

CA K. M. Shah 99241 12785
B.Com., D.T.P., F.C.A.



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

CA H. K. Shah 98257 22785
B.Com., L.L.B., D.T.P., F.C.A.

H. K. Shah & Co.

Chartered Accountants

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

CA G. K. Shah 98258 44995
B.Com., F.C.A., D.I.S.A. (ICAI)

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MSK PROJECTS (HIMMATNAGAR BYPASS) PRIVATE LIMITED

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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.

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

Head Office : 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. : 109583AV

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

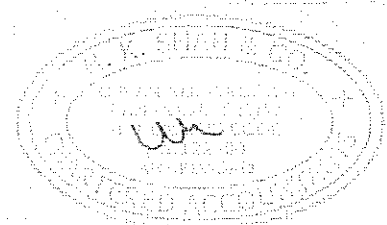
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

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, of the state of affairs of the Company as at 31st March, 2016, and its profit and its 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the 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 the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

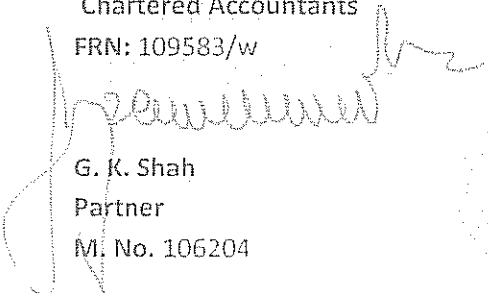


(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has impact of pending litigations on its financial position in its financial statements – Refer Note 3 to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no amount required to be transferred, to the Investor Education and Protection Fund by the Company.

For, H. K. Shah & Co.,
Chartered Accountants

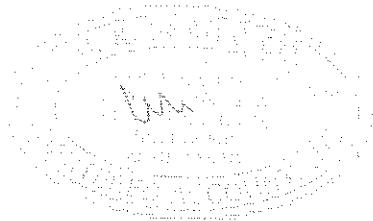
FRN: 109583/w


G. K. Shah
Partner

M. No. 106204

Place: Ahmedabad

Date: 18/05/2016



MSK PROJECTS (HIMMATNAGAR BY PASS) PRIVATE LIMITED
ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

(Referred to in Para 1 of paragraph - Report on Other Legal and Regulatory Requirements
of our report of even date)

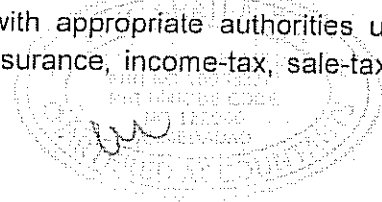
- i. In respect of fixed assets:
 - a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. All the assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c. According to the information and explanations given to us and on the basis of our examination of the records, the title deeds of immovable properties are held in the name of the company.
- ii. In respect of inventories:

The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. In respect of loans granted:
 - a. The Company has granted any loans, secured or unsecured, one company covered in the register maintained under section 189 of the Companies Act, 2013. Outstanding amount of which is Rs. 1,90,00,000/- as on 31st March, 2016. In our opinion and according to the information and explanations given to us, the terms and conditions of the grants of such loans are not prejudicial to the interest of the Company.
 - b. According to the information and explanations given to us and on the basis of our examination of the records, schedule of repayment of principal and payment of interest has been stipulated and the Company has received the principal amounts and interest on the said loans as stipulated.
 - c. In our opinion and according to the information and explanations given to us, there is no amount overdue for more than ninety days and the Company has taken reasonable steps for recovery of the principal and interest.
- iv. In respect of loans, investments, guarantees and security:

According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, guarantees and security or not made any investment as stipulated in section 185 and 186 of the Companies Act, 2013.
- v. In respect of acceptance of deposits:

The Company has not accepted any deposits with non-compliance of directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- vi. In respect of cost records:

In our opinion and according to the information and explanations given to us, the Company does not fall within the criteria prescribed by the Central Government for maintenance of cost records under section 148(1) of the Companies Act, 2013.
- vii. In respect of statutory dues:
 - a. According to the information and explanations given to us and on the basis of our examination of the records, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sale-tax, service-



tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it.

b. According to the information and explanations given to us, there is no amount due on account of dispute in respect of income-tax or sales-tax or service-tax or duty of customs or duty of excise or value added tax.

viii. In respect of default of repayment of loans or borrowing:

According to the information and explanations given to us and on the basis of our examination of the records, the Company has not defaulted in repayment of loans or borrowing to a financial institution or bank or Government or debenture holders.

ix. In respect of application of money raised:

According to the information and explanations given to us and on the basis of our examination of the records, the Company has applied the money raised by way of initial public offer or further public offer (including debt instruments) and term loans for the purposes for which those are raised.

x. In respect of fraud:

To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by or on the Company has been noticed or reported during the year.

xi. In respect of managerial remuneration:

According to the information and explanations given to us and on the basis of our examination of the records, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

xii. In respect of Nidhi Company:

According to the information and explanations given to us and on the basis of our examination of the records, the company is not a Nidhi Company.

xiii. In respect of transactions with related parties:

According to the information and explanations given to us and on the basis of our examination of the records, all the transactions with related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

xiv. In respect of allotment or placement of shares:

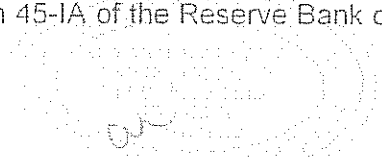
According to the information and explanations given to us and on the basis of our examination of the records, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

xv. In respect of non-cash transaction:

According to the information and explanations given to us and on the basis of our examination of the records, the Company has not entered into any non-cash transactions with directors or persons connected with them in non-compliance of provision of section 192 of the Companies Act, 2013.

xvi. In respect of registration with RBI:

According to the information and explanations given to us and on the basis of our examination of the records, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and so, registration has not been obtained.

A handwritten signature is visible in the bottom right corner of the page, overlaid on a faint circular stamp or watermark.

CA K. M. Shah 99241 12785
B.Com., D.T.P., F.C.A.

CA H. K. Shah 98257 22785
B.Com., L.L.B., D.T.P., F.C.A.

CA G. K. Shah 98258 44995
B.Com., F.C.A., D.I.S.A. (ICAI)



H. K. Shah & Co. Chartered Accountants

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

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

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

Annexure - B to the 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 (HIMMATNAGAR BYPASS) 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. As informed to us the internal audit is being conducted for the parent company, which covers the subsidiary company audited by us.

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.

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

Head Office : 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

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.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

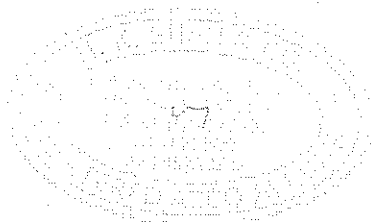
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 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,
H.K.Shah & Co.
(Chartered Accountants)
FRN:- 109583/W

CA G.K.Shah
Partner
M.No.- 106204



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

BALANCE SHEET

AS ON 31ST MARCH 2016

MSK Projects (Himmatnagar Bypass) Private Limited

Balance Sheet as at March 31, 2016

Particulars	Notes	31-Mar-16	31-Mar-15
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
(a) Share Capital	1	24,20,000	24,20,000
(b) Reserves and Surplus	2	3,68,06,735	3,63,00,861
Non Current Liabilities			
(a) Long Term Provision	3	5,51,893	-
Current Liabilities			
(a) Other Current Liabilities	4	25,07,219	2,48,079
(b) Short Term Provision	5	10,503	3,56,226
TOTAL EQUITY AND LIABILITIES		4,22,96,349	3,93,25,166
<u>ASSETS</u>			
Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	6	14,58,665	5,02,875
(ii) Build. Operate Transfer Project Expenditure	6	1,82,35,312	2,43,13,738
(b) Deferred tax Assets (net)	7	5,34,979	12,27,092
Current Assets			
(a) Cash and Cash Equivalents	8	25,07,237	18,79,195
(b) Short Term Loans and Advances	9	1,95,60,157	1,13,06,165
(c) Other Current Assets	10	-	96,101
TOTAL ASSETS		4,22,96,349	3,93,25,166
		-	-

Significant Accounting Policies

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

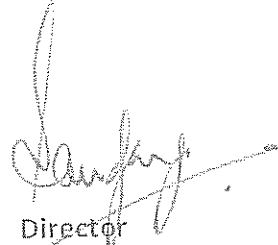
Firm Registration No.: 109583W

Gopesh.K.Shah

Partner

Membership No.: 106204

For & On behalf of the Board of Directors


Director


Director

MSK Projects (Himmatnagar Bypass) Private Limited
Profit and Loss statement for the year ended 31 March 2016

Particulars		Notes	31-Mar-16	31-Mar-15
I.	Revenue from operations	11	3,35,37,853	3,15,85,175
II.	Other Income	12	216	2,70,230
III.	Total Revenue (I +II)		3,35,38,069	3,18,55,405
IV.	<u>Expenses:</u>			
	Employee benefit expense	13	54,47,907	45,87,004
	Financial costs	14	17,383	8,304
	Depreciation and amortization expense	15	66,68,948	82,96,127
	Other expenses	16	1,99,23,845	2,21,49,498
	Total Expenses		3,20,58,083	3,50,40,933
V.	Profit before tax (III - IV)		14,79,986	(31,85,528)
VI.	Prior Period Expense		-	7,494
VII.	Tax expense:			
	(1) Current tax		2,82,000	-
	(2) Deferred tax		6,92,113	(12,13,626)
VIII.	Profit/(Loss) for the period (V -VI)		5,05,873	(19,79,396)
IX.	Earning per equity share:			
	(1) Basic		2.09	(8.18)
	(2) Diluted		2.09	(8.18)

B
 Significant Accounting Policies
 The accompanying notes are an integral part of the financial statements

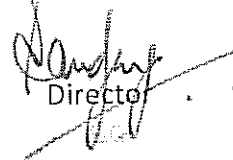
As per our report of even date

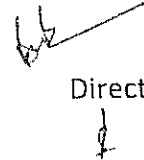
For H.K. Shah & Company
 Chartered Accountants
 Firm Registration No.: 109583W

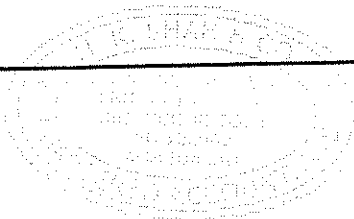
Gopesh.K.Shah
 Partner

Membership No.: 106204
 Date: 18/5/2016
 Place: Ahmedabad

For & On behalf of the Board of Directors


 Director


 Director



MSK PROJECTS (HIMMATNAGAR BYPASS) PRIVATE LIMITED
Cash Flow Statement for the year ended March 31, 2016

	March 31, 2015	March 31, 2015
A. Cash Flow from Operating Activities		
Net Profit before taxation	14,79,986	(31,85,528)
Add adjustment for non cash items:		
Prior Period Adjustment	-	(7,494)
Depreciation and amortisation	66,68,948	82,96,127
Financial Expenses including Interest	17,383	8,304
Provision for Gratuity & Leave Enashment	5,62,396	3,56,226
Operating Profit before Working Capital changes	87,28,713	54,67,635
Working Capital Adjustments for :		
Increase/ (decrease) in other current liabilities	22,59,140	(3,90,792)
Decrease / (increase) in short-term loans and advances	(86,51,577)	(70,54,561)
Increase/ (decrease) in Other Current Assets	96,101	(13,52,398)
Cash generated from / (used in) operations	(62,96,336)	(87,97,751)
CASH GENERATED FROM OPERATIONS	24,32,377	(33,30,116)
Income tax Paid	(2,40,641)	(2,46,830)
Net Cash inflow from/ (outflow) from Operating activities	21,91,736	(35,76,946)
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(15,46,311)	(1,06,610)
Net Cash inflow from/ (outflow) from Investing activities	(15,46,311)	(1,06,610)
C. Cash Flow from Financing Activities		
Borrowing	-	-
Repayment of borrowings (incl. inter company)	-	-
Financial Expenses including Interest	(17,383)	(8,304)
Net Cash inflow from/ (outflow) from Financing activities	(17,383)	(8,304)
Net increase / (decrease) in cash and cash equivalents	6,28,042	(36,91,860)
Opening Cash and Cash Equivalents	18,79,195	55,71,055
Closing Cash and Cash Equivalents	25,07,237	18,79,195
Closing Cash and Cash Equivalents		
Cash in hand	2,68,997	3,10,736
Balance with banks	22,38,240	15,68,459
	25,07,237	18,79,195

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

Gopesh.K.Shah
Partner

Membership No.: 106204
Date: 15/4/16
Place: Ahmedabad

For & On behalf of the Board of Directors

DIRECTOR

DIRECTOR

MSK Projects (HIMMATNAGAR BY PASS) PRIVATE LIMITED

a). SIGNIFICANT ACCOUNTING POLICIES:

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

1) 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 & 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 expenses 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 is also included under this category with a specific disclosure.

2) CASH AND BANK BALANCES:

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

3). EXTRAORDINARY & 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 expenses, is also.

4). REVENUE RECOGNITION:

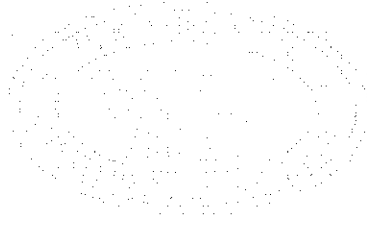
All revenues and expenses are accounted on accrual basis.

- Income from Toll Contracts :

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

- Other Income:

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



5). **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

- a) BOT Project Expenditure pertains to the cost 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 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 31st march 2020.

6). **DEPRECIATION AND AMORTISATION:**

- Depreciation

Depreciation is provided on written down basis value as per the rate and method prescribed under Schedule – II of the Companies Act 2013.

- Amortization:

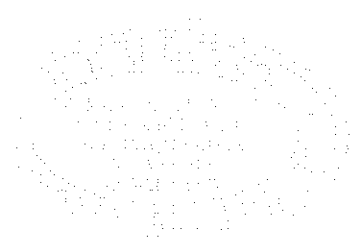
BOT Project Expenditure is amortized/ written off over the concession period on the basis of written down value at the rate of 25%.

7). **BORROWING COST:**

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

8). **PROVISION FOR CURRENT AND DEFERRED TAX**

- a) Provision for 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.
- b) 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 been enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be adjusted in future.
- c) Minimum Alternate Tax (MAT) credit is recognized as an assets only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period.



MSK Projects (HIMMATNAGAR BY PASS) PRIVATE LIMITED

9). 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.

10). IMPAIRMENT OF ASSETS:

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

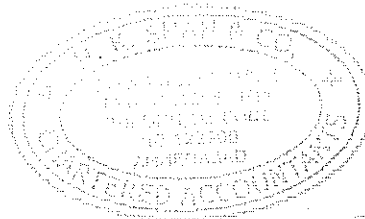
- a) The provision for impairment loss, if any ; and
- b) The reversal of Impairment loss recognized in previous periods, if any.
Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- a) In the case of 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 recognized when the carrying amount of an asset exceeds its recoverable amount.



MSK Projects (Himmatnagar Bypass) Private Ltd

0 NOTES TO ACCOUNTS

1 Share Capital

	31-Mar-16	31-Mar-15
	Amount	Amount
Authorised: 2,50,000 (Previous Year 2,50,000) Equity Shares of Rs.10/- Each	25,00,000	25,00,000
Issued, subscribed and fully paid up: 2,42,000 (Previous Year 2,42,000) Equity Shares RS. 10/- each Fully Paid up	24,20,000	24,20,000
Total Issued, subscribed and fully paid up Share Capital	24,20,000	24,20,000

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

	March 31, 2016		March 31, 2015	
	No.	Amount	No.	No.
At the beginning of the period	2,42,000	24,20,000	2,42,000	24,20,000
Issued during the period	-	-	-	-
Outstanding at the end of the period	2,42,000	24,20,000	2,42,000	24,20,000

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) 2,42,000 (Previous Year 2,42,000) Equity Shares of RS. 10/- each Fully Paid up	24,20,000	24,20,000

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

	March 31, 2016		March 31, 2015	
	No.	% Holding	No.	No.
Welspun Enterprises Limited (Formerly known as Welspun Projects Limited)	2,42,000	100%	2,42,000	100%

2 Reserves and Surplus

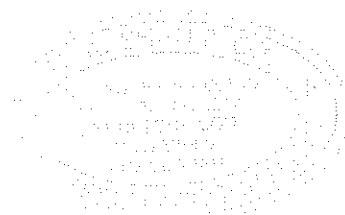
	31-Mar-16	31-Mar-15
	Amount	Amount
Securities Premium	2,08,80,000	2,08,80,000
Profit and Loss account		
Balance As per Last financial statements	1,54,20,861	1,74,00,257
Add: Profit for the year	5,05,873	(19,79,396)
Net surplus in the statement of profit and loss	1,59,26,735	1,54,20,861
Total Reserves and Surplus	3,68,06,735	3,63,00,861

3 Long term provisions

	31-Mar-16	31-Mar-15
	Amount	Amount
Provision for Employee Benefits		
Leave Encashment	2,02,901	-
Gratuity	3,48,992	-
Total Short Term Borrowing	5,51,893	-

4 Other Current Liabilities

	31-Mar-16	31-Mar-15
	Amount	Amount
Payable to Creditor for expenses	7,43,330	1,06,971
Payable to Employees	3,59,597	1,26,810
Payable to Related Parties	10,83,613	-
Statutory dues including TDS	3,22,678	14,289
Total Other Current Liabilities	25,07,219	2,48,079



MSK Projects (Himmatnagar Bypass) Private Ltd

5	Short Term Provisions	31-Mar-16 Amount	31-Mar-15 Amount
	<u>Provision for Employee Benefits</u>		
	Leave Encashment	4,923	1,05,908
	Gratuity	5,580	2,50,318
	<u>Other Short Term Provisions</u>		
	Provision for Taxation (Net of Advances)		
	Total Provision	10,503	3,56,226
7	Deferred Tax Assets (net)	31-Mar-16 Amount	31-Mar-15 Amount
	Depreciation	7,08,759	13,37,166
	Retirement Benefits	(1,73,780)	(1,10,074)
	Total Deferred Tax Assets (net)	5,34,979	12,27,092
8	Cash and Bank Balances	31-Mar-16 Amount	31-Mar-15 Amount
	<u>Cash And Cash Equivalents :-</u>		
	Balances with banks:		
	- In current accounts	22,38,240	3,93,986
	- In deposit having original maturity less than 3months		
	Cash on Hand	2,68,997	3,10,736
		25,07,237	7,04,722
	<u>Other Bank Balances :-</u>		
	- fixed deposit having original maturity 3 months to 12 months	-	11,74,473
	- fixed deposit maturing is less than 12 months	-	-
		-	11,74,473
	Total Cash and Bank Balances	25,07,237	18,79,195
9	Short Term Loans and Advances (Unsecured considered good unless otherwise stated)	31-Mar-16 Amount	31-Mar-15 Amount
	Advance recoverable in cash or kind	15,270	65,481
	Loans and advances to related parties	1,90,00,000	1,07,26,883
	Loans and advances to Employees	59,201	
	Balance with Govt Authorities :		
	- Direct tax (Net of Provision)	4,72,442	5,13,801
	Prepaid expenses	13,244	-
	Total Short Term Loans and Advances (A+B)	1,95,60,157	1,13,06,165
10	Other Current Assets	31-Mar-16 Amount	31-Mar-15 Amount
	Interest Accrued	-	96,101
	Total Other Current Assets	-	96,101



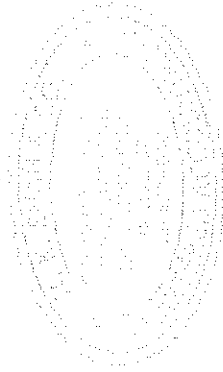
MSK Projects (Himmatnagar Bypass) Private Ltd

11	Revenue	31-Mar-16 Amount	31-Mar-15 Amount
	Toll Collection	3,35,37,853	3,15,85,175
	Total Revenue	3,35,37,853	3,15,85,175
12	Other Income	31-Mar-16 Amount	31-Mar-15 Amount
	Interest on fixed Deposits	-	1,86,899
	Dividend Income	-	2,513
	Credit Balance Written Back	-	80,818
	Miscellaneous Income	216	-
	Total Revenue	216	2,70,230
13	Employee benefit expense	31-Mar-16 Amount	31-Mar-15 Amount
	Salaries and Wages	48,20,562	37,35,123
	Contribution to Provident and other funds	4,66,769	6,69,657
	Staff Welfare Expenses	1,60,576	1,82,224
	Total Employee benefit expenses	54,47,907	45,87,004
14	Financial costs	31-Mar-16 Amount	31-Mar-15 Amount
	Bank Charge	14,599	5,316
	Other Interest	2,784	2,988
	Total Financial Cost	17,383	8,304
15	Depreciation & Amortisation	31-Mar-16 Amount	31-Mar-15 Amount
	Depreciation on Tangible Assets	5,90,520	1,91,548
	Amortisation on Intangible Assets	60,78,428	81,04,579
	Total Depreciation and Amortisation	66,68,948	82,96,127
16	Other Expenses	31-Mar-16 Amount	31-Mar-15 Amount
	Stores and spares consumed	-	1,350
	Hire charges	46,200	27,100
	Power, fuel and water charges	2,65,011	2,00,049
	Repairs and Maintenance :-		
	- Plant and machinery	-	58,708
	- Road maintenance	1,47,34,723	1,50,02,800
	- Others	10,840	1,79,483
	Civil Work	-	60,971
	Shuttering expenses	-	3,95,513
	Donation	-	54,31,631
	Rates and taxes	2,402	12,895
	Insurance cost	56,743	69,031
	Travelling and conveyance	3,94,922	30,456
	Communications	29,182	7,810
	Legal and professional fees	84	115
	Civil consultancy charges	40,44,612	49,741
	Freight and transportation expenses	-	25,575
	Business Promotion expenses	46,660	-
	Printing and stationary	1,21,005	2,00,788
	Payment to Auditors		
	- As Auditor	77,100	60,000
	Filing and registration expenses	4,650	28,931
	Miscellaneous expenses	89,711	3,06,551
	Total	1,99,23,845	2,21,49,498

MSK Projects (Himmatnagar Bypass) Private Limited

6 Fixed Assets Schedule

Sr	Nature of Assets	Gross Block			Deduction			Net Block	
		As at 01-04-2015	Addition during the year	Deduction during the year	As at 31-03-2016	Addition during the year	Deduction during the year	As at 31-03-2016	As at 31-03-2015
	- Tangible Assets								
1	Toll Equipments	5,51,680	14,80,311	-	20,31,991	4,86,811	-	12,92,166	2,99,666
2	Vehicles	3,40,501	-	-	3,40,501	61,248	-	1,13,227	1,74,475
3	Office Equipments	19,900	-	-	19,900	5,976	-	5,088	11,064
4	Computer	13,600	26,500	-	40,100	21,697	-	10,084	5,281
5	Furniture & Fixture	18,000	39,500	-	57,500	14,788	-	38,102	13,389
	Total - 1	9,43,681	15,46,311	-	24,89,992	5,99,520	-	10,31,326	5,02,875
	- In-Tangible Assets								
	Himmatnagar Bypass Projects - BOT Projects expenditure	8,44,47,460	-	-	8,44,47,460	60,78,428	-	6,62,12,150	2,43,13,738
	Total - 2	8,44,47,460	-	-	8,44,47,460	60,78,428	-	6,62,12,150	2,43,13,738
	Total - 1+2	8,53,91,141	15,46,311	-	8,69,37,452	66,66,948	-	6,72,43,476	2,48,16,613
	Previous Year	8,52,84,531	1,06,610	-	8,53,91,141	82,96,141	-	6,05,74,528	2,46,16,613



16). 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 obligations.
 - 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.

17). 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 as BOT Project expenditure and proportionate amount of Rs.60,78,426/- (Previous Year Rs.81,04,579/-) 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.

MSK Projects (HIMMATNAGAR BY PASS) PRIVATE LIMITED

3. Contingent Liabilities :

Guarantee has been issued by the company's bankers on behalf of the company amounting to Rs. – Nil - (Previous year Rs. 10 Lacs) in favour of Gujarat State Road Development Corporation, Gandhi Nagar.

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 / or not given or confirmed by such enterprises, it is not possible to give required information in the accounts. However, in view of the management, the impact of interest, if any, which may subsequently become payable to such enterprise in accordance with the provisions of the Act, would not be material and the same, if any, would be disclosed in the year of payment of interest.

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

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 the business. The Provisions for all known liabilities is adequate and not in excess of the amount reasonably necessary.

6. Long Term Employee benefits:

a. Leave encashment:

The Company has provided for the liabilities at the year end on account of un-availed earned leave as per the Actuarial Valuation.

b. Gratuity :

The Company provides for gratuity obligations through a Defined benefits retirement plan ("The Gratuity Plan") covering all employees. The present value of the obligation under such defined benefit plan is determined based on the actuarial valuation using the project unit credit method, which recognizes each period of service as giving rise to additional unit of employees benefits entitlement and measure each unit separately to build up final obligation. The obligation is measured at the present value of the estimated cash flows. The discount rate used for determining present value of the defined obligation under the defined benefit plan is based on the market yield on Government Securities as at the balance sheet date. Actuarial gains and losses are recognized in Profit and Loss Account as and when determined

MSK Projects (HIMMATNAGAR BY PASS) PRIVATE LIMITED

18). Transactions with Related Parties

Name & relationship with the related parties:

Holding Company	Welspun Enterprises Limited (Formerly known as Welspun Projects Limited)
Fellow Subsidiary Company	MSK Projects(Kim Mandvi Corridor) Pvt. Ltd.
Key Management Personnel	Shri Sandeep Garg – Director Shri Banwarilal Biyani – Director

Sr. No.	Particulars	Holding Company		Fellow Subsidiary Company	
		31/3/2016	31/3/2015	31/3/2016	31/3/2015
1	Road Maintenance Expenses	1,12,50,000	1,50,00,000		
2	Repayment of loan received	1,92,52,201	2,63,930		
3	Loan Given	1,90,00,000	2,04,63,262		13,00,516
4	Repayment of Loan given	1,07,26,883	1,09,61,379		36,69,186
5	Payable at end of the year	10,83,613	-		
6	Receivable at the end of year		1,07,26,883	-	-

19) Earnings Per Share:

Particulars	2014-15	2013-14
Net Profit after tax available for equity share holder	5,05,873	(19,79,396)
Weighted average numbers of equity shares of Rs.10/- each fully paid up outstanding during the year	242000	242000
Basis and diluted Earning per share (Rs.)	2.09	(8.18)

9) Previous year's figures are regrouped, rearranged or recast whenever considered necessary.

As our report of even date
For H.K.Shah & Company
Chartered Accountants
Firm Regn. No.: 109583/W

Gopesh .K. Shah
Membership No.

Place : Ahmedabad
Date : 18/05/2016

For and on behalf of the board of Directors

Director

Director

Place: Mumbai
Date : 18/05/2016

