the case of an individual asset, at the higher of the net selling price and the value in use;
- b) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life).

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

### **13) Provisions, Contingent Liabilities and Contingent Assets**

- a) Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if
  - (i) the Company has a present obligation as a result of a past event,
  - (ii) a probable outflow of resources is expected to settle the obligation, and
  - (iii) the amount of the obligation can be reliably estimated.
- b) Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.
- c) Contingent Liability is disclosed in the case of
  - (i). a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
  - (ii). a present obligation when no reliable estimate is possible, and
  - (iii). a possible obligation arising from past events where the probability of outflow of resources is not remote.
- d) Contingent Assets are neither recognized, nor disclosed.
- e) Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.



# MSK PROJECTS (HIMMATNAGAR BYPASS) PRIVATE LIMITED

## B). OTHER NOTES

### 1). Build, Operation & Transfer (BOT) Project:

The Company obtained Build, Operate & transfer (BOT) contract from Gujarat State Road Development Corporation for construction of Strengthening, widening & maintaining of Himmatnagar Bypass in terms of the contracts, the Company has entitled to collect the toll during the concession period of 15 years (5112 days), including the period of construction.

The Company has completed the construction of the said projects in the earlier years. Having regards to the accounting policies, followed by the Company the entire expenditure incurred is treated at BOT Project expenditure and proportionate amount of Rs. 56,78,947/- (Previous year Rs. 67,19,025/-) has been written off / amortized during the year.

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) Contingent Liabilities

Guarantee has been issued by the company's bankers on behalf of the company amounting to Rs.10 Lacs (Previous Year Rs. 10 Lacs) in favor of Gujarat State Road Development Corporation, Gandhinagar.

### 4) Details of dues to Micro, Small and Medium Enterprises

There are no dues to Micro, Small and Medium Enterprises as defined under "The Micro, Small and Medium Enterprises Development Act, 2006" as at 31<sup>st</sup> 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) 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.

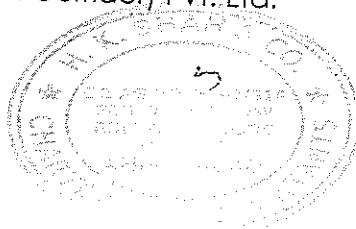
6) There is no such provision for the gratuity, leave encashment and other retirement benefits because none of the employees are eligible for the same.

### 7) Transaction with related parties

#### a). Name & relationship of the related parties:

Holding Company :  
- Welspun Projects Limited

Fellow Subsidiary Company :  
- MSK Projects (Kim Mandvi Corridor) Pvt. Ltd.



# MSK PROJECTS (HIMMATNAGAR BYPASS) PRIVATE LIMITED

## b). Key Management Personnel:

- Sandeep Garg
- Banwari Lal Biyani

Rs. In Lacs

Sr	Particulars	Holding Company		Fellow Subsidiary Company	
		31-3-13	31-3-12	31-3-13	31-3-12
1.	Road Maintenance Expenses	120.00	-		
2.	Loan Received	143.11	80.55	-	-
3.	Repayment of Loan Received	121.14	165.77	-	-
4.	Recoverable expenses incurred	-	-	44.95	-
5.	Recoverable expenses received	-	-	21.26	
6.	Payable at the end of year	69.17	48.01	-	-
7.	Receivable at the end of year	-	-	23.68	-

## 8) Earning per Share:

Particulars	2012-13	2011-12
Net Profit after tax available for equity share holders	31,21,657	81,93,672
Weighted average number of equity shares of Rs.10/- each fully paid up out standing during the year	2,42,000	2,42,000
Basis and diluted Earning per Share (Rs.)	12.90	33.86

9) Previous Year figures are regrouped, rearranged or recast wherever considered necessary.

As per our report of even date

**For H. K. Shah & Company**

Chartered Accountants

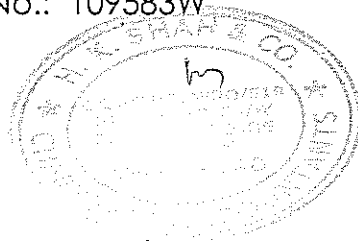
Firm Registration No.: 109583W

*H. K. Shah*

**H. K. Shah**

Partner

Membership No.:042758



**For and on behalf of the Board of Directors**

*Sandeep Garg*  
Director

*Banwari Lal Biyani*  
Director

Date : 17/05/2013

Place: Ahmedabad