

WELSPUN



Dare to Commit

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WELSPUN Projects Ltd.

18th Annual Report
2011-2012

CORPORATE INFORMATION

Board of Directors	
Mr. B. K. Goenka	Mr. A. K. Dasgupta
Mr. R. R. Mandawewala	Mr. Atul Desai
Mr. Sandeep Garg	Mr. M. K. Tandon
Mr. Nirmal Gangwal	

Company Secretary	Audit Committee
Ms. Susheela Maheshwari	Mr. A. K. Dasgupta
	Mr. Atul Desai
	Mr. M. K. Tandon
Statutory Auditor	
Chandrakant & Sevantilal & J.K. Shah & Co.	

Shareholder/Investor Grievance Committee	Remuneration Committee
Mr. B. K. Goenka	Mr. Nirmal Gangwal
Mr. Sandeep Garg	Mr. Shailesh Vaidya
Mr. Atul Desai	Mr. A. K. Dasgupta

Registered Office	Corporate Office
Welspun City, Village Versamedi Taluka Anjar, Dist Kutch Gujarat-370110 Tel : 0283 627 9071/74/41/44 Fax. : 0283 627 9060	Welspun House, 3rd Floor, Kamala City, Senapati Bapat Marg, Lower Parel (W), Mumbai 400013 Tel.: 022-66136000 Fax: 022-24908020

Stock Exchanges where the Company's securities are listed	
Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 051	Vadodara Stock Exchange Ltd. 3rd Floor, Fortune Tower, Sayajigunj, Vadodara - 390005.
National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	

Registrar and Transfer Agent	Bankers	
Purva Shareregistry (India) Pvt. Ltd. Unit No. 9, Shivshakti Industrial Estate, J.R Boricha Marg, Opp Kasturba Hospital Lane, Lower Parel (E) Mumbai 400 011	Bank of Baroda Bank of India Corporation Bank HDFC Bank Limited IDBI BANK Kotak Mahindra Bank	State Bank of India IDFC Dena Bank Axis Bank Punjab National Bank

KEY MANAGEMENT TEAM



* Non-Executive Member of the Board of Directors

During FY12, we have executed 10 projects worth Rs 768 crore in sectors like roads & highways, industrial structures, buildings, water supply etc.



My dear fellow stakeholders,

In most Countries, Infrastructure is considered to be a sector of immense strategic importance. Hence, it usually enjoys high priority treatment from administrative bodies. In India, however, the Infrastructure story is somewhat different. Development of this crucial sector has been plagued with issues of implementation. As a result, the pace of growth has simply been much slower than the needs of the economy, especially one that aims at maintaining a sustained growth rate of close to nine per cent.

FY 12 has not been so good for the sector and it has seen a considerable slowdown. The annual performance of the crucial infrastructure sectors, including highways, oil & gas, water, urban infrastructure and others, during the fiscal has been poor. Most of these segments witnessed negative growth. The year also saw contraction in the number of start-ups as well as in the planned investment announced by both the private and public sector. In case of roads, the National Highways Authority of India (NHAI) widened/upgraded 2,200 km of highways during 2011-12. This was 10.1 per cent lower than the target of 2,500 km for the period. It was also 29 per cent less than that achieved in the previous year. In India, last year water and real estate sectors have recorded a growth rate of over eight per cent.

Despite the overall picture being grim, it turned out to be a good year for Welspun Projects Ltd (WPL), especially when compared to FY11. We are growing at a decent pace and improving our performance. Our standalone and consolidated revenues increased by 26 per cent and 41 per cent respectively compared to the previous year, which itself is a testimony to our accomplishments as a Civil Contractor.

The 11th Five-Year Plan (2007- 2012) had already identified that inadequate infrastructure was a major constraint on the country's rapid growth. The 12th Plan had, therefore, emphasised the need for massive inflow of funds into the infrastructure sector, based on a combination of public and private investments, the latter through various forms of public-private partnerships (PPP).

During FY12, we have executed 10 projects worth Rs 768 crore in sectors like roads & highways, industrial structures, buildings, water supply etc. Some of these are Non-Plant Building project at Panipat, Residential Building project at Bhilai, Building Work for RIB-I at the Opal Dual Feed Cracker and Associated Units in the Dahej Petro Chemical Complex, Augmentation of Water Supply Scheme at Umargam, Dist. Valsad etc.

These achievements were possible only because of our project management expertise, cutting-edge technology and design innovation. The company is set to play a larger role in the infrastructure space.

In the case of BOT (Build Operate Transfer) road projects, we have received one under our own name i.e. Chirai-Anjar Road project valued at Rs. 260 crore. However, we have successfully completed six BOT (Toll) road projects with a total length of over 500 km and a capital expenditure of over Rs. 1000 Crores. The signature project among these is the 142.6 km long Dewas-Bhopal Corridor linking Bhopal and Dewas on SH 18 in Madhya Pradesh. We have also been awarded the Mohali water supply project valued at Rs. 156 crores.

Other significant achievements are the construction of an 80MW captive power plant and the Memorial Building at Anjar. Both these projects are important because of certain unique features. In the captive power plant at Anjar, we have built a 110m high chimney which also involved erection of coal handling structure at height of 62.5m. Similarly, in the Memorial building at Anjar, we have fabricated and erected a steel dome with a diameter of 40.3m and height of 18.5m.

Looking at the future, we are well poised to play a bigger role in the infrastructure space. Currently WPL is executing projects like the Baramunda Bus terminal, Vapi Buildings and in house Industrial/Building projects in Anjar. All these projects are expected to be completed by 2014.

Our commitment to building India's infrastructure goes beyond business. In such a difficult environment, your Company has worked very hard to deliver results. Careful underwriting, anticipating risks and proactive problem solving have allowed us to protect our asset quality. With your support and encouragement, I can assure you of WPL's strong continued commitment to building sustainable and inclusive infrastructure in India.

- B K Goenka
Chairman



80MW Captive Power Plant – Anjar

Welspun Project Ltd is the EPC contractor for the 80 MW Captive Power Project in Anjar. The project involves supply and construction of TG unit, Air Cooled Condensers (ACC), Chimney, Panel Rooms, Demineralisation Plant, Warehouse, Crusher & Screening House, Coal Handling Unit and other miscellaneous structures.

Directors' Report

Dear Members,

Your directors have pleasure in presenting the 18th Annual Report together with the Audited Financial Statement along with the Report of the Auditors for the financial year ended on March 31, 2012.

I. Financial Performance

Particulars	(Rs. in Lacs)	
	FY 2011-12	FY 2010-11
Revenue from Operation	26,759.41	17,812.37
Toll Collection	6,938.11	6,057.63
Other Income	2,162.39	2,134.59
Change in Work in Progress	(2,219.55)	2,141.24
Total Income	33,640.36	28,145.83
Total Expenditure	33,270.87	31,248.17
Profit Before Tax	369.49	(3,122.34)
Less : Provision for Tax	37.27	34.37
Profit After Tax	332.22	(3,156.71)
Balance Carried to Balance Sheet	332.22	(3,156.71)
Earnings Per Share (Rs.)	0.83	(8.15)

The above financial performance is based on the consolidated financial statements of the Company for the year ended on March 31, 2012.

II. Dividend

To augment cash resources for future developmental activities and growth of the Company, your directors do not recommend any dividend on equity shares of the Company for the year ended on March 31, 2012.

III. Key Contracts and Orders

The order book position as on date of this Report exceeds Rs. 800 Lacs. During the year under report, your company excelled in clinching various important contracts, including Road Project at Chirai Anjar (Gujarat) for Gujarat State Road Development Corporation (GSRDC), Vapi Land Development, Anjar Township Phase II, Dewas Water Scheme and Pipe Laying Water Project at Mohali for Greater Mohali Area Development Authority (GMADA).

IV. Directors

Since the last report, the following changes took place in the Board of Directors:

1. Mr. Sunil Shinde has been appointed as the Managing Director and Chief Executive Officer of the Company w.e.f. May 16, 2011. Mr. Shinde has resigned from the position of MD & CEO of the Company w.e.f. May 19, 2012.
2. Mr. M K Tandon has been appointed as independent director of the Company w.e.f. January 31, 2012.
3. Mr. Yogesh Verma, Director and Mr. Asim Chakraborty, Manager of the Company had resigned on May 26, 2011.
4. Mr. Ashok Khurana had resigned on January 31, 2012.

Your directors appreciate the resigning directors for rendering their services during the tenure of their directorship in the Company.

In accordance with the requirements of the Companies Act, 1956 and Article 150 of the Articles of Association of the Company, Mr. A K Dasgupta and Mr. Nirmal Gangwal, Directors of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible, have been recommended for re-appointment.

Details about these directors are provided in the Notice of the ensuing Annual General Meeting being sent to the shareholders along with Annual Report.

V. Fixed Deposits

During the financial year 2011-12, the Company did not accept any deposits within the meaning of Section 58A of the Companies Act, 1956 read with rules made there under.

VI. Auditors

Your Company's Statutory Auditors, M/s Chandrakant & Sevantilal & J. K. Shah & Company, Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, have given their consent to act as the Statutory Auditors of the Company for the forthcoming tenure. Members are requested to consider their re-appointment as the Statutory Auditors of the Company and to fix their remuneration by passing an ordinary resolution under Section 224 of the Companies Act, 1956.

VII. Auditors' Report

With regards to the qualification on Disclosure of Cash Subsidy amounting to Rs. 126.54 Crores received from Madhya Pradesh Rajya Setu Nirman Nigam Limited and Gujarat State Road Development Corporation against BOT Projects under the head 'Reserves & Surplus' instead of deducting the same from the Project Cost, your directors state that as per the para 10.1 of the Accounting Standard 12 – Accounting for Government Grants (reproduced hereinafter), where the subsidy received is in the nature of promoter's contributions that is, to say without which the concessionaire cannot cover the total cost of the projects, the subsidy received can be shown as Capital Reserve under the head of Reserves and Surplus rather than deducting from the total cost of the Project. Your Directors further state that they perceive that the subsidy received is in the nature of 'Promoter's Contribution' and hence has been disclosed the same as Capital Reserve and not deducted from the total cost of the Project.

Para 10.1 of the Accounting Standard 12 – Accounting for Government Grants, state as under:

'Where the Government Grants are of the nature of Promoters Contribution i.e., they are given with reference to the total Investment in an undertaking or by way of contribution towards its total Capital outlay and no repayment is ordinarily expected in respect thereof, the grants are treated as Capital Reserve which can be neither distributed as dividend nor considered as deferred income.'

VIII. Internal Control Systems

The Company has an adequate system of Internal Control to ensure compliance with policies and procedures. Internal Audits are regularly carried out to review the internal control systems. The Internal Audit Reports along with recommendations contained therein are reviewed by the Audit Committee of the Board.

IX. Subsidiaries

As on March 31, 2012, the following companies, were subsidiaries of the Company viz. (1) MSK Projects (Himmatnagar Bypass) Private Ltd. (2) MSK Projects (Kim Mandvi Corridor) Private Ltd. (3) Welspun BOT Projects Private Ltd. (4) Anjar Road Private Ltd.

The Ministry of Corporate Affairs vide its General Circular No. 2 / 2011 dated February 8, 2011 granted general exemption to the companies from attaching a copy of the Balance Sheet, the Profit and Loss Account and other documents of its subsidiary companies as required to be attached under Section 212 of the Companies Act, 1956 to the Balance Sheet of the Company subject to fulfillment of conditions stipulated in the circular.

Therefore, the said documents of the aforesaid subsidiary companies will not be attached to the Annual Report. However, the aforesaid documents relating to the subsidiary companies and the related detailed information will be made available upon request by any member or investor of the Company. Further, the Annual Accounts of the subsidiary companies are kept open for inspection by a member or an investor at the Registered Office of the Company.

As required under the exemption, a statement containing the requisite information for each subsidiary is attached with this Report.

X. Particulars of Employees

As required under the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to Directors' Report. However, as per Provisions of Section 219(1)(b) of the Companies Act, 1956, the Report and Accounts are being sent to all the members of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to Company Secretary at the registered office of the Company.

XI. Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your directors confirm that:

- (i) in preparation of the annual accounts for the financial year ended on March 31, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) they have 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 and of the profit of the Company for the year under review;
- (iii) they have taken proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the accounts for the financial year ended on March 31, 2012 on a going concern basis.

XII. Employee Stock Option Plan

The Company had introduced stock option plan for directors and employees of the Company and its holding and subsidiary Companies. During the year, the Company has granted Stock Options to following employees:

Sr. No.	Name	No. of Option Granted
1	Mr. Sunil Shinde, Managing Director & Chief Executive Officer	1,50,000
2	Mr. Prasad Patwardhan, Chief Financial Officer	50,000

However, ESOP granted have been lapsed due to resignation of the above employees.

XIII. Corporate Governance

A separate report on Corporate Governance is annexed hereto as a part of this report. A certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as prescribed under clause 49 of the Listing Agreement is attached to this Report. A separate report on Management Discussion & Analysis is enclosed as a part of the Annual Report.

XIV. Listing with Stock Exchange

The Company's equity shares are listed on the Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) and Vadodara Stock Exchange Limited (VSE). Annual listing fee for the year 2012-13 have been paid to BSE, NSE and VSE.

XV. Energy, Technology and Foreign Exchange

The operations of the Company are not energy intensive and therefore there is nothing to report in respect of information on Conservation of Energy and Technology Absorptions as required under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in report of the Board of Directors) Rules, 1988. Within the limited scope available for saving energy in construction contracts, every effort is being made for conserving and reducing its consumptions.

Foreign Exchange Earnings and Outgo

Foreign Exchange Earnings – NIL
Foreign Exchange Outgo – NIL

XVI. Consolidated Financial Statement

As stipulated by clause 32 of the Listing Agreement with the Stock Exchanges and Circular No. 2/2011 dated February 8, 2011 issued by Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956, the Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards issued by the ICAI. The Audited Consolidated Financial Statements together with Auditors' Report thereon forms a part of the Report.

XVII. Acknowledgement

Your directors express deep sense of appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Government Authorities, Creditors and Shareholders and for the devoted services rendered, by the Executives, Staff and Workers of the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 28, 2012

B. K. Goenka
Chairman



Housing Project, Anjar

Construction of staff housing colony (1.5, 2, 3 BHK flats – G + 2 structure) at Anjar, Gujarat. Total flats to be constructed in Phase One -- 240



Corporate Governance Report

1. Philosophy on Code of Governance

The Board of Directors of the Company acts as a trustee and assumes fiduciary responsibility of protecting the interest of the shareholders and other stakeholders of the Company. The Board supports the broad principles of Corporate Governance. In order to attain highest level Corporate Governance practice, the Board lays strong emphasis on transparency, accountability and integrity.

2. Board of Directors

As on March 31, 2012 the Board comprises of Six Directors (five of them are non executive directors), of which four directors are the Independent Directors. Mr. B. K. Goenka, a Non-Executive Director is the Chairman of the Company.

Composition and category of directors; attendance of each director at board meetings and the last AGM, number of other companies on the Board or Committees of which, a director is a member or chairperson is as under:

Name of the Director	Category	Attendance in Board Meetings during the financial year 2011-12	No. of other Directorships @	Number of other Board Committees		Attendance in last AGM
				Chairman *	Member *	
Mr. B. K. Goenka Chairman	Promoter	5	14	1	6	No
Mr. Sunil Shinde Managing Director & CEO	Professional	4	NIL	NIL	1	Yes
Mr. Nirmal Gangwal	Independent	5	5	NIL	1	No
Mr. Shailesh Vaidya	Independent	3	11	1	1	No
Mr. A. K. Dasgupta	Independent	5	3	1	3	No
Mr. M. K. Tandon	Independent	1	4	4	2	NA

@ Only Directorships held in Indian Public Limited Companies are considered.

* Only Chairmanship/membership of Audit Committee and Shareholders' and Investors' Grievance Committee are considered (includes Chairmanship/membership in Welspun Projects Ltd.)

The Board periodically reviews compliance report of all laws applicable to the company.

5 meetings of the Board of Directors were held during the financial year 2011-12 on the following dates: April 15, 2011, May 26, 2011, July 25, 2011, November 02, 2011 and January 31, 2012.

3. Audit Committee

a) Terms of Reference

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The terms of reference stipulated by the Board of Directors to the Audit Committee are as contained under clause 49 of the Listing Agreement with the Stock Exchanges.

b) Composition

The Audit Committee was constituted by the Board of Directors at its meeting held on January 24, 2005 and was reconstituted from time to time. The Committee comprises of 3 non-executive independent directors.

The present composition of the Committee is as under:

Name of the Member	Designation	Number of Meetings attended during financial year 2011-12
Mr. M. K. Tandon*	Chairman	
Mr. Shailesh Vaidya	Member	3
Mr. A K Dasgupta	Member	5
Mr. Nirmal Gangwal*	Member	5

*Mr. M K Tandon has been appointed as a member of the Audit Committee in the Board Meeting held on January 31, 2012 in place of Mr. Nirmal Gangwal.

5 meetings of the Audit Committee were held during the financial year 2011 – 12 on following dates: April 15, 2011, May 26, 2011, July 25, 2011 November 02, 2011 and January 31, 2012. The attendance of the members at the Committee Meetings is given in the table above.

The Company's Internal Auditors and Chief Finance Officer generally remain present at the Audit Committee meetings, The Company Secretary acts as the secretary of the Audit Committee.

4. Remuneration Committee

a) Terms of Reference

The Company has duly constituted Remuneration Committee consisting of Independent Directors. The Remuneration Committee recommends the appointment, re-appointment and remuneration payable to executive directors.

b) Composition of Remuneration Committee

The present composition of the Committee is as under:

Name of the Member	Designation	Number of Meetings attended during financial year 2011-12
Mr. A. K. Dasgupta	Chairman	2
Mr. Shailesh Vaidya	Member	2
Mr. Nirmal Gangwal	Member	2

Two meetings of Remuneration Committee were held on May 26, 2011 & July 25, 2011. The attendance at the Remuneration Committee meetings held during the financial year 2011-12 is given in the table above.

d) Remuneration Policy

The independent directors are not paid any other remuneration except sitting fees for attending meetings of the Board of Directors and the Committee meetings. The sitting fee for attending the Board meeting is Rs. 15,000/- for each meeting and for attending committee meeting is Rs. 5,000/- for each meeting. The sitting fee has been approved by the Board of Directors in its meeting dated September 17, 2004 and by the members in the Extra-ordinary General Meeting dated October 11, 2004.

e) The Sitting Fees paid to Non Executive Directors during the financial year 2011-12 is as under:

Name of Non Executive Director	Sitting Fees for Board Meetings (in Rs.)	Sitting Fees for Committee Meetings (in Rs.)	Total (in Rs.)
Mr. Nirmal Gangwal	75,000	35,000	110,000
Mr. Shailesh Vaidya	45,000	35,000	80,000
Mr. A. K. Dasgupta	75,000	35,000	110,000
Mr. M K Tandon	15,000		15,000

f) Executive Directors' Compensation

The Executive Directors are paid salary and perquisites as per the rules of the Company.

The details of remuneration paid to Managing Director & CEO during the financial year 2011 -12 is as under:

Name	Salary + Perquisites
Mr. Sunil Shinde*	Rs. 13,359,121**

* ceased to be the Managing Director & CEO w.e.f. May 19, 2012.

**Rs. 1,532,840 paid towards Notice Pay also included in remuneration paid during financial year 2011-12

5. SHAREHOLDERS' AND INVESTORS' GRIEVANCE COMMITTEE**a) Terms of Reference**

The Shareholders' and Investors' Grievances Committee looks into the redressal of members' complaints. The complaints are reported to the Board on quarterly basis and the status of the complaints pending at the beginning of the quarter, received during the quarter and resolved or pending at the end of the quarter, are published along with the Quarterly / Annual Unaudited / Audited Financial Results as the case may be of the Company as a note thereto. None of the complaints were pending at the end of the financial year under Report.

b) Composition

The present composition of the Committee is as under:

Name of the Member	Designation	Number of Meetings attended during the financial year 2011-12
Mr. Shailesh Vaidya	Chairman	2
Mr. B K Goenka	Member	2
Mr. Sunil Shinde*	Member	2

* Appointed as a Member of the Committee w.e.f. May 26, 2011 in place of Mr. Yogesh Verma

Two meetings of Shareholders' and Investors' Grievances Committee were held on July 25, 2011 & November 02, 2011. The attendance at the Shareholders' and Investors' Grievances Committee meetings held during the financial year 2011-12 is given in the table above.

6. GENERAL BODY MEETINGS

The details of Annual General Meeting held during the last three years are given hereunder:

Annual General Meeting	17 th Annual General Meeting	16 th Annual General Meeting	15 th Annual General Meeting
Day & Date	Tuesday, August 29, 2011	Tuesday, November 30, 2010	Wednesday, September 30, 2009
Time	9.30 a.m.	11.00 a.m.	9.00 a.m.
Venue	Vanijya Bhavan, Race Course, Vadodara	Vanijya Bhavan, Race Course, Vadodara	Vanijya Bhavan, Race Course, Vadodara
Special Resolution Passed	Nil	1) Sec. 31 - Alteration of Articles of Association of the Company 2) Sec. 21 - Change of name of the Company 3) Sec. 269 - Appointment of Manager	Nil

The details of Extraordinary General Meetings held during the year are given hereunder:

Day & Date	Wednesday June 29, 2011	Friday December 09, 2011
Time	11.30 a.m.	10.30 a.m.
Venue	Vanijya Bhavan, Race Course, Vadodara	Welspun City, Village, Versamedi, Taluka Anjar, Gujarat-370110
Special Resolution Passed	1) Appointment of Mr. Sunil Shinde as Managing Director & CEO 2) Approval of ESOP	1) Increase in Authorised Capital from Rs. 41 crores to Rs. 42 crores 2) Change in the Articles of Association

Postal Ballot

During the year ended March 31, 2012, the Company sought the approval of its members, through a postal ballot, to shift the registered office of the Company from "707, Sterling Centre, R C Dutt Road Alkapuri, Baroda, Gujarat" to "Welspun City, Village Versamedi, Taluka Anjar, Dist Kutch, Gujarat-370110". A Company Secretary in Practice was appointed by the Board of Directors as the Scrutinizer of the voting process. The Company announced the results of the Postal Ballot on 21.09.2011. A summary of the same is given below:

Sr. No	Particulars	Number
1.	No. of valid postal ballot forms received	25,537,745
2.	Votes in favor of the resolution	25,537,713
3.	Votes against the resolution	32
4.	No. of Invalid postal ballot forms received	1,538

7. MANAGEMENT**a) Management Discussion and Analysis:**

Management Discussion and Analysis of business of the Company is separately given in the Annual Report.

b) Disclosures by Management to the Board:

All details relating to financial and commercial transactions where directors may have pecuniary interest are provided to the Board, and the interested directors neither participate in the discussion, nor do they vote on such matters.

8. DISCLOSURES**a) Related Party Transactions:**

For related party transactions, refer Note no.10 of Notes to Accounts (Schedule 8) annexed to Balance Sheet and Profit & Loss Account.

b) Non Compliance:

There were no non compliance by the Company during the last three financial years and hence no penalties, strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three financial years.

c) Whistle Blower Policy:

The Company has a Whistle Blower Policy and no personnel have been denied access to the Audit Committee.

d) Code of Conduct:

The Board complies with Code of Conduct for Board members and senior management of the Company. A copy of the Code is also posted on the Company's website for information of all the Board members and senior management of the Company. The Compliance of the Code is being affirmed by the Directors and senior management personnel on annual basis every year.

A declaration signed by the Chairman of the Company is given below:

"I hereby confirm that all Board members and senior management personnel have affirmed compliance with the Code of Conduct of the Company."

B K Goenka
Chairman

e) Certification by CEO/CFO :

A certificate obtained from Chief Executive Officer and Chief Financial Officer on the Financial Statements of the Company in terms of Clause 49 of the Listing Agreement was placed before the Board, who took note of it and took same on record.

f) Secretarial Audit:

A qualified Practising Company Secretary carried out the Secretarial Audit on quarterly basis to reconcile the share capital with National Securities Depository Services Ltd (NSDL) and Central Depository Services Ltd (CDSL) and the total issued and listed capital. The audit confirms that the total issued / paid up capital is in agreement with total number of shares in physical forms and total number of demat shares held with NSDL and CDSL.

g) Brief resume of Directors being appointed / re-appointed

A brief resume, nature of expertise in specific functional areas, names of companies in which the person is already holds directorship and membership of committees of the Board and shareholdings in the Company forms part of the Notice of Annual General Meeting.

h) Accounting Standard

The Accounting Standards laid down by the Institute of Chartered Accountants of India and applicable to the Company were followed by the Company in preparation of accounts of the Company.

i) Details (in aggregate) of shares in the suspense account including freeze on their voting rights

There are no unclaimed shares and hence no suspense account is required to be opened and credited with such shares and there is no freeze on voting rights of any shares.

j) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of the Clause 49 of the Listing Agreement.

The Company is in compliance with the mandatory requirements mentioned under Clause 49(I) to 49(VII) to the extent applicable and in addition, the Company has adopted non-mandatory requirements mentioned at (2) – Remuneration Committee, (4) Audit Qualifications, and (7) Whistle Blower Policy of Annexure I D to Clause 49 of the Listing Agreement with the Stock Exchanges.

9. MEANS OF COMMUNICATION

The quarterly, half yearly and yearly financial results of the Company are sent to Stock Exchanges immediately after they are approved by the Board. The Company published its un-audited/audited financial results in Business Standard (English daily) and in Western Times (Gujarati daily).

10. GENERAL SHAREHOLDER'S INFORMATION

a) Annual General Meeting:

The 18th Annual General Meeting of the Company will be held on Friday, September 28, 2012 at 11.00 a.m at the registered office of the Company at Welspun City, Village Versamedi, Taluka Anjar, Dist Kutch, Gujarat-370110

b) Financial Year:

The financial year of the Company is from April 1 to March 31.

Board Meetings for Quarterly Unaudited Financial results: (Tentative and subject to change)

II Qtr Results (Jul- Sep)	Upto November 14, 2012
III Qtr Results (Oct-Dec)	Upto February 14, 2013
IV Qtr/Annual Audited Results	Upto May 30, 2013
I Qtr Results (12-13)(Apr-June)	Upto August 14, 2013

c) Date of Book Closure:

The Company's Register of Members and Share Transfer Books will remain closed from Monday, Monday, September 24, 2012 to Friday, September 28, 2012 (both days inclusive).

d) Listing on Stock Exchanges:

The Company's Equity Shares are listed on NSE, BSE & VSE. Listing fees for the Financial Year 2012-13 has already been paid to all the Stock Exchanges.

Security Codes:

The Stock Codes of the equity shares of the Company are:

NSE : WELPROJ

BSE : 532553

ISIN of the Equity Shares of the Company: INE625G01013

e) Market Price Data

Monthly High and Low data of Shares of Welspun Projects Limited on BSE and NSE during the financial year 2011-12.

MONTH	BSE		NSE	
	High	Low	High	Low
April 11	80.85	65.00	81.00	60.00
May 11	69.95	56.60	70.00	56.75
June 11	80.70	58.00	80.95	58.10
July 11	72.50	62.00	72.75	57.95
August 11	64.35	41.80	63.80	41.90
September 11	54.20	37.50	54.95	37.65
October 11	43.00	34.25	46.40	33.90
November 11	40.45	23.65	40.65	23.35
December 11	32.70	25.10	33.50	24.50
January 12	40.00	27.05	39.45	27.25
February 12	41.55	34.55	41.00	35.00
March 12	39.00	29.10	39.00	29.10

Source: respective websites of BSE and NSE.

Shares on VSE were not traded during the last financial year.

f) Performance in Comparison to Broad Based Indices

Chart –I Comparison of Welspun Projects Limited's (WPL) Equity Share and BSE's Sensex

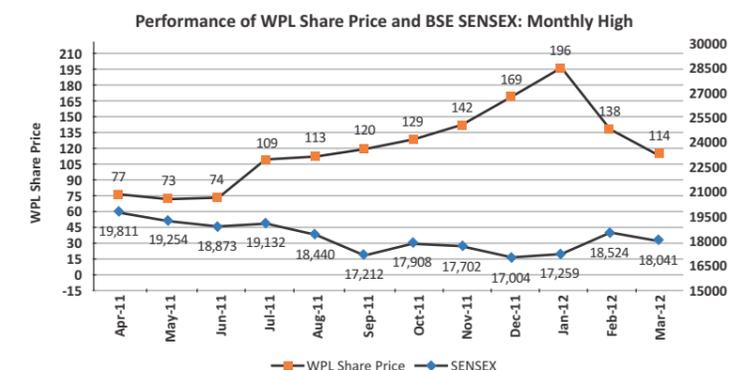
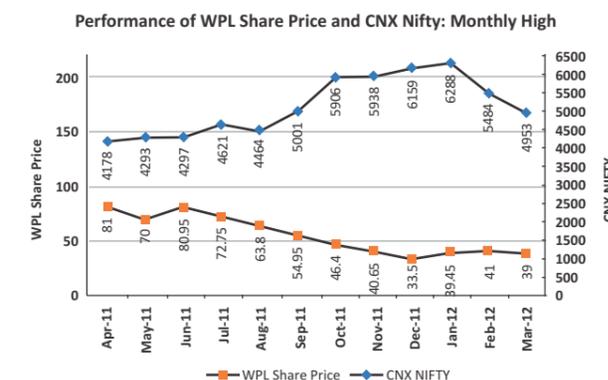


Chart –II Comparison of WPL's Equity Share and NSE's CNX Nifty



g) Registrar & Share Transfer Agent

The Company has appointed Registrar and Share Transfer Agent to handle the share transfer work and to resolve the complaints of shareholders. Name, address, telephone number of Registrar & Share Transfer Agent is given hereunder:

Purva Sharegistry (India) Pvt. Ltd.

9, Shiv Shakti Industrial Estate,

J. R. Boricha Marg, Opp. Kasturba Hospital,

Lower Parel (East), Mumbai

Phone: 022-2301 6761/8281 Fax: 022-2301 2517 E-mail: busicomp@vsnl.com

h) Share Transfer System and Dematerialization

Our Registrar and Transfer Agent register shares sent for transfer in physical form within 15 days from the receipt of the documents. The Company's shares are transferable in electronic mode. As on March 31, 2012, 680 equity shares were in physical form being 0.001% of the total Equity Shares.

i) Distribution of Shareholding as on March 31, 2012

Nominal Value	Number of Shareholders	% of Total Shareholders	Value in Rs.	% of Total Value
Upto 5,000	8,074	85.86	11,216,940	2.80
5,001-10,000	667	7.08	5,537,800	1.38
10,001-20,000	259	2.75	4,069,470	1.02
20,001-30,000	125	1.33	3,245,470	0.81
30,001-40,000	53	0.56	1,916,830	0.48
40,001-50,000	45	0.48	2,141,020	0.54
50,001-100,000	86	0.91	6,296,570	1.57
1,00,001 and above	98	1.04	365,575,900	91.39
Total	9,714	100.00	400,000,000	100.00

j) Shareholding Pattern as on March 31, 2012

Sr. No.	Category	No. of Shares	Percentage of holding
1	Promoter Group	24,448,445	61.12
2	Resident Bodies Corporates	8,901,808	22.25
3	FII/Mutual Funds	450,667	1.13
4	Foreign Body Corporates	-	-
5	Public	6,121,637	15.31
6	Others(including NRIs)	77,443	0.19
	Total	40,000,000	100.00

None of the director directly hold any equity shares or convertible securities in the Company.

k) Site Locations

The Company has presence across the Country and at present, on going projects are at various places in the states like Gujarat, Maharashtra, Madhya Pradesh, Punjab, Rajasthan etc.

l) Address for Correspondence

Compliance Officer:

Ms. Susheela Maheshwari, Company Secretary

707-708, Sterling Center,

R. C. Dutt Road, Alkapuri,

Vadodara- 390 005

email: susheela_maheshwari@welspun.com

Shareholders correspondence may be directed to the Company's Registrar and Share Transfer Agent, whose address is given below:

M/s. Purva Sharegistry (India) Pvt. Ltd.

9, Shiv Shakti Industrial Estate,

J. R. Boricha Marg,

Opp. Kasturba Hospital, Lower Parel (East), Mumbai

Phone: 022-2301 6761/8281 Fax: 022-2301 2517 E-mail: busicomp@vsnl.com

AUDITORS' CERTIFICATE ON REPORT OF CORPORATE GOVERNANCE

To The Members of

Welspun Projects Limited

We have examined the compliance conditions of Corporate Governance by Welspun Projects Limited for the year ended 31st March, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Vadodara Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Chandrakant & Sevantilal & J. K. Shah & Co.
Chartered Accountants
Firm Registration No. 101676W

Place: Vadodara
Date: 28.05.2012

(H. B. Shah)
Partner
Membership No. 16642



Bharuch Dahej Road Project, Gujarat

Road widening of State Highway No 6 from Bharuch to Dahej into six lanes. Other works include one major ROB structure within city limits, drains along the roads and cross drainage works.



Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) should be read in conjunction with the Audited Financial Statement of Welspun Projects Ltd (formerly known as MSK Projects Ltd) ("WPL" or the "The Company"), and the notes thereto for the year ended 31st March 2012. This MD&A covers WPL's financial position and operations for the year ended 31st March 2012. Amounts are stated in Indian Rupees unless otherwise indicated. The number used in the analysis are on a consolidated basis; the corresponding number for the previous year has been regrouped and reclassified, wherever necessary.

Forward-Looking Statements

This report contains forward looking statements, which may be identified by their use of words like plans', expects', will', anticipates', believes', intends', projects', estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statement, on the basis of any subsequent developments, information or events.

BUSINESS OVERVIEW

WPL's successful execution of projects for the past 35 years has made the company a niche player in the construction industry. With the group's rich experience of executing EPC contracts and WPL's legacy of being in the business of EPC projects across various sectors like roads, water, industrial structures and PPP projects, the Company is set to play a larger role in the infrastructure space.

The Company has executed infrastructure projects in different domains such as highways, bridges, industrial, residential and commercial buildings. In the highway sector alone The Company have successfully completed six BOT (Toll) Road projects with a total length of over 500 km and a capital expenditure of over US \$ 200 million. One of the signature projects is the 142.6 km long Dewas-Bhopal Corridor linking Bhopal and Dewas on SH 18 in the state of Madhya Pradesh on BOT toll basis. Simultaneously, The Company has contributed significantly towards achieving success in the above mentioned projects.

MACRO ECONOMIC ENVIRONMENT

For the economy to maintain the growth momentum it needs to invest substantially in developing pre-requisite physical infrastructure. Hence, one expects several opportunities in the overall infrastructure space in India in the near future.

India's GDP growth in FY12 was approximately around 6.7%, as compared to a robust 8.4% in FY11. While 6.7% would be the envy of most developed nations, it is the lowest growth rate for India in almost three years. A slew of banks and economists cut their growth forecasts of the Indian economy for the financial year 2012-13.

They are worried that a combination of poor macro indicators and an environment of policy drift has cast a darker shadow on the economy than previously thought. The Government may have budgeted for the economy expanding by at least 7.3% during FY13, but a raft of independent forecasters have predicted numbers lower than 7 per cent, citing reasons ranging from stubborn inflation, high deficits and depreciating currency to industrial slowdown and government inaction.

Economists at Wall Street banks Goldman Sachs and Merrill Lynch were the latest to join the downgrade party for Asia's third-largest economy, both cutting their GDP growth forecasts to 6.6 per cent and 6.5 per cent, from 7.2 per cent and 6.8 per cent, respectively, which will make it lower than the 6.7 per cent achieved in 2008-09, the year of the global economic meltdown. (Source: http://articles.economicstimes.indiatimes.com/2012-05-31/news/31922084_1_gdp-growth-services-sector-india-s-gross-domestic-product)

Fiscal deficit for FY12 has been placed at 5.7%, and is expected to be in the range between 5% - 5.5% in FY13 mainly due to pressure on the expenditure side. The outlook further expects the rupee to remain volatile as euro conditions will remain in flux while the domestic current account deficit will be under pressure at 3% of GDP which will still be an improvement over the 3.5% deficit expected in FY12.

Inflation as given by the WPI will move towards the 7% mark earlier than expected and could touch 6% - 6.5% guided by negative food inflation. The negative food inflation is expected to wane by the end of FY12. However, pressure will continue to be exerted by core and fuel inflation as the international crude prices are expected to remain at the existing level which together with a weak rupee will exert pressure on overall prices. (Source: *Indian Economy: Prospects, www.carerating.com*)

ECONOMY AND INDUSTRY SCENARIO

Infrastructure is one of the key drivers of any economy. As India continues down its path of development, infrastructure is going to play a very important role. But the fast growth of the Indian economy in recent years has placed increasing stress on physical infrastructure such as electricity, railways, roads, ports, airports, irrigation, urban and rural water supply and sanitation, all of which already suffer from a substantial deficit. Although the Indian Government has been proactive in building necessary infrastructure in the energy, transportation, and urban sectors, additional investment is needed. Like many countries, private-sector involvement will be critical in escalating India's infrastructure beyond meeting basic needs and reaching a level that advances the efficiency with which India's economy operates.

Industrial production (including construction), which was to grow in the region of 8-9% for FY12, was revised mid-year to be fairly subdued at 7.1% by the Economic Advisory Council to the Prime Minister (PMEAC). Major risks are seen in the mining and capital goods sector. For the former, policy action is required while for the latter, a revival in investment is called for. Absence of affirmative action in areas such as reforms in mining, land, insurance, pensions, banking, taxation etc. along with high interest rates have come in the way of investment growth. While it is expected that India has reached the end of the interest rate cycle, the progress on reforms is expected to be tardy till the first quarter of FY13. The service sector, with a weight of around 60% in GDP is expected to be the chief driver with growth of around 9% during FY13. (Source: *Indian Economy: Prospects, www.carerating.com*)

FY12 hasn't been good for infrastructure sectors, including highways, oil & gas, water, urban infrastructure and all other sectors have registered negative growth. In case of Roads, National Highway Authority of India (NHAI) widened/upgraded 2,200 km of highways during FY12. It was 10.1% lower than target of 2,500 km for the period. It was also 29% less than that achieved in the previous year during FY11. (Source: www.urassociates.com)

Although the expected performance of the industry and services sector in FY12 is not very different from what was seen in FY11 when industry grew by 8.4%, it is the much improved performance of the agriculture sector in FY12 that is expected to provide an uptick to overall GDP growth.

INDIA - INFRASTRUCTURE

Government of India has stressed on the need and requirement of infrastructural development in India through a number of policies and initiatives for the growing economy of India. The initial projections for infrastructure in the Twelfth Five Year Plan (FY12-17) is at US\$ 1 trillion. This indicates that there is huge investment potential in infrastructure and this certainly translates into a huge scope for careers and employment in this sector.

Over a period of time, the Government of India has also taken several initiatives to accommodate and accelerate private investments in the infrastructure sector. These include sector specific policies, providing incentives and tax holidays to attract private investments, permission of 100% FDI in the infrastructure sector, special provision of Viability Gap Funding (VGF) and PPP approach. While infrastructure development is one of the top priorities of the nation, the pace of growth in infrastructure has not been commensurate to the demands and it continues to pose a major bottleneck and a challenge for the country.

Recently the issue related to GAAR has dampened the investment sentiments and this has adversely impacted the investment climate and is straining the economy. As the Government is tackling high inflation and is unable to reduce interest rates, the resultant impact on growth and interest cost is hurting the companies.

GROWING BOT PORTFOLIO

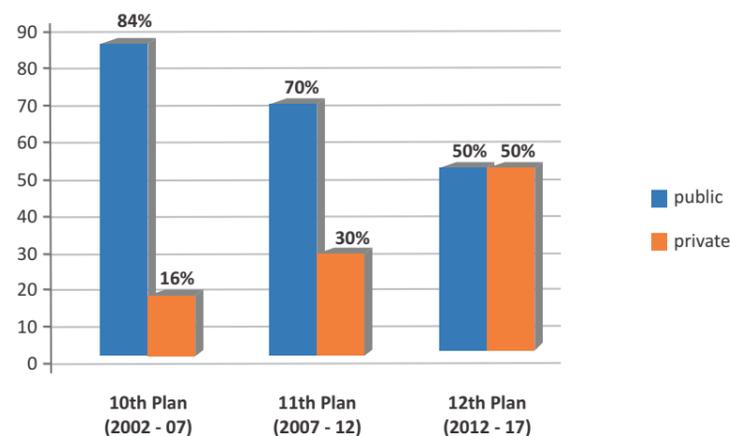
The initial adoption of BOT model by the Central Government for infrastructure development in the highways, ports, airports and the urban Infrastructure segments has encouraged various state governments to accept the same. Various states such as Madhya Pradesh, Karnataka and Maharashtra have already adopted similar models for the development of their state highways.

It is expected that BOT portfolio of construction companies continue to grow during the Twelfth Five Year Plan (2012-17). The average size of such projects is also on the rise, leading to increasing requirements of investments for funding the equity component of such projects. Furthermore, the sponsors of the projects are also required to fund cost overruns and sometimes even bridge cash flow mismatches in the project companies. Outlook for toll roads being stable to negative, the requirement of cash flow support from sponsors is expected to increase. Aggressive bidding has been observed for BOT projects over the past two years by certain companies. Such companies may face issues in raising equity and fall in margins. (Source: Fitch Rating, 2012 outlook: Indian construction sector)

PUBLIC PRIVATE PARTNERSHIPS (PPP) IN INFRASTRUCTURE

Public Private Partnerships (PPPs) are increasingly becoming the preferred mode for construction and operation of infrastructure projects, both in developed and developing countries. PPPs are expected to augment resource availability as well as improve efficiency of infrastructure service delivery. Time and cost overrun in construction of PPP projects are also expected to be lower compared to traditional public procurement. In the approach paper to the Twelfth Five Year Plan (2012-17), the Planning Commission projected the share of private sector and PPP (public private partnerships) in infrastructure investments to grow to 50% from about 30% in the Eleventh Five Year Plan (2007-12).

Public vs Private Contribution in Infrastructure Sector



The adoption of standardized documents such as model concession agreements and bidding documents for award of PPP projects have streamlined and accelerated decision-making by agencies in a manner that is fair, transparent and competitive. This approach has contributed significantly to the recent strides in rolling out a large number of PPP projects in different sectors. India has 1,017 PPP projects accounting for an investment of Rs. 486,603 crore. According to the Private Participation in Infrastructure database of the World Bank, India is second only to China in terms of number of PPP projects and in terms of investments, it is second to Brazil.

Transport is the dominant PPP sector in India both by number of projects and investments, mainly due to the large number of road sector projects. Further efforts are needed to mainstream PPPs in several areas such as power transmission and

distribution, water supply, sewerage and railways where there is significant resource shortfall and also a need for efficient delivery of services. Similar efforts would also need to be initiated in social sectors, especially health and education. The Government has also been emphasizing the need to explore the scope for PPPs in the development of the social sectors like health and education.

Some of the major PPP projects undertaken thus far are: Delhi, Mumbai, Hyderabad and Bengaluru airports; four ultra-mega power projects at Sasan (Madhya Pradesh), Mundra (Gujarat), Krishnapatnam (Andhra Pradesh) and Tilaiya (Jharkhand); container terminals at Mumbai, Chennai and Tuticorin ports; 15 concessions for operation of container trains; Jhajjar power transmission project in Haryana and 298 National and State Highway projects. (Source: An Approach to the Twelfth Five Year Plan, Planning Commission, Government of India)

VIABILITY GAP FUNDING (VGF)

In an attempt to attract private investment, the Government has expanded its Viability Gap Funding (VGF) scheme to sectors including warehousing storage, terminal market, irrigation, oil and gas storage facilities. In new norms, the government has allowed private player to invest, develop and operate a Government infrastructure project. The scheme is applicable to infrastructure projects undertaken on public-private partnership (PPP) basis. In fact, this scheme serves a dual purpose — helps to create infrastructure by providing a subsidy to private companies. Under the scheme, Government invites bids from companies by keeping the subsidy sought as the bid parameter. The bidders who seek minimum subsidy — also called viability gap fund — are given the rights to build and operate the infrastructure. Prior to this, the rights to operate the infrastructure are usually given out for a pre-determined concession period. For highways and ports sector — where PPP is already underway — the concession period runs into the long term. Recent development has made irrigation (including dams, channels and embankments), terminal markets, common infrastructure in agriculture markets, soil testing laboratories and capital investment in the fertiliser sector eligible for viability gap funding. (Source: <http://nbmcw.com/reports/market-research/construction-infra-industry/28676-budget-2012-13-focuses-on-infra-development-and-funding.html>)

INITIATIVES BY GOVERNMENT OF INDIA

- Government has approved guidelines for establishing joint venture companies by defense PSUs in PPP mode.
- First Infrastructure Debt Fund with an initial size of Rs. 80,000 million launched earlier this month.
- Tax free bonds of Rs. 600,000 million to be allowed for financing infrastructure projects in 2012-13.
- A harmonized master list of infrastructure sector approved by the Government.
- India Infrastructure Finance Company Limited (IIFCL) has put in place a structure for credit enhancement and take-out finance for easing access of credit to infrastructure projects. (Source: An Approach to the Twelfth Five Year Plan, Planning Commission, Government of India)

The investment in infrastructure rose from US\$ 184 billion during the Tenth Five Year Plan (2002-07) to about US\$ 411 billion during the Eleventh Five Year Plan (2007-12). The initial projections for infrastructure in the 12th Five Year Plan (2012-17) is at US\$ 1 trillion. This constitutes a significant shift in favour of investment in infrastructure. Except in some sectors, the overall performance of infrastructure during the Eleventh Plan compares well with the initial targets after accounting for the impact of the global financial crisis. (Source: www.infrastructure.gov.in)

Projected Investment in Infrastructure during the Twelfth Five Year Plan (2012-17)

Year	Base Year (2011-12)	2012-13	2013-14	2014-15	2015-16	2016-17	Total 12th Plan
GDP at market prices (Rs. Crore)	63,14,265	68,82,549	75,01,978	81,77,156	89,13,100	97,15,280	4,11,90,064
Rate of growth of GDP (%)	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Infrastructure investment as % of GDP	8.37	9.00	9.50	9.90	10.30	10.70	9.95
Infrastructure investment (Rs. crore)	5,28,316	6,19,429	7,12,688	8,09,538	9,18,049	10,39,535	40,99,240
Infrastructure investment (US \$ Billion) @ Rs 40/\$	132.08	154.86	178.17	202.38	229.51	259.88	1,024.81

(Source: Secretariat of Infrastructure)

A preliminary assessment suggests that investment in infrastructure during the Twelfth Five Year Plan (2012-17) would need to be of the order of about Rs. 40,992,400 million (US\$ 1,025 billion) to achieve a share of 9.95% as a proportion of GDP. This would have to be a key priority area in the Twelfth Five Year Plan in order to sustain and support the targeted growth in manufacturing, agriculture and services. Provision of world-class infrastructure would not only be necessary for improving the competitiveness of the Indian economy, but also for promoting inclusive growth and improving the quality of life of the common man.

The Indian economy will enter the Twelfth Five Year Plan in a much stronger position as far as infrastructure is concerned than it entered the Eleventh Five Year Plan. Investment in infrastructure is expected to be around 8.37% of GDP in the base year of the Twelfth Five Year Plan. If GDP in the Twelfth Five Year Plan grows at a rate above 9%, it should be possible to increase the rate of investment in infrastructure to around 10.70% in the terminal year of the Twelfth Five Year Plan period. At least 50% of the above projected investment of Rs. 40,992,400 million in the infrastructure sector should come from the private sector. This would imply that public sector investment in infrastructure would increase from Rs. 13,112,930 million in the Eleventh Five Year Plan to around Rs. 20,496,200 million in the Twelfth Five Year Plan at 2006-07 prices. This requires an annual increase of about 9.34% in real terms. (Source: www.infrastructure.gov.in)

Though the above numbers look aggressive in the current economic environment we are optimistic over the Twelfth Five Year Plan period. This particular year (FY13) may witness lower growth and overall growth could be lower than projected 9% rate but the Company believes overall potential and opportunity remains intact for infrastructure sector.

The Sector Wise Investments Under Infrastructure**a) ROADS & HIGHWAY**

Injecting a major boost to the road and highways sector, the government in its budgetary proposals has targeted close to Rs. 7,000,000 million investments for the next half decade. This is exactly more than double of the amount earmarked for the sector in the past half decade during which project under National Highways Development Project (NHDP) - Phase I and II have largely been completed while awarding projects under Phases III, IV and V are progressing at a brisk pace.

Since about 40% of the total length under the NHDP is yet to be awarded the concessions, fund raising measures will have a positive impact further supporting National Highways Authority of India (NHAI) in its project implementation drive. It has been proposed to set a target of covering a length of 8,800 km under the NHDP during FY13 and to achieve the target funding allocation has been hiked by 14% to Rs. 253,600 million for FY13. NHAI has been authorised to raise Rs. 100,000 million through tax-free bonds. The highway developers welcomed the move to reduce withholding tax from 20% to 5% and the move to allow Qualified Foreign Institutions to invest in

corporate debt market.

In addition to this, pushing the pace of road building in countryside a sum of Rs. 240,000 million has been allocated under the Pradhan Mantri Gram Sadak Yojana (PMGSY), which again gets an increase of 20% as compared to FY11. Attracting private investment, the budget extended VGF scheme covering multiple sectors including oil, gas, terminal markets and irrigation where private players have been allowed to invest, develop and operate government infrastructure projects on the PPP module.

(Source: <http://nbmcw.com/reports/market-research/construction-infra-industry/28676-budget-2012-13-focuses-on-infra-development-and-funding.html>)

b) MAJOR & MEDIUM IRRIGATION

Total number of ongoing projects in the Eleventh Five Year Plan is likely to be 583 including 236 Major, 265 Medium, 65 ERM projects and 17 special category projects involving diverse activities like dam safety and special repairs. From the present physical and financial status it is expected that in all 327 ongoing projects including 154 major, 139 medium and 34 ERM projects will require financial inputs in Twelfth Five Year Plan for their implementation.

(Source: ministry of water resources)

c) HOUSING & CONSTRUCTION

Extending a major booster to the construction sector property builders developing affordable houses have enabled lower interest costs by using External Commercial Borrowing (ECB) window, and in another move 1% interest subvention scheme for affordable housing has been extended for another year, benefitting home buyers up to a price tag of Rs. 1.5 million. In another proposal a sum of Rs. 11,800 million has been set aside for building 4,000 housing units to personnel of Para-military Forces.

In addition, the finance minister also proposed the setting up of a Credit Guarantee Trust Fund ensuring better flow of institutional credit for housing loans and has created an enhanced provision under Rural Housing Fund from Rs. 30,000 million to Rs. 40,000 million. Indira Awas Yojana, which is primarily meant to provide housing for BPL families, has been allocated Rs. 110,750 million under the rural housing scheme in the budget. Each BPL family gets Rs. 450,000 as assistance in plains and Rs. 485,000 in hilly areas. In addition, the Finance Minister has also raised the allocation for the National Social Assistance Programme by 37% to Rs. 84,470 million. The budgetary measures like relief on personal income tax and tax free interest on savings bank account up to Rs. 10,000 per annum and relief to those in the tax bracket of 20% to 30% will increase the disposable income of the salary class further increasing the demand for housing.

(Source: <http://nbmcw.com/reports/market-research/construction-infra-industry/28676-budget-2012-13-focuses-on-infra-development-and-funding.html>)

d) OIL AND GAS PIPELINES**Petroleum & Natural Gas Regulatory Board has initiated the push for more pipelines**

PNGRB has initiated projects that will enhance pipeline infrastructure and facilitate PNG distribution in various cities across India.

PNGRB was awarded Rs. 8,550 million interstate gas pipeline project in Jammu & Kashmir to Gujarat State Petronet (GSP) led consortium. The Bhatinda-Jammu-Srinagar pipeline project will ensure unabated gas supply throughout the year, especially during the winters when energy needs rise.

(Source: www.constructionupdate.com)

PNGRB also approved a 1,104 km Kochi-Koottanad-Bangalore-Mangalore gas pipeline project in June 2012.

(Source: www.contify.com)

City gas distribution to create value in long term

City gas distribution (CGD) is among the fastest growing segments in the gas sector with all major players recording rapid growth in the past couple of years. The segment would continue to grow in the coming years as well with 20 per cent growth in demand in metropolitan cities and 15% in other areas. Among the customers, demand growth from the industrial segment is expected to be the fastest followed by the transportation segment.

The CGD segment has grown on the back of a competitive regulatory environment provided by the Petroleum and Natural Gas Regulatory Board (PNGRB), which plans to roll out CGD networks in over 200 new cities by 2015. The new regulatory framework has facilitated the entry of several new players in the segment including some of the existing energy and infrastructure players, and an international major, which is exploring a joint venture with an Indian firm for gas sourcing and distribution.

Though the long-term prospects are bright, the CGD segment has been stagnating since early 2011. While the Supreme Court had reiterated the PNGRB's authority in awarding licenses for the second and subsequent rounds of bidding, the board has been unable to function due to lack of quorum. In addition to the regulatory challenges, the segment has been facing transmission and supply constraints. Currently, the approximately 13,000 km of cross-country pipeline network does not cover a large part of the country, especially the southern and eastern regions.

Expedition completion of pipelines that have been approved by the government and award of new licenses for pipelines are crucial for the development of the CGD segment. The CGD industry also faces challenges in sourcing gas for networks, particularly because the government has curtailed supply to non-core sectors including CGD due to a fall in production from the Krishna-Godavari basin. However, given the economic and environmental advantages of CGD, especially with the increasing price of competitive fuels, several operators are sourcing liquefied natural gas (LNG) for their networks.

Source: 7th Annual Conference, Indian Infrastructure, March 2012.

Natural Gas to propel the pipe demand

Natural gas is approximately only about 11% of the primary energy production and consumption in the country. This is expected to increase significantly reaching around 20% by 2025. Rapid economic growth & environmental concerns lead to the rise in diversification of energy use, as many believe natural gas to be the cleanest form of energy. In spite of the growth and diversification energy consumption in India, per capita energy consumption remains low at 524 kilograms of oil equivalent (kgoe) and is only about 30% of the world average. A significant part of the Indian population does not have access to any form of modern commercial energy and 80% of the rural population use non-commercial energy like biomass. However, one important factor to note is that India's energy efficiency (energy use compared to GDP) has improved faster than the world average. Current GDP growth of 7% to 8% will translate into overall energy demand growth at Compounded Annual Growth Rate (CAGR) of 7.50%. (Source: Petronet Annual Report)

Imports of liquefied natural gas (LNG) by India will soar in the next decade to fuel an expanding economy, pitting India against China and Japan for supplies as its domestic gas output struggles and overland delivery remains a dream. While buyers often complain of the link with expensive oil in long-term Asian contracts for liquefied natural gas, India will have no choice but to sign up quickly if it wants to avoid being beaten to the supply by Japan and China.

Signing long-term deals now would ensure more profitable operations for importers of LNG. Lacklustre domestic exploration results give little reason to expect a turnaround at home. Geopolitical hurdles to pipeline supplies through fractious neighbours like Iran, Pakistan and Afghanistan have only made LNG a more serious supply source. To cope with rising imports, India plans to spend billions to increase the capacity of import terminals for LNG with additional 25 million Metric Tonne Per Annum (MTPA) from the 18.6 million MTPA. Existing terminals are operated by Petronet, Royal Dutch Shell and GAIL.

Liquefied Natural Gas (LNG) Terminals in India

India has an LNG import capacity of 18.6 million MTPA through three existing terminals listed below:

- Dahej LNG Terminal of 10.0 million MTPA managed by Petronet LNG Limited located at the West Coast, State of Gujarat in Gulf of Cambay. Further expansion plans to 15 million MTPA underway. This terminal is well connected to major trunk pipelines HBJ & DUPL of GAIL and Gujarat's GSPL Network (Source: Petronet LNG Corporate PPT, May 2012).
- Hazira LNG Terminal of 3.6 million MTPA operated by Shell & Total; expected throughput capacity of 10.0 million MTPA with an investment of Rs. 30,000 million. (Source: www.haziralng.com).
- GAIL presence at Dabhol with LNG terminal of 5.0 million MTPA (Source: GAIL India Investor Presentation, May 2012).

Besides the above mentioned existing LNG terminals, below are the proposed LNG terminals.

- Petronet's Kochi terminal of 5.0 million MTPA is under construction. It has tied up with 1.44 million MTPA LNG from Exxon Mobil's Gorgon Venture in Australia, and progress is on schedule with overall completion at 96.05% (Source: Petronet LNG Corporate PPT, May 2012).

- LNG new proposed terminal at Ganagavaram, Andhra Pradesh of 5 million MTPA with estimated cost of project at Rs. 45,000 million (US\$ 900 million).
- Dhamra Port Co. Ltd (DPCL), a joint venture between Larsen and Toubro Ltd and Tata Steel Ltd is proposing an LNG terminal in the east coast of India.
- IOC has also proposed a 5 MTPA LNG terminal at Ennore, Tamil Nadu.
- The planned Mundra LNG terminal having a capacity of 5 MTPA (with an option to scale up the capacity) is being developed at the port city of Mundra by Adani Group and is expected to commence operations by 2014.

With the new proposed LNG import terminals the total new capacity to be added is approximately 25 million MTPA

Given the impetus on infrastructure development in various sectors as outlined above, the opportunity for Welspun Projects in EPC and BOT projects is immense.

INFRASTRUCTURE SECTOR – SWOT ANALYSIS

Strengths

- Economic growth to ride on infrastructure development
- Stronger role of private players
- Availability of international technical knowhow and more opportunities for Joint Venture with International Players
- PPP model has been tested

Weakness

- Lags on time and within budget execution
- Lack of fiscal ability to increase infrastructure spending
- Only 6% of GDP is spent on this sector as compared to other countries like China who spends 9%. (Source: Department of Economic Affairs, monthly Economic Report)
- Increasing project cost and challenges in land acquisition
- Only 23.6% of FDI inflow (source: Press Information Bureau, Ministry of Finance Report 15-March-2012)

INFRASTRUCTURE SECTOR

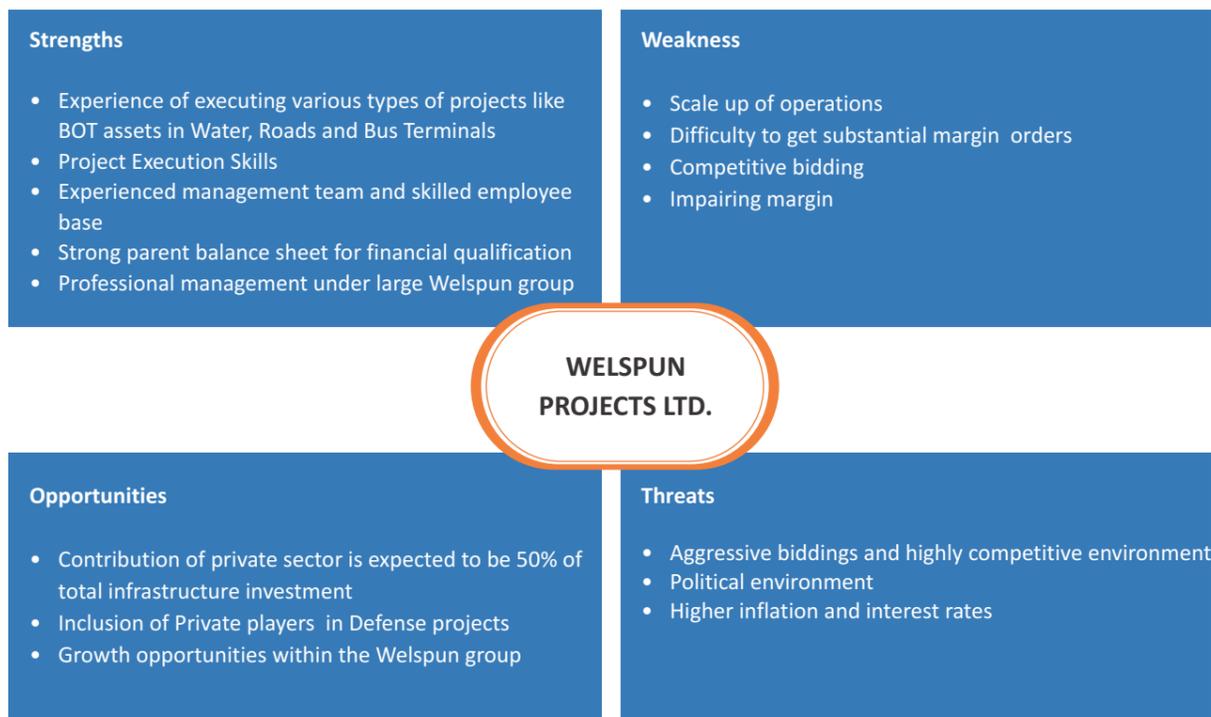
Opportunities

- Government has approved guidelines for establishing joint venture companies by defense PSUs in PPP mode
- Opportunities in sectors like oil and gas pipelines, airports, ports becoming relevant
- Expected US\$ 1 trillion investment during 12th Five Year Plan

Threats

- Aggressive bidding
- Execution capability of players and timely delivery
- Political environment
- High interest rates and inflation, together with slowdown of economic growth
- Global financial conditions and volatile exchange rates
- Entry of foreign players
- Overall economic environment

WELSPUN PROJECTS LIMITED – SWOT ANALYSIS



WELSPUN PROJECTS LIMITED – STRATEGY

Focus on EPC; Target profitable growth at a faster pace

The company will focus more on EPC projects. Apart from road and water projects the Company will also explore opportunities in the industrial segment and construction of buildings, bridges flyovers, elevated corridors, multimodal logistic systems, bus terminal etc.

Strengthen systems and processes and scale up operations

The Company plans to scale up existing systems and process to keep in line with the growth in the volume of business.

Leverage existing approvals with clients

To leverage its existing relationships with customers to consolidate its presence in current market segments is an important business strategy the Company is focused on. A part of this strategy also includes simultaneously building new partnerships to increase market share and volume of business.

Build relationships with partners

Associate with sector specific specialist organizations and strengthen relationships and pre-qualifications with JV partners and associates.

Assets and equipments utilization to the maximum

The Company plans to expand its equipment base to cater to the existing and new projects that it plans to undertake.

Focus on Pipe Laying and Leverage Welspun’s Association for more business

The Group has ambitious growth plans. The Company will participate and contribute its execution capability and expertise in these initiatives.

Leverage Welspun’s Investments in Leighton Welspun Contractors Private Limited (Formerly Leighton Contractors (India) Private Limited) for participation in more projects

Leverage on the association with Leighton for pre-qualifications and diversification into new segments and growth in the order book going forward and enhance its capabilities.

HUMAN RESOURCE POLICY

Our HR policies cover our objectives, eligibility and coverage, policy and procedures. We review, revise and update our Human Resource policies from time to time to make them relevant, effective and useful to its employees. The Company has 825 employees across various locations.

BUSINESS OUTLOOK

The Company has shown positive growth and continues to win substantial orders during the year. But we need to consider that rupee has been depreciating, which may have adverse impact on inflation. The challenging economic and business environment coupled with high interest rate, high inflation, weak currency and lower foreign investment has adversely effected the Indian economy as well as the infrastructure sector. The company is cautiously moving ahead as we are hopeful that government will take necessary steps and implement favourable policies to put the economy back on fast track growth and thereby paving the way for infrastructure growth, which is key for Indian growth.

INTERNAL CONTROL SYSTEMS

The Company has in place internal control systems and processes commensurate with its size and nature of business. Group synergies and best practices have been implemented to achieve economies and ensure that there are no leakages. Delegation of authority is exercised at various levels of management as per company policy. The Internal audit function is carried out through an external agency with relevant expertise and skills. The function also conducts audits to test the adequacy of internal systems and suggest continual improvements.

DISCUSSION OF FINANCIAL PERFORMANCE

The discussion of the Financial Performance and Analysis below relates to the Consolidated audited financial statements of Welspun Projects Ltd. The discussion should be read in conjunction with the consolidated financial statements and the related 'Notes to the Accounts' for the year ended March 31, 2012.

KEY FINANCIAL DATA (Profit and Loss A/C)

(Figures are in Rs. Million)

Particulars	Year ended March 2012	Year ended March 2011	Change in %
Contract Receipt (A)	2,676	1,781	50%
Toll Collection (B)	694	606	15%
Operating Income (A+B)	3,370	2,387	41%
EBITDA	782	535	46%
EBITDA Margin	23%	22%	4%
Financial Cost	515	590	-12%
Depreciation and Amortization Expense	230	257	-10%
Profit before Taxes (PBT)	37	(312)	
Profit after Taxes (PAT)	33	(316)	

a. Operating Income

The Company's revenue is primarily generated from the various projects under Construction. Income from Civil contracts (net of Service Tax) was Rs. 2,676 million in FY 12 due to EPC contracts awarded to the company and net revenue generated out of it showing an increase of 50% compared to previous year. Toll Collection was Rs. 694 million in FY 12 includes income generated in the form of Toll charges from various BOT Assets being operational during the year.

b. EBITDA

The Company's EBITDA in FY12 stands at Rs. 782 million which is higher than corresponding year's EBITDA of Rs. 535 million showing marginal improvement in EBITDA margins at 23% in FY12 as compared to 22% in FY11 This is due to increase in business operations in FY12.

c. Financial Cost

The Company's Financial Costs has decreased by 12.71% at Rs. 515 million in FY12 as compared to Rs. 590 million in FY11 due to repayment of some high cost debt during the year, reduction in interest expense and borrowing cost as compared to previous year.

d. Depreciation/Amortization expenses

Depreciation/Amortization has decreased by 10.50% at Rs. 230 million in FY12 as compared to Rs. 257 million in FY11. Having regard to the accounting policies followed by the Company, the entire expenditure incurred thereon is shown as Build, Operate and Transfer project expenditure and would be amortized / written off based on the projected toll revenue.

e. Profit (Loss) before Tax (PBT)

The PBT stands at Rs.37 million in FY12 as compared to Rs. -312 million in FY11.

f. Profit (Loss) after Tax (PAT)

The PAT stands at Rs. 33 million in FY12 as compared to Rs. -316 million in FY11. This increase in Profit in FY12 is due to income generated in the form of contract receipts on the EPC projects received by the Company and Toll charges

by various BOT assets, as a result of increase in the number of vehicles using the BOT assets developed by the Company.

BALANCE SHEET

(Figures are in Rs. Million)

EQUITY & LIABILITIES	As At 31st March 2012	As At 31st March 2011
Share Holders' Funds		
Share Capital	400	400
Reserves & Surplus	4,748	4,715
	5,148	5,115
Non Current Liabilities		
Long Term Borrowings	2,950	3,105
Deferred Tax Liabilities (Net)	68	67
Long Term Provisions	8	6
	3,025	3,179
Current Liabilities		
Short Term Borrowings	656	838
Trade Payable	403	538
Other Current Liabilities	553	856
Short Term Provisions	5	2
	1,617	2,235
TOTAL (Rs.)	9,789	10,528
ASSETS		
Non Current Assets		
Fixed Assets		
Tangible Assets	441	513
Intangible Assets	267	267
BOT Project Expenditure	5,837	5,864
Non Current Investment	4	3
Other Non Current Assets	0	1
Long term Loans & Advances	309	210
	6,859	6,858
Current Assets		
Current Investment	51	1444
Inventories	401	557
Trade Receivable	1,220	954
Cash and Bank Balances	634	491
Short Term Loans & Advances	625	225
	2,931	3,671
TOTAL (Rs.)	9,789	10,528

NET WORTH

The Net worth of the Company stands at Rs. 5,148 million as at March 31, 2012 as compared to Rs. 5,115 million as at March 31, 2011. The Net worth increased due to the profit earned and retained by the company for the financial year ended 31st March 2012.

SHARE CAPITAL

The total number of equity shares stands at 40,000,000 shares as at 31st March 2012 which is same as in the previous financial year.

RESERVE AND SURPLUS

The reserve and surplus of the Company stand at Rs. 4,748 million at the end of FY12 as compared to Rs. 4,715 million at the end of FY11.

- Capital Reserves: Capital Reserves as of 31st March, 2012 amounted to Rs. 1,266 million which is the same as in the previous financial year.
- Security premium reserves: Securities Premium account reserves stands at Rs. 2,887 million at the end of FY12 which is the same as in the previous financial year.
- Amalgamation Reserves: Amalgamation Reserves as of 31st March, 2012 amounted to Rs. 52 million at the end of FY12 which is same as in the previous financial year
- General Reserves: General Reserves in unchanged at Rs. 32 million at the end of FY12.
- Surplus / (deficit) in the statement of Profit & Loss: The balance retained in Profit and Loss as on 31st March, 2012 has increased by Rs. 33 million. Balance at the end of FY12 is Rs. 512 million.

NON CURRENT LIABILITIES

The non current liabilities of the Company stand at Rs. 3,025 million at the end of FY12 as compared to Rs. 3,179 million at the end of FY11 showing a decrease of 4.84%. The components of non current liabilities are as follows:

- Long Term Borrowing: The non current portion of Long Term Borrowing has decreased by Rs. 156 million at Rs. 2,949 million in FY12 as compared to Rs. 3,105 in FY11. This reduction is due to repayment of debt during the year
- Long Term Provisions: Long Term Provisions have increased by Rs. 2 million to Rs. 8 million in FY12 as compared to Rs. 6 million in FY11. This increase of 33% is due to Provision for Gratuity for employee benefit.
- Deferred Tax: Deferred Tax stands at Rs. 68 million in FY12 as compared to Rs. 67 million in FY11.

CURRENT LIABILITIES

The current liabilities of the Company stand at Rs. 1,617 million at the end of FY12 as compared to Rs. 2,235 million at the end of FY11. The components of current liabilities include:

- Short term borrowings: Short Term Borrowings has decreased by Rs. 181 million to Rs. 657 million in FY12 as compared to Rs. 838 million in FY11. This change of 21.59% was due to repayment of short term bank loans during the year.
- Trade Payables: Trade Payables has decreased by Rs. 136 million to Rs. 403 million in FY12 from Rs. 539 million in FY11 showing a decrease of 25.23%. The trade payable days in FY12 is 41 days as compared to 76 days in FY11.
- Other Current Liabilities: Other Current Liabilities has decreased by Rs. 303 million to Rs. 553 million in FY12 as compared to Rs. 856 million in FY11 showing a decrease of 35.39%. The other current liabilities includes:
 - Advance from Customers: advance from customers has decreased to Rs. 124 million in FY12 as compared to Rs. 382 million in FY11 showing a decrease of 67.53%
 - Current portion of Long Term Debts stands at Rs. 329 million in FY12 as compared to Rs. 383 million in FY11.

- Short Term Provisions: Short Term Provisions stands at Rs. 5 million at the end of FY12 as compared to Rs. 2 million at the end of FY11. This was mainly on account of increase in Provision for Leave Benefits for the employees of the Company.

NON CURRENT ASSETS

The total non current assets stands at Rs. 6,859 million assets as of 31st March, 2012. The components of non current assets include:

- The gross block of tangible and intangible fixed assets stands at Rs. 1,275 million in FY12 as compared to Rs. 1,274 million in FY11. This change was mainly due to depreciation charged on tangible assets during the year.
- The non current investment stands at Rs. 4 million in FY12 as compared to Rs. 3 million in FY11. This was due to increase in investment in government securities during the year.
- The long term loans and advances have increased to Rs. 309 million in FY12 as compared to Rs. 210 million in FY11. This was due to increase in loan & advances paid to the joint ventures and subsidiaries and advances paid for capital purchase of assets during the year.

CURRENT ASSETS

The current assets of the Company stand at Rs. 2,931 million at the end of FY12 as compared to Rs. 3,671 million at the end of FY11. The components of current assets include:

- Current Investment: Current Investment stands at Rs. 50 million in FY12 as compared to Rs. 1,444 million in FY11. This was due to company's investment of Rs. 50 million in Power Grid Bonds during the FY12 as compared to investment of Rs. 1,149 million in different bonds in FY11.
- Inventories: The inventories has reduced to Rs. 401 million at the end of FY12 from Rs. 557 million at the end of FY11 showing a decrease of 28% increase in business operations.
- Trade Receivables: Trade Receivables has increased to Rs. 1,220 million at the end of FY12 from Rs. 954 million at the end of FY11 showing an increase of 27.88%. The company has debtor collection period of 111 days.
- Cash and Bank Balances: The Company has cash and bank balance of Rs. 634 million at the end of FY12 as compared to Rs. 491 million at the end of FY11. It has increased by 29.12%.
- Short Term Loans and Advances: Short Term Loans and Advances has increased to Rs. 624 million at the end of FY12 from Rs. 225 million at the end of FY11 showing an increase of 177.33%. This was due to interest accrued on advances, which has increased by 105.40% to Rs. 76 million in FY12 as compared to Rs. 37 million in FY11. There were no advances paid to the suppliers in FY12 as compared to Rs. 4 million paid in FY11.

LOAN FUNDS

The Gross Debt as on March 31, 2012 stands at Rs. 3,935 million as against Rs. 4,326 million in FY11. This was due to repayment of high cost debt paid during the year. The gross debt comprises of following items:

- Long Term Borrowing: The non current portion of Long Term Borrowing has decreased by Rs. 156 million at Rs. 2,949 million in FY12 from Rs. 3,105 in FY11. This reduction is due to repayment of short term bank loans during the year
- Short term borrowings: Short Term Borrowings has decreased by Rs. 181 million to Rs. 657 million in FY12 as compared to Rs. 838 million in FY11. This change of 21.59% was due to repayment of short term bank loans during the year.
- Current portion of Long Term Debts stands at Rs. 329 million in FY12 as compared to Rs. 383 million in FY11.

CASH FLOWS

The table below summarizes our cash flow for the periods indicated:

	March 31, 2012	March 31, 2011
Opening balance cash and cash equivalent	491.14	535.53
Net cash flow from operating activities	-228.33	235.59
Net cash flow from investing activities	1,268.14	-2,120.87
Net cash flow from financing activities	-896.62	1,840.89
Closing balance cash and cash equivalent	634.33	491.14

a) Operating Activities

Net cash flow consumed from operating activities was Rs. 228 million in FY12. This primarily includes operating profit before working capital changes of Rs. 777 million, taxes paid of Rs. 63 million, adjustments in trade and other receivables of Rs. 715 million, adjustment in inventories of Rs. 156 million and adjustments in trade payable & Provisions of Rs. 384 million.

Net cash flow generated from operating activities is Rs. 236 million in FY11. It consist of operating profit before working capital changes and tax is Rs. 390 million, taxes paid of Rs. 66 million, adjustments in trade and other receivables of Rs. 142 million, adjustment in inventories of Rs. 229 million and adjustments in trade payable & Provisions of Rs. 279 million.

b) Investing Activities

Net cash flow generated from investing activities was Rs. 1,268 million in FY12. This primarily includes Rs. 13 million for the purchase of fixed assets, Rs. 5 million from the sale of fixed assets, Rs. 1399 million for investments.

Net cash flow consumed from investing activities was Rs. 2,121 million in FY11. This includes Rs. 37 million for the purchase of fixed assets, Rs. 13 million from the sale of fixed assets, Rs. 1,445 million for investments and cash subsidy of Rs. 89 million.

c) Financing Activities

Net cash flow consumed from financing activities was Rs. 897 million in FY12 which primarily includes Rs. 515 million of interest paid and other borrowings of Rs. 381 million.

Net cash flow generated from financing activities was Rs. 1,841 million in FY11 which includes Rs. 386 million of interest paid, Rs. 47 million of dividend paid, other borrowings of Rs. 161 million and Rs. 2,113 million due to issue of shares on preferential basis in FY11.

Cautionary Statement

Some of the statements in this Management Discussions and Analysis, describing the projections, estimates and expectations may be forward looking statements within the meaning of the applicable laws and regulations. Actual results may differ substantially from those expressed or implied. Important developments that could affect Welspun's operations include a shift in the industry structure, significant changes in political and economic environment in India and globally, tax laws, import duties, litigations and labour relations.

Acting Responsibly through CSR

As a leading global business organisation, our responsibilities extend beyond mere bottom line concerns, and encompass our myriad social commitments. This long-term approach is core to our business philosophy and is the way our business is conducted globally.



Catalysing Change

There are two important social cornerstones to Welspun's corporate philosophy – a strong commitment to wider, all-round social progress, and to a sustainable development that balances the needs of the present with those of the future.

Our vision has been enshrined in the three E's which have become the Guiding Principles of our CSR initiatives - Education, Empowerment & Health, and Environment, which in actual terms, has manifested itself in the Welspun Foundation for Health and Knowledge (WFHK).

The Foundation is an essential part of our organisation, and is active wherever we have a business presence. Through it we engage with local stakeholders, and in a process that is both consultative and collaborative, we have taken up a range of innovative programmes in the spheres of health, education, environment, as well as cultural and civic projects over the last few years.

In most of our project centers we have successfully managed to integrate with the local communities and develop mutually beneficial relationships with them.

During FY 2011-12, we took up a number of programmes in key economic, environmental and social spheres.



Education

Welspun is dedicated to improving and enhancing the quality of education thus equipping the children of today to become the leaders of tomorrow. We work closely with the government and non-profit organisations to provide quality education to 3,000 tribal, rural and urban children. Some of our key initiatives are:

- a. **Naandi Foundation:** (Quality Education Programme at Primary School level) Mumbai Welspun Foundation for Health and Knowledge has joined hands with Naandi Foundation in a project that covers six Municipal Corporation of Greater Mumbai (MCGM) schools in Mumbai. With our financial support, Naandi Foundation reaches out to 700 school children and provides them with quality education.
- b. **Light of Life Trust: Project Anando:** (Quality Education at Secondary School Level) Salav, Alibaug, Maharashtra. This initiative aims to provide quality education to underprivileged children at Salav and Alibaug. The Light of Life Trust, in association with Welspun, supports close to 100 rural/ tribal children at Salav and Alibaug.



Livelihood Generation

Welspun has given importance to equipping youth with the skills that will help them to earn a livelihood. The focus is on helping the youth from neighbouring communities get trained for better livelihood options that will accelerate economic and social development.

a. Jeevan Asha Computer Training Centre

Salav, Alibaug, Maharashtra

Welspun has recently launched a computer training centre in Alibaug as part of its livelihood generation programme. The centre runs in collaboration with the Light of Life Trust.

In the current academic year, approximately 200 students from rural /tribal underprivileged families will be trained in basic computer courses to ensure employability. The course is designed

to equip the candidates with computer skills. It also emphasises learning of other soft skills and English language skills to boost a candidate's employment potential in today's competitive job market.



Empowerment and Health

Anjar, Kutch – Gujarat and Salav – Maharashtra

a. Anti-Tobacco and Health Project

Welspun initiated an Anti-Tobacco and health campaign in Alibaug government schools. This project was in collaboration with Salaam Bombay Foundation and disseminates information and creates awareness about the ill effects of tobacco through active teacher participation. The project reaches out to 33 Schools, 53 Teachers, 7 Cluster coordinators and 5 block authorities. Various activities have been held such as teacher's training workshops, student's leadership development camps and Anganwadi workers training sessions.

b. Health Care

Dahej

Welspun organised a free Health Camp at Jolwa Primary School, Jolwa. The Camp was inaugurated by Mr. Sulemanbhai (Sarpanch, Jolwa village) and Mr. Ghanshyambhai (Sarpanch of Vadadala village) with Welspun volunteers and participants in attendance.

The camp was the first of its kind in the locality. Doctors from the leading hospital Bharuch Global Hospital volunteered to offer their medical expertise and service. The event was welcomed by local villagers. Around 170 adults, including mothers with children, were screened and diagnosed for various health ailments.

c. Mobile Health Van

Mumbai

Welspun, in collaboration with the Wockhardt Foundation, launched a mobile health unit to reach out to five underprivileged neighbouring communities in Mumbai. About 1,100 people have benefited from the facilities provided by this van. The emphasis is on the health of the mother and child. Regular awareness workshops are also carried out in these communities as part of preventive health care education.

d. Blood Donation Camp

Welspun HO, Mumbai

Welspun took a small step towards saving lives when it organised a blood donation camp at HO in collaboration with Tata Memorial Hospital.

Altogether 123 people donated blood and 93 units were collected. As a token of appreciation, participating employees were given donor cards from Tata Memorial Hospital which can be used by the donor or their immediate family to get blood from Tata Memorial Hospital or any other blood bank in times of emergency.

e. Women Empowerment Initiative

Varsamedi, Anjar

Welspun pioneered Mission Mangalam Scheme with the Gujarat Government. Currently there are three Sakhi Swarnim Centers being run in Varsamedi, Dudhai and Bhadreshwar. This initiative widens their livelihood options by building capacities and providing training to rural women. Approximately 250 women have been trained under this scheme. All of them are engaged in livelihood activity which has enhanced their esteem, confidence and most importantly the family's economic standards.

Approximately 700 rural women are being empowered. The same project will be replicated in other potential villages in collaboration with the Gujarat Government.



Charitable Donations

- Donation of bed sheets and curtains to REAP organisation and the Light of Life Trust.
- School stationery donated by Welspun employees and distributed to students from the Vatsalya Foundation.



Employee Voluntary Programme

Special emphasis is being given on employee participation in the various schemes. An employee voluntary workshop was organised at Salav where 20 employees discussed the plan of action for the voluntary initiatives.



Community Development

a. Sanitation Project

Kharapasvariya, Gujarat

Sanitation work was undertaken at Kharapasvariya village as part of a health drive. Welspun supported the event by providing gutter covers and road widening repair work to enhance cleanliness and hygienic conditions. The villagers were overwhelmed when they were selected to receive an Award and Certificate from the Chief Minister of Gujarat for cleanliness and overall hygiene.



Other Activities

a. CSR Expression

Welspun HO, Mumbai

To portray the various Welspun CSR projects at different locations a special event "Welspun CSR Expression", was organised at the Head Office. It was held on the eve of Teachers' Day, and the focus was to capture the essence of the core objectives of the company's CSR initiatives.

NGOs such as Salaam Bombay Foundation, Light of Life Trust and Naandi Foundation, which had worked in collaboration with Welspun CSR teams at Salav and Anjar, participated in the programme by organising exhibitions. They also made a presentation of their activities to Mrs. Dipali Goenka, Managing Director, WGBL, the Senior Management and other Welspun employees.

b. Welspun's Christmas Get Together Party

Welspun organised a Christmas Get Together Party for 120 children from Welspun-supported NGO's. Welspun employee volunteers organised games for the children.

Financial Section

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Consolidated Accounts

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AUDITOR'S REPORT

We have audited the attached Balance Sheet of M/s. Welspun Projects Limited as at 31st March, 2012 and also the annexed statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1) As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of Section 227 (4-A) of the Companies Act, 1956, and on the basis of information and explanation given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

2) FURTHER AND SUBJECT TO OUR COMMENTS IN THE ANNEXURE REFERRED TO IN PARAGRAPH 1 ABOVE.

- 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 the 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 of the Company.
- d) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 and
- e) In our opinion, subject to non compliance with the specified accounting standards relating to :-

Disclosure of Cash Subsidy amounting to Rs.82.87 Crores received from Madhya Pradesh Rajya Setu Nirman Nigam Limited against BOT Projects under the head 'Reserve & Surplus' instead of deducting the same from the Project Cost as required by the Accounting Standard – 12 "Accounting for Government Grants" (See Note No. 37).

The Balance Sheet, the statement of Profit & Loss and the Cash Flow Statement dealt with by this report comply with the other Accounting Standards as referred to in the Section 211 (3C) of the Companies Act, 1956 and

- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to :

Disclosure of Cash Subsidy amounting to Rs.82.87 Crores received from Madhya Pradesh Rajya Setu Nirman Nigam Limited, against BOT Projects under the head 'Reserve & Surplus' instead of deducting the same from the Project Cost (See Note No. 37).

and read with the Significant Accounting Policies and notes appearing thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- i) In the case of the Balance Sheet of the state of affairs, of the Company as at 31st March, 2012 and;
ii) In the case of the statement of Profit and Loss of the Profit for the year ended on that date.
iii) In the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

For **Chandrakant & Sevantilal & J. K. Shah & Co.**
Firm Registration No. 101676W
Chartered Accountants

Place: Vadodara
Date : 28/05/2012

(H. B. Shah)
Partner
Membership No.16642

**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF M/S. WELSPUN PROJECTS LIMITED,
VADODARA ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012**

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

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets on the basis of available information.
b) Major portion of fixed assets has been physically verified during the year by the management in accordance with a programme of verification, which, in our opinion provides for physical verification of all the fixed assets at reasonable interval having regards to size of the Company and nature of its business. According to the information and explanations given to us the discrepancies noticed on such verification were not material and have been properly dealt with in the books of accounts.
c) No disposal of a substantial part of fixed assets of the Company has taken place during the year.
2. a) As explained to us, the inventories were physically verified by the management at reasonable intervals during the year.
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) As the Company has not maintained quantitative records of stock, It is not possible to find out discrepancies between the physical stock and book records.
3. a) The Company has granted unsecured loan to four Companies covered in the register maintained u/s 301 of the Companies Act' 1956. The maximum amount involved during the year was Rs. 10,95,09,827 and the year end balance of loans granted to these Companies was Rs. 7,25,97,421. Including interest free loan of Rs. 2,40,44,940/-
The Company has taken interest free unsecured loan from one Company covered in the registered maintained u/s 301 of the Companies act' 1956. The maximum amount involved during the year was Rs.20,41,71,420 and year end balance of loan taken from such Company was Rs. 4,86,91,513.
b) In our opinion, the rate of interest, where applicable and other terms and conditions on which loan have been taken from / granted to the Companies listed in the register maintained us 301 of the Companies act, 1956 are not prima-facie, prejudicial to the interest of the Company.
c) The Companies to whom advance in the nature of loan is granted there is no stipulation for repayment there of. As per the information and explanations given to us the said loan is repayable on demand. The Company is regular in repaying the principle amount wherever stipulated.
4. In our opinion and according to the information and explanations given to us, there are , adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventories and fixed assets and with regard to the receipts of Civil Contracts. During the course of our audit, we have not observed any major weakness in the internal controls.
5. a) To the best of our knowledge and belief, and according to information and explanations given to us, the transactions that needed to be entered in to the register in pursuance of Section 301 of the Companies Act, 1956, have been so entered.
b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly the provisions of clause (vi) of the Companies (Auditor's Report) order 2003 are not applicable to the Company.
7. The Company has appointed a partnership firm of Chartered Accountants, to carry out its internal audit function. In our opinion, the internal audit system is commensurate with the size and nature of its business.
8. The Central Government has not prescribed maintenance of cost records Under Section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.
9. a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
- b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2012 for a period of more than six months from the day they become payable except Sales Tax liability of Rs. 12,95,874/- and Service Tax of Rs. 1,24,16,979/-
- c) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute except the following disputed Demand.

Sr. No.	Nature of the Status	Nature of the due	Amount	Period to which the amount relate	Forum where dispute is Pending
1.	Punjab Municipal Corporation Act	House Tax - Ludhiana	96,89,382	2008-09 to 2011-12	Supreme Court of India
2.	Punjab Municipal Corporation Act	House Tax - Jalandhar	1,39,51,602	2008-09 to 2011-12	Supreme Court of India
3.	Building and Other Construction Workers Welfare Cess Act, 1996.	Labour Cess	1,06,52,334	Various Years	M.P. High Court Bench Jabalpur
4.	M.P. Minor Minerals Rules 1996	Royalty	30,25,880	Various Years	District Magistrate M.P.

10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit. The Company has incurred Cash losses in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to any financial institution or Banks.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.

13. The provisions of any Special Statute applicable to Chit Funds, Nidhis or Mutual Benefit Funds/Societies are not applicable to the Company.
14. The Company is not dealing in or trading in shares, securities, debentures, or other investments and hence, requirement of paragraph 4(xiv) are not applicable to the Company.
15. In our opinion and according to information and explanations given to us the term and condition on which the Company has given guarantee for loan taken by others from Bank / Financial Institution are not prejudicial to the interest of the Company.
16. In our opinion, the term loans have been applied for the purpose for which they were raised.
17. According to the Cash Flow Statement and other records examined by us and on the basis of information and explanations given to us, on an overall basis, funds raised on Short Term basis have, prima facie, not being used during the year for Long Term investment and vice versa.
18. During the year, the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained U/s 301 of the Act.
19. Since the Company does not have any debentures, the question of creation of securities for debentures does not arise.
20. The Company has not raised money by public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **Chandrakant & Sevantilal & J. K. Shah & Co.**
Firm Registration No. 101676W
Chartered Accountants

Place: Vadodara
Date : 28/05/2012

(H. B. Shah)
Partner
Membership No.16642

BALANCE SHEET AS AT 31st MARCH' 2012

	Notes	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
EQUITY & LIABILITIES			
Share Holders' Funds			
Share Capital	1	400000000	400000000
Reserves & Surplus	2	4396866749	4375397813
		4796866749	4775397813
Non Current Liabilities			
Long Term Borrowings	3	924639882	1152481816
Deferred Tax Liabilities (Net)	4	84038000	86115000
Long Term Provisions	5	8100013	6347723
		1016777895	1244944539
Current Liabilities			
Short Term Borrowings	6	656360729	837850971
Trade Payable	7	393659840	445167055
Other Current Liabilities	8	445723546	716056689
Short Term Provisions	9	4988758	2241298
		1500732873	2001316012
	TOTAL (Rs.)	7314377516	8021658364
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	10	432973892	507052733
Intangible Assets	10	1701592	1701592
Build Operate & Transfer Project Expenditure	11	2658515972	2661474418
Non Current Investment	12	632708621	631763621
Long term Loans & Advances	13	409409711	231538932
		4135309788	4033531297
Current Assets			
Current Investments	14	50637629	1443707774
Inventories	15	401066196	556938132
Trade Receivable	16	1521531982	1363961493
Cash and Bank Balances	17	582433022	400409218
Short Term Loans & Advances	18	623398900	223110450
		3179067728	3988127067
	TOTAL (Rs.)	7314377516	8021658364
Significant Accounting policies			
Notes on financial statements	1 to 42		

As per our report of even date
FOR CHANDRAKANT & SEVANTILAL & J.K. SHAH & COMPANY
Firm registration number: 101676W
Chartered Accountants

H. B. Shah
Partner
Membership No. 016642

Place : Vadodara
Date : 28-05-2012

For and on behalf of the Board of Directors
WELSPUN PROJECTS LIMITED

B. K. Goenka
Chairman

Sunil Shinde
Director

Susheela Maheshwari
Company Secretary

Place : Mumbai
Date : 28-05-2012

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH' 2012

	Notes	For the year ended March 31, 2012 (Amount in Rs.)	For the year ended March 31, 2011 (Amount in Rs.)
Revenue from Operation	19	2954362223	2341441404
Other Income	20	214725980	212633487
Total Revenue (I)		3169088203	2554074891
Expenditure			
Cost of Raw Material consumed	21	1064270718	1291487761
Purchase of Traded Goods	22	256452145	-
Changes in the Work in Progress	23	221954948	(214124274)
Employee Benefits Expense	24	269511814	211283046
Finance Cost	25	230033439	372340077
Depreciation and Amortisation expense	26	163926376	181654264
Other Expenses	27	945557428	1015579011
Total Expenses (II)		3151706868	2858219884
Profit / (Loss) before Tax & Prior Period Item		17381334	(304144994)
Prior Period expense		437348	2907660
Profit / (Loss) before Tax		16943986	(307052654)
Tax Expense			
Current Tax		-	-
Earlier year Tax		2447950	-
Deferred Tax Assets / (Liabilities)		2077000	(21432000)
		4524950	(21432000)
Profit / Loss for the year from continuing operation		21468936	(328484654)
Earnings per equity share of face value of Rs. 10/- each.			
Basic & Diluted	28	0.54	(8.21)
Significant Accounting policies			
Notes on financial statements	1 to 42		

As per our report of even date
FOR CHANDRAKANT & SEVANTILAL & J.K. SHAH & COMPANY
Firm registration number: 101676W
Chartered Accountants

H. B. Shah
Partner
Membership No. 016642

Place : Vadodara
Date : 28-05-2012

For and on behalf of the Board of Directors
WELSPUN PROJECTS LIMITED

B. K. Goenka
Chairman

Sunil Shinde
Director

Susheela Maheshwari
Company Secretary

Place : Mumbai
Date : 28-05-2012

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 1 SHARE CAPITAL		
AUTHORISED		
42000000 (Previous Year 41000000) equity Shares of Rs/ 10/- each.	420000000	410000000
Issued, Subscribed, & Paid up		
40000000 (Previous year 40000000) equity Share of Rs. 10/- each fully paid up.	400000000	400000000
	<u>400000000</u>	<u>400000000</u>
a OUT OF THE ABOVE SHARES:		
1 2353768 Shares are issued on conversion of foreign currency convertible bonds during the year 2007-08		
2 4450000 Shares are issued on preferential basis during the year 2007-08		
3 17178888 Shares are issued on preferential basis during the year 2010-11		
	<u>23982656</u>	
b The company has only one class of equity shares of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share.		
c Shares held by holding Company:		
Out of equity shares issued by the Company, shares held by its holding Company are as under:		
	As at March 31, 2012 Nos. of Shares	As at March 31, 2011 Nos. of Shares
d Details of the share holders holding more than 5% shares in the Company		
Welspun Infratech Limited	24448445	24448445
Welspun Infratech Limited	24448445 (61.12%)	24448445 (61.12%)
Subhkam Ventures India Private Limited	2756034 (6.89%)	2475060 (6.19%)
e Reconciliation of number of shares out standing is set out below:		
Equity shares at the beginning of the years.	40000000	22821112
Add: shares issued on Preferential basis	-	17178888
Equity shares at the end of the year	40000000	40000000
	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 2 RESERVES & SURPLUS		
a. Capital Reserves		
Subsidy from Madhya Pradesh Rajya Setu Nirman Nigam Limited against Build, Operate and Transfer Projects as per the last Balance Sheet	828729840	828729840
b. Security Premium Reserve		
As per last Balance sheet	2886599786	945385442
On issue of shares on preferential basis during the year	-	1941214344
	<u>2886599786</u>	<u>2886599786</u>
c. General Reserves		
As per last Balance sheet	32177549	32177549
d. Amalgamation Reserves		
As per last Balance sheet	52112583	52112583
e. Surplus / (deficit) in the statement of Profit & Loss		
As per last Balance sheet	575778054	904262708
Less: Net Profit / (Loss) for the year	21468936	(328484654)
	<u>597246991</u>	<u>575778055</u>
TOTAL	<u>4396866749</u>	<u>4375397813</u>

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012		As at March 31, 2011	
	Non Current	Current	Non Current	Current
NOTE No. 3 LONG TERM BORROWINGS				
SECURED				
Term Loans from :				
1. Corporation Bank - Baroda Secured by Plant & Machineries, Vehicles.	-	10437109	5290141	19924000
2. Kotak Mahindra bank Limited Secured by Plant & Machineries, Vehicles and Personal Guarantee of some of the Directors	-	-	85953	6748003
3. Hdfc Bank Limited Secured by Plant & Machineries, Vehicles and Personal Guarantee of some of Directors		2008750	3232230	5186237
4. Axis Bank Limited Secured by Plant & Machineries, Vehicles and Personal Guarantee of some of Directors		768546	835130	1135371
5. Dena Bank Secured by first mortgage and charged on all the Company's capital assets, specific & pertaining to the Hoshangabad - Harda - Khandwa Projects only both present and future. - A first Charge on all the revenues / receivable of Hoshangabad-Harda - Khandwa project account of the Co. - A First charge on all the intangible assets of the Company including but no limited to Goodwill of the Co. - A first charge on Company's bank accounts including without limitation the trust and retention account (RTA) / Escrow Account and Debt Service Reserve Account to be established by the Company. - A First charge/assignment/security on the Company right under the concession agreement, Project documents Contract and all licence permits approvals consents and insurance policies in respect of the projects. (Repayable within 47 Monthly Installment of Rs. 46.25 Lacs bearing rate of Interest: 14.50%)	162485657	55500000	215225597	44400000
6. Corporation Bank Secured by first Mortgage & charge on all the movable & immovable properties of the Raisen - Rahathgarh BOT Projects including all receivable both and present and future. Assignment of all rights, title and Interest of the Company in respect of all the assets of the projects, all projects agreement and Contracts including Concession Agreement. Assignment of contractors guarantees, performance bond and liquidated damages (Repayable within 84 Monthly Installment of Rs. 28 Lacs bearing rate of Interest: 13.60%)	199111774	33600000	236278003	33600000
7. Punjab National Bank Secured by Ludhiana & Jalandhar Bus Terminal Projects, and Personal guarantee of some of the directors (Repayable within 18 Monthly Installment of Rs. 30.15 Lacs bearing rate of Interest: 14%)	16378830	36180000	56466507	36180000
8. Bank of India Secured by specific Plant & Machineries and second charge on current assets of the Company. (Repayable within 25 Monthly Installment of Rs. 42 Lacs bearing rate of Interest: 12.50%)	55030283	50400000	104712367	50400000
9. Tata Capital Limited Secured by Plant & Machineries, Vehicles and Personal Guarantee of some of Directors		-	254828	5310490
10. Srei Infrastructure Finance Limited Secured by Plant & Machineries, Vehicles and Personal Guarantee of some of Directors		-	1901087	1796460
11. Tata motor Finance Ltd Secured by Plant & Machineries, Vehicles and Personal Guarantee of some of Directors		-	-	987348
12. Industrial Development Finance Company Limited Terms of Repayment. 84 Months (Mar-2019) - Secured by by way of mortgage in favour of IDFC of all movable properties pertaining to the Dewas Water Supply Projects Presents, futures. - a first charge by ways of the hypothecation of the all movables including movables plant machinery, machinery spares, tools, & accessories, furniture & fixture, vehicles and all other movable assets pertaining to the project present & future. - First charge of all the book debts, operating, Cash Flows, revenue, receivables of the Company pertaining to the Dewas Water Supply project, present & Future. - Assignment of all rights, title and Interest of the Company in respect of all the assets of the Dewas Water Supply Projects agreement and Contracts including Concession Agreement. - First Charge over the Escrow Account. Debt Service Reserve Account and other Reserve and any Other reserves and any other banks account the Company wherever maintained. - Personal Guarantee of the Directors of the Company/ (Repayable within 108 Monthly Installment of Rs. 49 Lacs bearing rate of Interest: 10.30%)	491633339	40589459	528199973	29016962
	<u>924639882</u>	<u>229483863</u>	<u>1152481816</u>	<u>234684871</u>

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 4 DEFERRED TAX LIABILITY (NET)		
Deferred Tax Assets		
Retirement Benefits	1624707	728000
Provision for Bad Debts	13912555	14252704
Impairment of Assets	2186336	2186336
	<u>17723597</u>	<u>17167040</u>
Deferred Tax Liabilities		
Depreciation	101761597	103282040
DEFERRED TAX LIABILITIES (NET)	<u>84038000</u>	<u>86115000</u>

NOTE No. 5 | LONG TERM PROVISIONS

Provision for the Employees Benefits		
Provision for Gratuity (refer note no. 35)	8100013	6347723
	<u>8100013</u>	<u>6347723</u>

NOTE No. 6 | SHORT TERM BORROWING

SECURED		
Working Capital Loan		
1. Corporation Bank	12958424	13068785
Secured by fixed deposits of the Company and third Parties		
2. Corporation Bank *	555621326	458378706
Secured by hypothecation of the entire stocks & book debts of the Company.		
3. Idbi Bank Limited	22545328	365262779
Secured by hypothecation of the entire stocks & book debts of the Company.		
4. Canara Bank	16544138	-
Secured by hypothecation of the entire stocks & book debts of the Company.		
UN-SECURED		
From Holding Company:		
Welspun Infratech Limited	48691513	1140700
Secured borrowing carries interest from 10% to 12%		
	<u>656360729</u>	<u>837850971</u>

* The Company had taken loan against security of fixed deposits of third parties in earlier year. The said fixed deposits encashed by the bank and adjusted against loan by crediting the said account hence loan from Corporation Bank, includes liabilities of Rs. 4.13 Crores in respect of fixed deposits of third parties.

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 7 TRADE PAYABLE		
Trade Payable	393659840	445167055
(Including dues to subsidiaries and joint Ventures) (refer note no. 36)		
	<u>393659840</u>	<u>445167055</u>

NOTE No. 8 | OTHER CURRENT LIABILITIES

1. Current Maturity of Long Term Debts (refer note no. 3)	229483863	234684871
2. Statutory Liabilities	53192842	49140538
3. Security Deposits Payable	44553736	40458287
4. Advance from Customers	118473108	381907866
5. Other Liabilities	19997	9865127
	<u>445723546</u>	<u>716056689</u>

NOTE No. 9 | SHORT TERM PROVISIONS

Provision for the Employees Benefits		
1. Provision for Leave Benefits (refer note no. 35)	4988758	2241298
	<u>4988758</u>	<u>2241298</u>

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

NOTE No. 10 FIXED ASSETS

Sr.	Fixed Assets	GROSS BLOCK		DEPRECIATION		NET BLOCK				
		As on 1/4/2011	Addition During the Year	Deduction During the Year	As on 31/3/2012	As on 1/4/2011	Addition During the Year	Deduction During the Year	As on 31/3/2012	As on 31/3/2011
Tangible Assets										
1	Free hold Land	13901378	-	-	13901378	-	-	-	13901378	13901378
2	Buildings	2184031	-	-	2184031	51015	-	1217528	966503	1017518
3	Plant & Machineries	511080512	3540620	8659407	505961725	39047166	5829768	268046672	237915053	276251238
4	Construction Equipments	233873870	928287	-	234802157	19607370	-	113200468	121601689	140280772
5	Air-Conditioners	1619590	40390	105,800	1554180	117355	24,566	900521	653659	811858
6	Vehicles	211038162	2905530	2215426	147862680	19024725	2012254	164875151	46853115	63175482
7	Computers	11498170	1650999	-	7285663	1838608	-	9124271	4024898	4212507
8	Office Equipments	6518264	498913	-	2782898	563809	-	3346707	3670470	3735366
9	Furniture & Fixtures	7193214	277887	-	4326600	557372	-	4883972	2587129	2866614
10	Realisation Value of Impaired Assets	800000	-	-	800000	-	-	-	800000	800000
	TOTAL - (A)	999707191	9842626	10980633	998569184	80807420	7866588	565595292	432973892	507052733

Intangible Assets

11	Good Will	1701592	-	-	1701592	-	-	-	1701592	1701592
	TOTAL - (B)	1701592	-	-	1701592	-	-	-	1701592	1701592
	TOTAL - (A+B)	1001408783	9842626	10980633	1000270776	80807420	7866588	565595292	434675484	508754325
	PREVIOUS YEAR	1001305352	34068658	34765227	1000608783	95995652	15381547	492654460	507954323	

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

NOTE No. 11 BUILD, OPERATE & TRANSFER (BOT) PROJECTS EXPENDITURE

Particulars	HOSHANGABAD-HARDA-KHANDWA		RAISEN - RAHATGARH		JALANDHAR BUS TERMINAL PROJECT		LUDHIANA BUS TERMINAL PROJECT		* DEWAS WATER SUPPLY PROJECTS		TOTAL	
	As at 01/04/2011	Incurred During the Year	As at 31/03/2012	As at 01/04/2011	As at 31/03/2012	As at 01/04/2011	As at 31/03/2012	As at 01/04/2011	As at 31/03/2012	As at 01/04/2011	As at 31/03/2012	As at 31/03/2012
Balance as per Last year	760239703	-	760239703	566231954	88705164	88705164	118309899	1127987698	1127987698	2661474418	-	2661474418
Capital Work in Progress (refer note no. 32 (i) *)	760239703	-	760239703	566231954	88705164	88705164	118309899	1127987698	80471615	80471615	80471615	80471615
Less: Amortisation during the year	-	-	24015529	-	17353912	-	24138171	-	17922449	-	-	-
CLOSING BALANCE	760239703	-	736224174	566231954	88705164	88705164	118309899	1127987698	80471615	11208459313	2661474418	80471615

11.1 - Capital Work in Progress

Particulars	Expense incurred during the year 2011-12	Expense incurred during the year 2010-11
Cost of Raw Material consumed	5603499	-
Employee Benefits Expense	9598748	-
Finance Cost	58308830	-
Depreciation	311106	-
Other Expense	43101133	-
Less: Water Supply Charge	-36451701	-
	80471615	-

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 12 NON CURRENT INVESTMENTS		
LONG TERM INVESTMENT		
TRADE, (UNQUOTED)		
Investment in subsidiaries		
242000 (P.Y. 242000) Equity Shares of MSK Projects (Himmatnagar bypass) Pvt Ltd of Rs. 10/- each fully paid up	23300000	23300000
6730000 (P.Y. 6730000) Equity shares of MSK Projects (Kim Mandvi Corridor) Private Limited of Rs. 10/- each fully paid up	67300000	67300000
Nil (P.Y. 25500) equity Shares in Welspun Energy Maharashtra Ltd of Rs.10/- - each fully paid up	-	255000
10000 (P.Y. -Nil-) equity shares in Welspun Bot Projects Private Limited of Rs.10/- each fully paid up	100000	-
10000 (P.Y. -Nil-) equity shares in Anjar Road Private Limited of Rs.10/- each fully paid up	100000	-
Investment in Joint Ventures		
50000 (P.Y. 50000) Equity shares in Bul MSK Infrastructure (India) Private Limited of Rs.10/- each Fully Paid up	27800150	27800150
50000 (P.Y. 50000) Equity shares in Dewas Bhopal Corridor Limited of Rs. 10/- each fully paid up.	510210900	510210900
NON-TRADE (UNQUOTED)		
1500 (P.Y. 1500) Equity Shares in Sarv Shakti Synthetics Limited of Rs. 10/- each fully Paid up	15000	15000
30000 (P.Y. 30000) Equity Shares in Myraj Consultancy Limited of Rs. 10/- each fully paid up	300000	300000
500 (P.Y. 500) Equity shares in MSK Finance Limited of Rs. 100/- each fully paid up	50000	50000
48 (P.Y. 48) Equity shares in Nutan Nagrik Sahakari Bank Limited of Rs. 100/- each fully paid up.	4800	4800
37652 (P.Y. 37652) Equity shares in Baroda Peoples Co-Op. Bank Limited of Rs.10/- each fully paid up	376521	376521
63 (P.Y. 63) Equity shares in Baroda City Co-Op. Bank Limited of Rs. 50/- each fully paid up	3150	3150
1000 (P.Y. 1000) Equity shares in Classic Organisers Private Ltd of Rs. 10/- each fully paid up	10000	10000
960 (P.Y. 960) Equity shares in Sindh Mechantile Co-Op. Bank Ltd of Rs.10/- each fully paid up	9600	9600
7400 (P.Y. 7400) Equity shares in Minar Trading Services Limited of Rs. 10/- each fully paid up.	74000	74000
	629654121	629709121
Less: Provision for diminution in value of investments	74000	74000
	629580121	629635121
Investment in Government Securities		
Indira Vikash Patra	500	500
Three (P.Y. Two) Bonds of Rs. 10,00,000/- Sardar Sarovar Narmada Nigam Limited	3000000	2000000
NON-TRADE (QUOTED)		
1600 (P.Y. 1600) Equity Shares in Corporation Bank Of Rs. 10/- each fully Paid Up	128000	128000
TOTAL	632708621	631763621
1. Agreegate amount of quoted Investment	128000	128000
2. Agreegate amount of un-quoted Investment	632580621	631635621
3.. Agreegate amount of Market Value of Quoted Investments	679680	1020800
4. Agreegate Provision for the diminution in value of investments	74000	74000

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 13 LONG TERM LOAN & ADVANCES		
(unsecured, considered good, stated otherwise)		
Security Deposits		
Considered Good	100406571	110900111
Considered Doubtful	6597112	-
	107003683	110900111
Provision for Doubtful Debts	6597112	6597112
	100406571	104302999
Loans & Advances to Related Parties (refer note no. 36)	151051151	31131296
Tax Deducted At Source / Advance Tax (Net Of Provision for Taxation)	157951989	96104637
TOTAL	409409711	231538932
Debts due by Private Companies in which Directors of the Company is a Directors.		
Bul MSK Infrastructure P Ltd	1150899	4899116
MSK Projects (Himmatnagar Bypass) P Ltd	2013476	1313415
Dewas Bhopal Corridor Pvt Ltd (Loan)	127002312	4566235
MSK Projects (Kim Madvi Corridor Private Limited	20880566	20352530
Welspun Corp. Limited	3898	-
	151051151	31131296
NOTE No. 14 CURRENT INVESTMENTS		
NON-TRADE (UN-QUOTED)		
Investment in Bonds		
Nil (P.Y. 178) Bonds of IFCI-2030 @9.70% of Rs. 1000000 each fully paid up.	-	183340000
Nil (P.Y. 500) Bonds of IDBI-2030 @9.65% of Rs. 1000000 each fully paid up.	-	514900000
Nil (P.Y. 257) Bonds of West Bengal Electricity Distco Ltd - 2025 @9.34% of Rs. 1000000 each fully paid up.	-	263792500
40 (P.Y. Nil) Bonds of Power Grid Corporation of India Ltd - 2017 @9.25% of Rs. 1250000 each fully paid up.	50637629	-
Nil (P.Y. 1260) Bonds of DHFCL 2015 10% of Rs. 100000 each fully paid up.	-	127802304
Nil (P.Y. 590) Bonds of DHFCL 2020 10.40% of Rs. 100000 each fully paid up.	-	59857220
Investment in Certificate of Deposits		
Nil (P.Y. 1500) NCD of CBI Rs. 100000/- each fully paid up	-	146586600
Nil (P.Y. 1500) NCD of PNB Rs. 100000/- each fully paid up	-	147429150
TOTAL	50637629	1443707774
NOTE No. 15 INVENTORIES		
Raw Material	206833681	140750668
Work In Progress	194232515	416187464
TOTAL	401066196	556938132
NOTE No. 16 TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	682281670	66314750
considered doubtful	25633372	25633372
	707915042	91948122
Less: Provision for doubtful debts	25633372	25633372
	682281670	66314750
Other Receivable:		
Considered good	839250312	1297646743
considered doubtful	8012746	8012746
	847263058	1305659489
Less: Provision for doubtful receivable	8012746	8012746
(Debts due by related parties refer note no. 36)	839250312	1297646743
TOTAL	1521531982	1363961493

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 17 CASH & BANK BALANCES		
Cash on hand	4976718	4086158
Balance With Bank:		
- In current accounts	490899243	263000543
- In fixed deposits accounts *	86557061	133322517
TOTAL	582433022	400409218

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 18 SHORT TERM LOANS & ADVANCES (unsecured, considered good, stated otherwise)		
Inter Corporate Deposits	350000000	-
Advance to Supplier		
Considered good	121308836	107275973
Considered doubtful	2640818	2637198
	123949654	109913171
Less: Provision for Doubtful Debt	2640818	2637198
	121308836	107275973
Advance to Sub Contractors	-	3819450
Interest accrued on fixed deposits	75713325	36339827
Pre-Paid Expenses	4407886	11775243
Advance to Staff & Others	4586705	5242673
Balances with Statutory Authorities	67382147	58657284
	623398900	223110450

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 19 REVENUE FROM OPERATIONS		
Revenue from Operations:		
Civil Contracts	2204993876	2080555984
Sales of Traded Goods	521705841	-
Toll Collection	263203437	278667497
Sales of Services	-	44000000
Other Operating Revenue		
Sales of Scrap	6764640	-
Revenue From Operations (Gross)	2996667794	2403223481
Less: Service Tax	42305571	61782077
Revenue From Operations (Net)	2954362223	2341441404

19.1 Particulars of Sales of traded goods

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
Electric Material	270989188	-
Mechanical Material	233308710	-
Bare Pipes	8115304	-
Other Materials	9292639	-
	521705841	-

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 20 OTHER INCOME		
Interest		
From Current Investment	162363470	156551620
From Long Term Investment	5812972	15462121
From Others	19915099	14568887
Dividend		
From Current Investment	12899548	18171867
From Long Term Investment	32000	26400
Insurance claim	960070	590995
Unclaimed liabilities written back	2961238	4155946
Profit on sales of Current Investment	6388783	-
Profit on sales of assets	1628862	1581645
Foreign Exchange Gain	19439	-
Miscellaneous income	1744499	1524007
TOTAL	214725980	212633487

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 21 COST OF RAW MATERIAL CONSUMED		
Inventories at the beginning of the year	140750668	125966849
Add: Purchases	1130353731	1306271580
	1271104399	1432238429
Less: Inventories at the end of the year.	206833681	140750668
TOTAL	1064270718	1291487761

21.1 Cost of materials consumed

Particulars	2011-12	% of Consumption	2010-11	% of Consumption
-Imported	-	-	-	-
-Indigenous	1064270718	100%	1291487761	100%

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 22 PURCHASE OF TRADED GOODS		
Purchases	256452145	-
TOTAL	256452145	-

22.1 Particulars of Purchase of traded goods.

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
Bare Pipes	8115305	-
Electric Material	125933939	-
Mechanical Material	115638845	-
Others	6764056	-
	256452145	-

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 23	CHANGE IN WORK-IN-PROGRESS	
Opening Stock		
Work in Progress	416187464	202063190
Less: Closing Stock		
Work in Progress	194232515	416187464
TOTAL	221954948	-214124274

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 24	EMPLOYEES REMUNERATION & BENEFITS	
Salaries, Wages	239350499	181193286
Contribution to Provident Funds & Other Funds	20236476	4101926
Staff Welfare Expense	9924839	25987834
	269511814	211283046

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 25	FINANCE COST	
Interest Expense	205079763	328385325
Other Borrowing Cost	24953676	43954752
	230033439	372340077

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 26	DEPRECIATION AND AMORTISATION	
- Depreciation	80807420	95995652
- Amortisation of the BOT Assets	83430061	85658612
	164237482	181654264
Less: Capitalised in respect of Dewas Water supply project	(311106)	-
TOTAL	163926376	181654264

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 27	OTHER EXPENSE	
Power & Fuel	36681311	65729635
Insurance	4555445	3881958
Consultancy Charge	54322957	52614895
Design and Survey Expense	4246543	259100
Rent	7074611	15075602
Rates & Taxes	89144998	91047515
Project Monitoring Fees	4129484	5572891
Tender Fees	4219344	10625330
Traveling Expense	12500138	9911606
Vehicle Hire Charge	5123752	7312227
Security Service charge	8502506	5414874
Payment to Auditors		
- Audit Fees	1200000	1041362
- Other Services	12113	-
Repairs & Maintenance for		
Machineries	16850607	15716097
Roads	-	1636117
Vehicles and Others	27032105	41907916
Provision for Bad Debts	-	42880428
Bad Debts	-	2206100
Impairment of the Assets	-	6738590
Loss on sales of Investment	-	4805661
Air Conditioning Work	3184679	4520400
Bituminous Work	6010786	16163162
Blasting Work	679159	2814921
Bridge Work	2392380	10064825
Boulder and Laying Work	118165	6017319
Civil Work	20526654	12576342
Concrete Work	25317439	15431137
Doors & Windows Work	3287476	5029639
Donation	-	684429
Earth Work	24352007	148386025
Fabrication Expense	34626165	29740638
Flooring Work	10651640	21333404
Hutment	841244	2051067
Machinery Hire Charges	16630823	20366807
Masonry Work	13397291	26824303
Miscellaneous Site Work	281935335	15616729
Land Scaping	2582774	3820283
Painting Work	37173005	7465448
Payment to Site Workers	76585699	69448618
Pipe Laying Work	12238198	6565067
Piling Work	-	5311015
Reinforcement Work	17874974	22274323
Road Work	20656298	63302175
Safety Expense	105,240.00	-
Sanitary Work	1078090	1572311
Shuttering Work	33982356	44483933
Toll plaza Work	1333793	3200829
Water Proofing Work	4913858	9946840
Penalty Charge	761303	17817
Under Deck Insulation	1203238	6107362
Wbm Work	-	551824
Site Running Expense	-	25601325
Interest on income Tax	-	119379
Miscellaneous Expenditure	15521444	23791411
TOTAL	945557428	1015579011

A. SIGNIFICANT ACCOUNTING POLICIES

A)-1. REVENUE RECOGNITION ON CONTRACTS

- a) All revenues and expenses are accounted on accrual basis except to the extent stated otherwise.
- b) Contract Prices are either fixed or subject to price escalation clause. The Revenue is recognized on the basis of percentage of completion method and the stage of completion is determined on the basis of physical completion of proportion of contract work.
- c) Amount due in respect of the price escalation claim and/or variation in contract work approved by the customers are recognized as revenue only when there are conditions stipulated in the contracts for such claims or variations and/or the same are evidenced inter alia by way of confirmation or the same are accepted by the customers.
- d) Disputed amount under the contract works are recognized as revenue when the same are settled and amounts are received.
- e) Liquidated damages payable, if any, as per the terms of the contract, for the delays, if any, are accounted only when such delay is attributable to the Company.

A)-2. EXPENDITURE IN RESPECT OF BUILD, OPERATE AND TRANSFER (B.O.T) PROJECT

- a) "Expenditure incurred on construction or reconstruction (net of corresponding interest income earned on deployment or other wise of fund attributable to the project) of Build, Operate and Transfer (BOT) Project which does not represent Company's own assets is classified as "BOT PROJECT EXPENDITURE" and is amortized / written off based on the projected toll revenue estimated having regards to the toll rate & expected increase."
- b) The materials and stores etc. acquired / purchased for the construction activities of owned Build, Operate and Transfer Projects (BOT) are classified / reflected as B.O.T. Projects Expenditure and / or work in progress, as the case may be. Accordingly such purchases are disclosed as item of B.O.T. Project Expenditure.

B. ADVANCES AND PROGRESS PAYMENTS AND RETENTION

- a) Advances received from customers in respect of contracts are treated as liability.
- b) Progress payments received are adjusted against receivables from customers in respect of the contract work performed.
- c) Amount(s) retained by the customers until the satisfactory completion of the contract are recognized in the final statement as receivables. Where such retention has been released by the customers against submission of bank guarantee the amount so released is adjusted against receivables from the customers and value of Bank guarantees is disclosed as contingent liability under bank guarantees outstanding.

C. FIXED ASSETS

- 1) Tangible Assets:
Fixed assets are stated at cost net of recoverable taxes and includes amount added on revaluation, less accumulated depreciation and impairment loss, if any. All cost, including financing cost, till commencement of commercial production, net changes on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.
- 2) Intangible Assets:
Intangible assets are stated at cost of acquisition net of recoverable taxed less accumulated amortization / depreciation. All cost, including financing costs till commencement of commercial production, net changes on foreign exchange contracts and adjustments arising from exchange rate variation attributable to the intangible assets are capitalized.

D. DEPRECIATION

- a) Depreciation is provided on written down value basis as per the rates and method prescribed under Schedule – XIV to the Companies Act, 1956.
- b) Intangible asset (Goodwill) is not depreciated.

E. BORROWING COST

Borrowing costs directly attributable to the acquisition or construction of fixed assets are capitalized as part of the cost of the assets, up to the date the assets are put to use. Other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

F. VALUATION OF INVENTORIES

- a) Raw Materials are valued at lower of cost and net realizable value. Cost is determined on FIFO basis.
- b) Contract Work in progress is valued at tender rate having regards to unbilled work, outstanding running bills and expected recovery thereof.
- c) Stores and spares are written off in the year of purchase.

G. INVESTMENTS

Current Investment are carried at lower of cost and quoted / fair value, computed category wide, long term investment are stated at cost. Provision for diminution in the long term investment is made only if such a decline is other than temporary.

H. PROVISION FOR DOUBTFUL DEBTS / ADVANCES:

Provision is made in accounts for doubtful debts / advances which in the opinion of the management are considered doubtful of recovery.

I. CLAIMS, DEMANDS AND CONTINGENCIES

Disputed and / or contingent liabilities are either provided for / or disclosed depending on management's judgment of the outcome.

J. RETIREMENT BENEFITS

- a) Short Term Employee benefits:
Short Term Employee Benefits are recognized in the period during which the services have been rendered.
- b) Long Term Employee benefits:
 - i) Provident Fund, Family Pension fund
As Per Provident Fund Act 1952 all employees of the Company are entitled to receive benefits under the provident fund and family pension fund which is defined contribution plan. These contributions are made to the plan administered and managed by Government of India.
The Company's contribution to these scheme are recognized as expense in the profit and loss account during the year in which the employee renders the related service, The Company has no further obligation under these plans beyond its monthly contribution
 - c) Leave encashment:
The Company has provided for the liability at year end on account of un-availed earned leave as per the actuarial valuation.
 - d) 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.

The Company makes annual contribution to LIC for the gratuity plan in respect of all the employees.

K. 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.

L. FOREIGN CURRENCY TRANSACTION

Transaction in foreign currency is recorded at the exchange rate prevailing on the date of the transaction, exchange rate differences resulting from foreign exchange transaction settle during the period including year end transaction of current assets and liabilities are recognized in the profit & loss accounts. Exchange rates differences arising in relation to liabilities incurred for acquisition of fixed assets are adjusted to the carrying value of the fixed assets.

In respect of forward exchange contract, except in case of fixed assets, the difference between forward rate and the exchange rate at the inception of the forward exchange contract is recognized as income / expenses over the life of the contract.

M. LEASE

a) OPERATING LEASE

Lease of assets under which all the risk and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with respective lease agreements.

b) FINANCE LEASE

Assets acquired under leases where Company has substantially all the risk and rewards of ownership are classified as finance lease. Assets acquired under finance are capitalized and corresponding lease liability is recorded at an amount equal to the fair value of the leased assets at the inception of the lease. Initial costs incurred in connection with the specific leasing activities directly attributable to activities performed by the Company are included as part of the amount recognized as an asset under the lease.

N. IMPAIRMENT OF ASSET

If internal / external indications suggest that an asset of the Company may be impaired, the recoverable amount of asset / cash generating asset is determined on the Balance – Sheet date and if it is less than its carrying amount of the asset / cash generating unit the carrying amount of asset is reduced to the said recoverable amount. The recoverable amount is measured as the higher of net selling price and value in use of such asset / cash generating unit, which is determined by the present value of carrying amount of the estimated future cash flow.

O. USE OF ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumption to be made that affect the reported amount of the assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from these estimates and differences between actual results and estimates are recognized in the period in which the results are known / materialized.

28. EARNING PER SHARES:

Rs. In Lacs

Particulars	2011-12	2010-11
Net profit after Tax available for equity shareholders	214.69	(3284.84)
Weighted average number of Equity Shares of Rs. 10/- each outstanding during the year (Nos. of Shares)	4,00,00,000	3,87,29,233
Basic Earning Per Share (Rs.)	0.54	(8.48)
Diluted Earning Per Share (Rs.)	0.54	(8.48)

29. CONTINGENT LIABILITIES & COMMITMENTS:

I. Contingent Liabilities

Rs. In Lacs

	As At 31-03-2012	As At 31-03-2011
a. Claims against the Company / Disputed Liabilities not acknowledged as debts	380.88	38.58
b. Guarantee issued by the bankers on behalf of the Company	13580.34	17543.18
c. Guarantee given by the Company to the bankers for the facilities granted :-		
1. Wholly owned subsidiaries	1131.78	1267.44
2. Joint Ventures	37231.88	38597.66
d. Letter of credit issued by the Company's Bank on behalf of the Company.	322.82	502.05
e. Income Tax demand disputed by the Company	-	1045.79

30. In completed contract work under contract work in progress at the various sites is estimated by the management having regards unbilled work, out standing running bill and expected recovery there of.

31. Security Deposits deducted from contract receipt and mobilization advances received against contracts are subject to confirmation and adjustment, if any, on finalization of account.

32. BUILD, OPERATE & TRANSFER (BOT) PROJECTS:

i) The Company obtained a contract on Build, Operate and Transfer (BOT) basis from the Madhya Pradesh State Industrial Development Corporation (MPSIDC) for execution of Dewas Water Supply project.

In terms of contract the ownership of the said property vests in the government immediately. Under the contract the Company is entitled to collect the water supply charge during the concession period of 32 years including the period of construction or reconstruction.

In earlier year the Company finished the construction and obtained the provisional certificate for commissioning and started operations. However the Company could not achieve the optimal capacity and was advised to complete the project to achieve the desired and specified results by MPSIDC as also to expand the capacity and to under take reconstruction and completion.

Accordingly the Company has undertaken reconstruction and completion of the project so as to achieve the desired capacity as also increase the capacity for supply of water from BOT Project.

Having regard to the accounting policies followed by the Company, the entire expenditure incurred thereon on (net of revenue for supply of water) is shown as Build, Operate and Transfer project expenditure and would be amortized / written off based on the projected toll revenue.

In the prior financial year(s) the Company had written off, operation and maintenance expenses including interest. However due to reconstruction and completion under taken, the Company has discontinued that practice.

- ii) The Company has obtained the contract on Build, Operate and Transfer (BOT) basis from the Punjab Infrastructure Development Board for execution of Jalandhar Bus Terminal project.

In terms of the contract the ownership of the said property vests in the government immediately. Under the contract the Company is entitled to collect Toll Charge and Rent on Shops during the concession period of 8 years 5 months and 2 days for Jalandhar Bus Terminal Project (including the period of construction).

The Company has completed construction of the said project in the earlier year. Having regard to the accounting policies followed by the Company the entire expenditure incurred is treated as BOT Project Expenditure and proportionate amount of Rs.241.38 Lacs (P.Y. Rs. 235.15 Lacs) has been written off during the year.

- iii) The Company has obtained the contract on Build, Operate and Transfer (BOT) basis from the Punjab Infrastructure Development Board for execution of Ludhiana Bus Terminal Project.

In terms of the contract the ownership of the said property vests in the government immediately. Under the contract the Company is entitled to collect Toll Charge and Rent on Shops during the concession period of 10 years 3 months for Ludhiana Bus Terminal Project (including the period of construction).

The Company has completed construction of the said project in the earlier year. Having regard to the accounting policies followed by the Company the entire expenditure incurred is treated as BOT Project Expenditure and proportionate amount of Rs.179.22 Lacs (P.Y. Rs. 172.11 Lacs) has been written off during the year.

- iv) The MSK Infrastructure & Toll Bridge Private Limited ("Transferor Company") had obtained the contract on Build, Operate and Transfer (BOT) basis from Madhya Pradesh Road Development Authority for construction of Hoshangabad-Harda-Khandwa Road Project. In Terms of the Contract the Transferor Company was entitled to collect the toll during the concession period of 5440 days (Including the period of the construction). The Transferor Company was amalgamated with MSK Projects (India) Limited pursuant to scheme of amalgamation as approved by the Honorable High Court of Gujarat on 2nd November, 2006 with effect from 01.01.2005.

The Transferor Company had completed the construction of the above project and was put open to traffic during the earlier year.

The Cost of the said project and right to collect the toll charges is transferred to and vested in the Company as per the scheme of amalgamation.

Having, regard to the accounting policies followed by the Company the expenditure incurred thereon, is treated as BOT Project Expenditure and proportionate amount of Rs. 240.15 Lacs (P.Y. 241.09 Lacs) has been written off during the year after considering the Cash Subsidy received/receivable from Madhya Pradesh State Road Development Authority.

- v) The MSK Highways Limited ("Transferor Company") had obtained the contract on Build, Operate and Transfer (BOT Basis) from Madhya Pradesh Road Development Authority for construction of Raisen-Rahatgarh. In Terms of the Contract the Transferor Company entitled to collect the toll during the concession period of 5440 days (Including the period of the construction). The Transferor Company was amalgamated with MSK Projects (India) Limited pursuant to scheme of amalgamation as approved by the Honorable High Court of Gujarat on 2nd November, 2006 with effect from 01.01.2005.

The Transferor Company had completed the construction of the above project and was put open to traffic during the earlier year.

The Cost of the said project and right to collect the toll charges is transferred to and vested in the Company as per the scheme of amalgamation.

Having, regard to the accounting policies followed by the Company the expenditure incurred thereon, is treated as BOT Project Expenditure and proportionate amount of Rs.173.53 Lacs (P.Y. 158.81 Lacs) has been written off during the year after considering the Cash Subsidy received/receivable from Madhya Pradesh State Road Development Authority.

- 33) The Company is operating in a single segment only during the year i.e. Civil Construction Contract.

34) Disclosure in accordance with Accounting Standard - 7 (Revised).

Rs. In Lacs

Particulars	2011-12	2010-11
Contract Revenue	64683.64	122447.91
Contract Cost Incurred	60080.10	97506.72
Recognized Profits / Losses	9775.78	9055.09
Advances Received	1131.06	4364.48
Retention Money	5230.83	4359.17
Gross Amount due from Customers For Contract Work	6317.69	9011.49

In respect of the construction contracts, the Company follows the percentage of completion method for recognizing profit / loss but no provision is made for contingencies in respect of contract in progress, consistent with the practice of the Company. Accounting Standard (AS) 7 on "Accounting for Construction Contracts" issued by the institute of Chartered Accountant of India requires that an appropriate allowance be made for future unforeseen factors. In the opinion of the Company, such a provision is not required and has no financial effect.

35) Disclosures relating to Employee Benefits - As per Revised AS-15:

During the year Company has recognized the following amount in the financial statements

a) DEFINED CONTRIBUTION PLAN:

Contribution to Defined Contribution Plan recognized as Expense for the year as under:

Rs. In Lacs

Particulars	
Employer Contribution to Provident Fund	201.43 (41.01)

b) DEFINED BENEFIT PLAN

Reconciliation of opening and closing balances of Defined Benefit obligation

Rs. In Lacs

	Gratuity (Funded)	Leave Encashment (Non Funded)
Defined Benefit obligation at the beginning of the year	63.47 (27.12)	22.41 (6.58)
Current Service Cost	7.36 (5.07)	24.05 (58.43)
Interest Cost	5.52 (2.27)	1.94 (0.55)
Actuarial (gain)/loss	22.66 (29.00)	(1.66) (43.14)
Benefits Paid	18.02 (NIL)	NIL (NIL)
Defined Benefit obligation at the year end	81.00 (63.47)	50.07 (22.41)

Reconciliation of opening and closing balances of fair value of plan Assets

Rs. In Lacs

Particulars	Gratuity (Funded)
Fair value of plan assets in the beginning of the year	105.08 (32.77)
Expected return on plan assets	8.40 (2.62)
Actuarial gain/(loss)	(4.75) (2.62)
Employer contribution	0.00 (0.00)
Benefits Paid	18.02 (NIL)
Fair Value of plan assets at the end of the year	90.70 (32.77)

Reconciliation of Fair Value of Plan Assets and Benefit Obligation.

Rs. In Lacs

Particulars	Gratuity (Funded)	Leave Encashment (Non Funded)
Fair Value of Assets as at 31st March, 2012	90.70 (32.77)	50.07 (22.41)
Present Value of obligation as at 31st March, 2011	81.00 (63.48)	50.07 (22.41)
Amount recognized in Profit & Loss Account	31.90 (36.35)	27.66 (15.84)

Expenses recognized during the year (Under the head "Salaries & Bonus" – Refer Schedule 6)

Rs. In Lacs

Particulars	Gratuity (Funded)	Leave Encashment (Non Funded)
Current Service Cost	7.36 (5.07)	24.05 (58.43)
Interest Cost	5.52 (2.28)	1.95 (0.55)
Expected return on Plan Assets	(8.40) (2.62)	NIL (NIL)
Actuarial gain/(loss)	27.42 (31.62)	1.66 (43.14)
Expense Recognized in Profit and Loss Account	31.90 (36.35)	50.07 (15.84)

Actuarial Assumptions

Rs. In Lacs

Particulars	Gratuity (Funded)	Leave Encashment (Non Funded)
Discount Rate (Per Annum)	8.70% (8.28%)	8.70% (8.40%)
Salary Escalation (Per Annum)	6.00% (6.00%)	6.00% (6.00%)

36) Transaction with related parties (as certified by the management)

A. Holding Companies:

- Welspun Corp Limited
- Welspun Infratech Limited

B. Subsidiary Companies:

- MSK Projects (Himmatnagar Bypass) Private Limited
- MSK Projects (Kim Mandvi Corridor) Private Limited
- Welspun BOT Projects Private Limited
- Anjar Road Private Limited

C. Integrated Joint Ventures:

- BUL MSK Infrastructure Private Limited
- Dewas Bhopal Corridor Limited

a) Associate Concern:

- Welspun Max Steel Limited
- Welspun Steel Limited
- Welspun India Limited
- Remi Metal Limited
- Welspun Retails Limited
- Welspun Captive Power Generation Limited
- Welspun Infra Projects Private Limited

b) Key Management Personnel:

- B.K. Goenka - Chairman
- Sunil Shinde (Director)

Rs. In Lacs

Sr.	Transaction with Related Parties	Holding Company	Subsidiary Companies	Integrated Joint Venture	Associate Company	Key Management
1.	Civil Construction Receipt	1969.52 (995.97)	152.18 (1106.50)	- (1708.87)	11225.81- (3546.28)	- (-)
2.	Miscellaneous Income	- (440.00)	- (12.26)	212.44 (104.81)	- (-)	- (-)
3.	Material Purchase	558.32 (1582.71)	- (-)		1155.10 (757.74)	
4.	Loan Received	4380.25 (5726.40)	- (-)	- (-)	- (-)	- (-)
5.	Repayment of Loan Received	3901.59 (5715.00)	- (-)	- (2245.79)	- (-)	- (-)
6.	Loan Given	- (3.02)	657.48 (241.95)	250.24 (321.95)	9.03 (-)	- (-)
7.	Repayment of Loan Given	- (-)	645.20 (51.58)	286.32 (-)	286.32 (-)	- (-)
8.	Guarantee Given	- (-)	- (1267.44)	38500 (38500)	- (-)	- (-)
9.	Mobilization advance Received	- (1355.54)	- (-)	- (-)	126.48 (830.27)	- (-)
10.	Mobilization advance repaid	88.67 (1005.54)	- (-)	- (-)	657.27 (259.28)	- (-)
11.	Investment in Shares/Application	- (-)	2.00 (2.55)	- (-)	- (-)	- (-)
12.	Remuneration to the Directors	- (-)	- (-)	- (-)	- (-)	130.86 (106.90)
13.	Receivable at the end of the year	156.86 (3.02)	3259.67 (3385.50)	1401.49 (1899.53)	1438.59 (447.84)	- (-)
14.	Payable at the end of the year	1116.80 (2137.05)	- (-)	- (-)	40.20 (731.20)	- (-)

- 37) Cash Subsidy of Rs.82.87 Crores (P.Y. 82.87 Crores) received from Madhya Pradesh Rajya Setu Nirman Nigam Limited, against the Build, Operate & Transfer Project Expenditure Cost, is not reduced from the relevant project cost but the same is shown as "Capital Reserve" in the Balance Sheet.
- 38) Confirmations of certain parties for amounts due from them as per accounts of the company are not obtained. Amount due from customers include amounts due/with held on account of various claims. The claims will be verified and necessary adjustments, if any, shall be made in the year of settlement. Subject to this, company is confident of recovering the dues and accordingly they have been classified as "debt considered good" and therefore no provision is considered necessary, there against.
- 39) 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.

- 40) 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 depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.

41) Remuneration to Directors

Particulars	Managing Director / Joint Managing Director / Chairman	Director
Salaries	1,30,86,281 (37,78,737)	NIL (69,13,333)
Contribution to P.F.	6,09,935 (NIL)	NIL (2710)
Total	1,36,96,216 (37,78,737)	NIL (69,16,043)

(Figures in brackets indicate corresponding figures of previous year)

- 42) CIF Value of Import Rs. –Nil-
Rs. –Nil-
Expenditure in Foreign currency Rs. –Nil-
Rs. –Nil-
Earning in Foreign Exchange Rs. –Nil-
Rs. –Nil-
Remittance in Foreign Currency Rs. –Nil-
Rs. –Nil-

As per our report of even date
FOR CHANDRAKANT & SEVANTILAL & J.K. SHAH & COMPANY
Firm registration number: 101676W
Chartered Accountants

H. B. Shah
Partner
Membership No. 016642

Place : Vadodara
Date : 28-05-2012

For and on behalf of the Board of Directors
WELSPUN PROJECTS LIMITED

B. K. Goenka
Chairman

Sunil Shinde
Director

Susheela Maheshwari
Company Secretary

Place : Mumbai
Date : 28-05-2012

CASH FLOW STATEMENT

	2011-12	2010-11
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax & prior period items	17381334	(304144994)
Depreciation	80807420	95995652
Amortisation	83430061	85658612
Interest paid (net)	205079763	167585582
Profit on Sale of Fixed Assets	(1628862)	(1581645)
Bad Debts	-	42880428
Unclaimed liability written back	(2961238)	(4458964)
Impairment of fixed assets	-	6738590
Surplus & Deficit	-	209414
Sundry Debts balances w/off	-	2206100
Loss on Sale of Investments	-	4805661
Prov for Leave Encashment & Gratuity	4499750	5219019
Dividend received	(32000)	(26400)
Operating Profits before Working Capital changes	386576229	101087055
Adjustment for:		
Inventory	155871936	(228908093)
Trade & Other Receivables	(673882366)	(197427727)
Trade Payables& Provisions	(311250160)	262319718
	(829260590)	(164016102)
Cash generated from Operations before Tax & Prior period items	(442684361)	(62929047)
Less: Direct Taxes (incl FBT) paid	61847352	64,560,463
Cash generated from Operations before Prior period items	(504531713)	(127489510)
Less: Prior Period items	437348	2907660
NET CASH GENERATED /(USED) FROM OPERATING ACTIVITIES	(504969061)	(130397170)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(9842626)	(34068658)
Sale of Fixed Assets	4742907	13425434
Investments	1392357145	(1449401035)
BOT expenditure during the Year	(80471615)	(78125055)
NET CASH USED IN INVESTING ACTIVITIES	1306785811	(1548169314)
C CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings (Net)	47550813	1140700
Repayments during the Year	(462263998)	(338265623)
issue of shares on Preferential basis	-	2113003224
Dividend paid (incl Tax thereon)	-	(46643600)
Interest paid (Net)	(205079763)	(165379014)
NET CASH FROM FINANCING ACTIVITIES	(619792948)	1563855687
Net changes on Cash & Cash Equivalents (A+B+C)	182023802	(114710797)
Cash & Cash Equivalents - Opening Balance	400409218	515120015
	582433022	400409218
Cash & Cash Equivalents - Closing Balance	582433022	400409218

As per our report of even date
FOR CHANDRAKANT & SEVANTILAL & J.K. SHAH & COMPANY
Firm registration number: 101676W
Chartered Accountants

H. B. Shah
Partner
Membership No. 016642

Place : Vadodara
Date : 28-05-2012

B. K. Goenka
Chairman

Sunil Shinde
Director

Susheela Maheshwari
Company Secretary

Place : Mumbai
Date : 28-05-2012

For and on behalf of the Board of Directors
WELSPUN PROJECTS LIMITED

**AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS
OF WELSPUN PROJECTS LIMITED**

(Formerly Known as MSK Projects (India) Ltd)

- We have audited the attached Consolidated Balance Sheet of Welspun Projects Limited, its Subsidiaries and Joint Ventures, as at 31st March 2012 and also the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibilities of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, and audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- We did not audit the financial statements of two Subsidiaries whose financial statements reflect total assets of Rs.59,14,81,587 as at 31st March 2012 and total revenue of Rs. 6,74,89,577 and net Cash Flow amounting to (-) Rs. 78,68,540/- for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of the other auditors.
- We have relied on the unaudited financial statements of two subsidiaries and two joint ventures, whose financial statements reflect total assets of Rs.2,99,53,33,594 as at 31st March 2012 and total revenue of Rs. 36,46,31,819 and net cash flow amounting to (-) Rs.3,48,33,426/- for the year then ended. These unaudited financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the Management and our report in so far as it relates to the amounts included in respect of the subsidiaries and joint ventures is based solely on such approved unaudited financial statements.
- Subject to non compliance with the specified accounting standards relating to :-
 - Disclosure of Cash Subsidy amounting to Rs.1,26,53,79,840/- received from Madhya Pradesh Rajya Setu Nirman Nigam Limited and Gujarat State Road Development Corporation against BOT Projects under the head 'Reserve & Surplus' instead of deducting the same from the Project Cost as required by the Accounting Standard – 12 "Accounting for Government Grants" (See Note No. 35)

We report that the consolidated financial statements have been prepared by the Welspun Projects Limited,' s management in accordance with the requirements of Accounting standard (AS) 21 Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interest in Joint Ventures, issued as notified by the Companies (Accounting Standard) rules 2006.

- Based on our audit and on the consideration of the reports of other auditors on separate financial statements of the Subsidiary Companies , and Joint Ventures, and to the best of our information and according to the explanations given to us, subject to our comments in :-

Paragraph 5 relating to Disclosure of Cash Subsidy amounting to Rs.1,26,53,79,840/ received from Madhya Pradesh Rajya Setu Nirman Nigam Limited and Gujarat State Road Development Corporation against BOT Projects under the head 'Reserves& Surplus' instead of deducting the same from the Project Cost (See Note No. 35)

We are of the opinion that attached consolidated financial statements give true and fare view in conformity with the accounting principal generally accepted in India.

- In the case of the consolidated Balance Sheet, of the state of affairs of the Welspun Projects Limited, as at 31st March 2012.
- In case of the consolidated Statement of profit & loss, of the Profit of Welspun Projects Limited for the year ended on that date and
- In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

FOR Chandrakant & Sevantilal & J. K. Shah & Co.
Firm Registration No.101676W
Chartered Accountants

Place: Vadodara
Date: 28/05/2012

(H. B. Shah)
Partner
Membership No.16642

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH' 2012

	Notes	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
EQUITY & LIABILITIES			
Share Holders' Funds			
Share Capital	1	40000000	40000000
Reserves & Surplus	2	4747893458	4714671690
		5147893458	5114671690
Minority Interest		-	245000
Non Current Liabilities			
Long Term Borrowings	3	2949110696	3105260731
Deferred Tax Liabilities (Net)	4	67638723	67090198
Long Term Provisions	5	8100013	6347723
		3024849432	3178698652
Current Liabilities			
Short Term Borrowings	6	656360729	837850971
Trade Payable	7	402720013	538231398
Other Current Liabilities	8	552573146	856375857
Short Term Provisions	9	4988758	2241298
		1616642646	2234699523
TOTAL (Rs.)		9789385536	10528314865
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	10	441153649	513336214
Intangible Assets	10	266658460	266658460
Build Operate & Transfer Project Expenditure	11	5837229546	5863734659
Non Current Investment	12	3897571	2897571
Other Non Current Assets	13	553911	934066
Long term Loans & Advances	14	309311260	210104869
		6858804398	6857665840
Current Assets			
Current Investment	15	50637629	1443767774
Inventories	16	401066196	556938132
Trade Receivable	17	1220015868	954049544
Cash and Bank Balances	18	634335231	491143056
Short Term Loans & Advances	19	624526215	224750519
		2930581138	3670649025
TOTAL (Rs.)		9789385536	10528314865
Significant Accounting policies Notes on financial statements	1 to 43		

As per our report of even date
FOR CHANDRAKANT & SEVANTILAL & J.K. SHAH & COMPANY
Firm registration number: 101676W
Chartered Accountants

H. B. Shah
Partner
Membership No. 016642

Place : Vadodara
Date : 28-05-2012

For and on behalf of the Board of Directors
WELSPUN PROJECTS LIMITED

B. K. Goenka
Chairman

Sunil Shinde
Director

Susheela Maheshwari
Company Secretary

Place : Mumbai
Date : 28-05-2012

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH' 2012

	Notes	For the year ended March 31, 2012 (Amount in Rs.)	For the year ended March 31, 2011 (Amount in Rs.)
INCOME			
Revenue from Operation	20	3369752627	2386999591
Other Income	21	216238973	213459233
Total Revenue (I)		3585991600	2600458824
EXPENDITURE			
Cost of Raw Material consumed	22	1074886924	1291601070
Purchase of Traded goods	23	256452145	-
Changes in Work in Progress	24	221954948	(214124274)
Employee Benefits Expense	25	285381483	222702178
Finance Cost	26	515453779	590851111
Depreciation and Amortisation expense	27	230565330	257235536
Other Expenses	28	979128502	1043066226
		3563823111	3191331847
Less: Material cost & Other expense pertaining to bill raised to subsidiaries and joint ventures		15217648	281537083
Total Expenses (II)		3548605463	2909794764
Profit / (Loss) before Tax & Prior Period Item		37386137	(309335939)
Prior Period Expenses		437348	2898351
Profit / (Loss) before Tax		36948789	(312234290)
Tax Expense			
Current Tax		(5627194)	(980950)
Earlier year Tax		2448700	(49087)
Deferred Tax		(548527)	(2407196)
		(3727021)	(3437233)
Profit / (Loss) for the year from continuing operation		33221768	(315671523)
Earnings per equity share of face value of Rs. 10/- each.			
Basic & Diluted	36	0.83	(8.15)
Significant Accounting policies Notes on financial statements	1 to 43		

As per our report of even date
FOR CHANDRAKANT & SEVANTILAL & J.K. SHAH & COMPANY
Firm registration number: 101676W
Chartered Accountants

H. B. Shah
Partner
Membership No. 016642

Place : Vadodara
Date : 28-05-2012

For and on behalf of the Board of Directors
WELSPUN PROJECTS LIMITED

B. K. Goenka
Chairman

Sunil Shinde
Director

Susheela Maheshwari
Company Secretary

Place : Mumbai
Date : 28-05-2012

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 1 SHARE CAPITAL		
AUTHORISED		
42000000 (Previous Year 41000000) equity Shares of Rs/ 10/- each.	420000000	410000000
Issued, Subscribed, & Paid up		
40000000 (Previous year 40000000) equity Shares of Rs. 10/- each fully paid up.	400000000	400000000
	<u>400000000</u>	<u>400000000</u>
a OUT OF THE ABOVE SHARES:		
1 2353768 Shares are issued on conversion of foregin currency convertible bonds during the year 2007-08		
2 4450000 Shares are issued on preferential basis during the year 2007-08		
3 17178888 Shares are issued on preferential basis during the year 2010-11		
	<u>23982656</u>	
b. Terms / rights to equity shares		
The Company has only one class of equity shares of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share.		
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the share holders.		
c Shares held by holding Company:		
	As at March 31, 2012 Nos. of Shares	As at March 31, 2011 Nos. of Shares
Welspun Infratech Limited	24448445	24448445
d Details of the share holders holding more than 5% shares in the Company		
Welspun Infratech Limited	24448445 (61.12%)	24448445 (61.12%)
Subhkam Ventures India Private Limited	2756034 (6.89%)	2475060 (6.19%)
e Reconciliation of number of shares out standing is set out below:		
Equity shares at the beginning of the years.	40000000	22821112
Add: shares issued on Preferential basis	-	17178888
Equity shares at the end of the year	40000000	40000000
	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 2 RESERVES & SURPLUS		
a. Capital Reserves		
Subsidy from Madhya Pradesh Rajya Setu Nirman Nigam Limited against Build, Operate and Transfer Projects as per the last Balance Sheet	1233729840	1233729840
Subsidy from Gujrat State Road Development Corporation against Build, Operate and Transfer Projects as per the last Balance Sheet	31650000	31650000
b. Security Premium Reserve		
As per last Balance sheet	2886599786	945385442
On issue of shares on Preferential basis during the year	-	1941214344
	<u>2886599786</u>	<u>2886599786</u>
c. General Reserves		
As per last Balance sheet	32177549	32177549
d. Amalgamation Reserves		
As per last Balance sheet	52112583	52112583
e. Surplus / (deficit) in the statement of Profit & Loss		
As per last Balance sheet	478401932	794073455
Less: Net Profit / (Loss) for the year	33221768	(315671523)
	<u>511623700</u>	<u>478401932</u>
TOTAL	<u>4747893458</u>	<u>4714671690</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012		As at March 31, 2011	
	Non Current	Current	Non Current	Current
NOTE No. 3 LONG TERM BORROWINGS				
Term Loans from :				
1. Corporation Bank - Baroda Secured by Plant & Machineries, & Vehicles.	-	10437109	5290233	19924000
2. Kotak Mahindra bank Limited Secured by Plant & Machineries, Vehicles and Personal Guarantee of some of Directors	-	-	85953	6748003
3. Hdfc Bank Limited Secured by Plant & Machineries, Vehicles and Personal Guarantee of some of Directors		2008750	3232230	5186237
4. Axis Bank Limited Secured by Plant & Machineries, Vehicles and Personal Guarantee of some of Directors		768546	835130	1135371
5. Dena Bank Secured by first mortgage and charged on all the Company's capital assets, specific & pertaining to the Hoshangabad - Harda - Khandwa Projects only both present and futures. - A first Charge on all the revenues / receivable of Hoshangabad-Harda - Khandwa project account of the Co. - A First charge on all the intangible assets of the Company including but no limited to Goodwill of the Co. - A first charge on Company's bank accounts including without limitation the trust and retention account (RTA) / Escrow Account and Debt Service Reserve Account to be established by the Company. - A First charge/assignment/security on the Company right under the concession agreement, Project documents Contract and all licence permits approvals consent and insurance policies in respect of the projects. (Repayable within 47 Monthly Installment of Rs. 46.25 Lacs bearing rate of Interest: 14.50%)	162485657	55500000	215225597	44400000
6. Corporation Bank Secured by first Mortgage & charge on all the movable & immovable properties of the Raisen - Rahatgarh BOT Projects including all receivable both and present and future. Assignment of all rights, title and Interest of the Company in respect of all the assets of the projects, all projects agreement and Contracts including Concession Agreement. Assignment of contractors guarantees, performance bond and liquidated damages (Repayable within 84 Monthly Installment of Rs. 28 Lacs bearing rate of Interest: 13.60%)	199111774	33600000	236278003	33600000
7. Punjab National Bank Secured by Ludhiana & Jalandhar Bus Terminal Projects, and Personal guarantee of some of the directors (Repayable within 18 Monthly Installment of Rs. 30.15 Lacs bearing rate of Interest: 14%)	16378830	36180000	56466507	36180000
8. Bank of India Secured by specific Plant & Machineries and second charge on current assets of the Company. (Repayable within 25 Monthly Installment of Rs. 42 Lacs bearing rate of Interest: 12.50%)	55030283	50400000	105712367	49400000
9. State Bank of India 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 assignment of all receivable / revenue of the projects. 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 Survive Reserve account to be maintained in the form either Bank Guarantee of ta 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 Himmatnagar Bypass Projects) 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. 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 Himmatnagar Bypass Projects. First charge on all the revenue / receivable and projects accounts of the Company.	8663135	9336000	18549378	5604000
10. State Bank of India 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	88668293	6510682	96590785	6000000

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012		As at March 31, 2011	
	Non Current	Current	Non Current	Current
assignment of all the receivable / revenue of the projects.				
First charge on Company's bank accounts from the Kim Mandvi projects including the Trust and Retention account / Escrow Account and Debt Service Reserve Account / Maintenance Reserve Account or such other account to be opened as directed by the bank.				
First Charge / Assignment Security Interest on the Company's right under the concession Agreement, Project documents, Contracts and All licences permits, approvals, Consents, and insurance policies in respect of the Kim Mandvi Projects)				
Assignment of contractors guarantee, liquidated damages letter of credit, guarantee or performance bond and insurance policies pertaining to the Kim Mandvi Projects noting the interest of the lenders.				
First charge on all the intangible assets of the Company including but not limited to the Goodwill of the Company pertaining and specific to the Kim Mandvi Projects.				
11. State Bank of India	58820386		31355195	2800000
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.				
First charge on Company's bank accounts from the Kon Sawle Dand Phata projects including the Trust & Retention account / Escrow Account and Debt Service Reserve Account / Maintenance Reserve Account or such other account to be opened as directed by the bank.				
First Charge / Assignment Security Interest on the Company's right under the concession Agreement, Project documents, Contracts and All licences permits, approvals, Consents, and insurance policies in respect of the Kim Mandvi Projects)				
Assignment of contractors guarantee, liquidated damages letter of credit, guarantee or performance bond and insurance policies pertaining to the Kim Mandvi Projects noting the interest of the lenders.				
First charge on all the intangible assets of the Company including but not limited to the Goodwill of the Company pertaining and specific to the Kim Mandvi Projects.				
12. Punjab National Bank*	458450000	22960000	471793980	29000000
State Bank of Bikaner & Jaipur*	137617500	6900000	141648770	8700000
State Bank of India*	464619000	23000000	471753069	29000000
State Bank of India (Erstwhile State Bank of Indore)*	63499000	3450000	46111311	29000000
State Bank of Travancor*	228700000	11500000	236075512	14400000
Dena Bank*	229458500	11500000	235911409	14500000
IDBI Bank*	197900000	2000000	201989414	-
* Secured by 1st pari passu charge with other term lenders on				
All rights (including step in charge) of the project covered by Tri-partiate agreement that has been signed by company with MPRDC (Madhya Pradesh Road Development Corporation).				
First charge on Assignment of Toll Collection rights along with Escrow on Future Toll Collection.				
Charge on Debt Service Reserve Account proposed to be created Hypothecation of all Movable, tangible & intangible, receivable, cash & investment & monies lying in trust & retention account Further secured by personal guarantee of Directors & Corporate Guarantees of Welspun Projects Limited & Chetak Enterprises Limited.				
Further secured by pledge of Equity Shares of the company equivalent to 51% of the subscribed and paid up capital of the company for a period up to 36 Months from Commercial Operation Date. Thereafter, and subject to satisfactory performance of the project and also satisfaction of lenders, the pledged shares shall aggregate 30% of the paid up capital of the company until the currency of the loan.				
Punjab National Bank				
Term Loan of Rs. 100 Crores repayable in 126 monthly installments on ballooning basis with first installment to commence from 01/07/2010.				
Rate of Interest : Rate of Interest @ BLR+TP-1.50% on term Loan and approval for reset of interest option after every three years.				
Prepayment:-Recovery of pre payment charges @1% instead of applicable 2% in case account is taken over by other bank before reset period.				
To exercise reset of interest option after every 3 years from date of 1st disbursement (called reset date(s)) and non recovery of prepayment charges in the event of takeover of account by other bank due to non acceptance of reset interest by the company on such reset dates, However the interest rates after Reset shall not be less than that charged by other term lenders of the project.				

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012		As at March 31, 2011	
	Non Current	Current	Non Current	Current
State Bank of India & State Bank of Indore				
Term Loan of Rs. 100 Crores repayable in 126 monthly installments on ballooning basis with first installment to commence from 01/07/2010.				
Rate of Interest : Rate of Interest 0.75% below SBAR, payable at monthly with first interest reset 3 years after first disbursement and thereafter every 2 years. Interest will be payable at monthly rests, as and when due.				
Prepayment : If prepayment is done on other than reset dates, due to account/amount of term loan being taken over by another bank, the bank shall charge flat prepayment charges @1% of the outstanding amount of loan. The company shall be given the chance to either accept the reset interest rates after every 3 years from the date of first disbursement or the company may shift to any other bank without prepayment charges if reset interest rates is not acceptable to the company after giving a notice of 30 days.				
Default : In case of default of more than 30 days in payment of installment of principal, interest and all other monies on their respective due dates, to the Bank or any lender, the company shall pay on total outstanding amounts with the Bank, liquidated damages at the rate of 2% p.a. for the period of default.				
State Bank of Bikaner & Jaipur				
Term Loan of Rs. 30 Crores repayable in 126 monthly installments on ballooning basis with first installment to commence from 01/07/2010.				
Rate of Interest : Rate of Interest 1.75% below SBAR, payable at monthly with first interest reset one year post COD and subsequent interest rate every 2 years thereafter from term loan limit.				
Prepayment : i. Pre-payment premium @ 1% on the pre-paid amount of the term loan, with a prior written notice of minimum 30 days.				
ii. Further, no pre-payment penalty will be payable for pre-payments, in part or full under the following circumstances:				
• The Pre-payment is made pro-rata to all the lenders from the internal accruals of the Company with a prior written notice of minimum 30 days or;				
• The Pre-payment is made on each interest re-set date, after giving a prior written notice of 30 days.				
Dena Bank				
Term Loan of Rs. 50 Crores repayable in 126 monthly installments on ballooning basis with first installment to commence from 01/07/2010.				
Rate of Interest : Rate of Interest @ BLPR+0.50TP-2.25% on term Loan and Optional reset of interest after every three years or as decided by the consortium				
Prepayment:-Recovery of pre payment charges @1% instead of applicable 2% in case account is taken over by other bank before reset period.				
To exercise reset of interest option after every 3 years from date of 1st disbursement (called reset date(s)) and non recovery of prepayment charges in the event of takeover of account by other bank due to non acceptance of reset interest by the company on such reset dates, However the interest rates after Reset shall not be less than that charged by other term lenders of the project.				
State Bank of Travancore				
Term Loan of Rs. 50 Crores repayable in 126 monthly installments on ballooning basis with first installment to commence from 01/07/2010.				
Rate of Interest : Concession pricing at 0.75% below SBTPLR till COD thereafter at 1.00% below SBTPLR on term Loan and with first interest reset one year post COD and subsequent interest rate every 2 years thereafter from term loan limit.				
Prepayment:- 1.00% p.a. on the prepaid amount of TL for the residual period of Loan, however no prepayment charges is payable if the prepayment is effected at the instance of the bank or prepayment is made surplus available with the company with a prior notice of minimum or on interest reset date.				
Default : In case of default of more than 30 days in payment of installment of principal, interest and all other monies on their respective due dates, to the Bank or any lender, the company shall pay on total outstanding amounts with the Bank, liquidated damages at the rate of 2% p.a. for the period of default.				
IDBI				
Term Loan of Rs.40 Crores repayable in 138 monthly installments on ballooning basis with first installment to commence from 01/04/2011.				

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012		As at March 31, 2011	
	Non Current	Current	Non Current	Current
13. Tata Capital Limited Secured by Plant & Machineries, Vehicles and Personal Guarantee of some of Directors		-	254828	5310490
14. Tata Motor Finance Limited Secured by Plant & Machineries, Vehicles and Personal Guarantee of some of Directors			-	987248
15. Srei Infrastructure Finance Limited Secured by Plant & Machineries, Vehicles and Personal Guarantee of some of Directors		-	1901087	1796460
16. Industrial Development Finance Company Limited Terms of Repayment. 84 Months (Mar-2019)	491633339	43108955	528199973	29016962
- Secured by way of mortgage in favour of IDFC of all movable properties pertaining to the Dewas Water Supply Projects Presents, futures.				
- a first charge by ways of the hypothecation of the all movables including movables including movable plant machinery, machinery spares, tools, & accessories, furniture & fixture, vehicles and all other movable assets pertaining to the project present & future.				
- First charge of all the book debts, operating, Cash Flows, revenue, receivables of the Company pertaining to the Dewas Water Supply project, present & Future.				
- Assignment of all rights, title and Interest of the Company in respect of all the assets of the Dewas Water Supply Projects agreement and Contracts including Concession Agreement.				
- First Charge over the Escrow Account. Debt Service Reserve Account and other Reserve and any Other reserves and any other banks account the Company wherever maintained.				
- Personal Guarantee of the Directors of the Company/ (Repayable within 108 Monthly Installment of Rs. 49 Lacs bearing rate of Interest: 10.30%)				
UN-SECURED From Related Parties Chetak Enterprise Ltd	88075000	-	-	-
	2949110696	329160041	3105260731	372688771

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 4 DEFERRED TAX LIABILITY (NET)		
Deferred Tax Assets		
Retirement Benefits	1624707	727000
Provision for Bad Debts	13912555	16439000
Share of Joint Ventures	16569612	16839466
Impairment of Assets	2186336	2186336
	34293209	36191802
Deferred Tax Liabilities		
Depreciation	101897549	103282000
Un-paid Liabilities	34383	-
	101931932	103282000
DEFERRED TAX LIABILITIES (NET)	67638723	67090198

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 5 LONG TERM PROVISIONS		
Provision for the Employee Benefits		
Provision for Gratuity (refer note no. 33)	8100013	6347723
	8100013	6347723

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 6 SHORT TERM BORROWINGS		
SECURED		
Working Capital Loan		
1. Corporation Bank Secured by fixed deposits of the Company and third Parties	12958424	13068785
2. Corporation Bank * Secured by hypothecation of the entire stocks & book debts of the Company.	555621326	458378706
3. Idbi Bank Limited Secured by hypothecation of the entire stocks & book debts of the Company.	22545328	365262779
4. Canara Bank Secured by hypothecation of the entire stocks & book debts of the Company.	16544138	-
TOTAL	607669216	836710271
UN-SECURED		
From Holding Company: Welspun Infratech Limited	48691513	1140700
	656360729	837850971

* The Company had taken loan against security of fixed deposits of third parties in earlier year. The said fixed deposits encased by the bank and adjusted against loan by crediting the said account hence loan from Corporation Bank, includes liabilities of Rs. 4,13,08,382 in respect of fixed deposits of third parties.

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 7 TRADE PAYABLE		
Trade Payable (Including dues to subsidiaries and joint Ventures) refer note no. 34	402720013	538231398
	402720013	538231398

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 8 OTHER CURRENT LIABILITIES		
1. Current Maturity of Long Term Debts (refer note no. 3)	329160042	372688771
2. Statutory Liabilities	55038831	51464490
3. Security Deposits Payable	44642663	40458287
4. Advance from Customers	123731611	381899182
5. Other Liabilities	-	9865127
	552573146	856375857

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 9 SHORT TERM PROVISIONS		
Provision for the Employee Benefits		
1. Provision for Leave Benefits (refer note no. 33)	4988758	2241298
	4988758	2241298

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

NOTE No. 10 FIXED ASSETS

Sr.	Fixed Assets	GROSS BLOCK		DEPRECIATION		NET BLOCK				
		As on 1/4/2011	Addition During the Year	Deduction During the Year	As on 31/3/2012	As on 1/4/2011	Addition During the Year	Deduction During the Year	As on 31/3/2012	As on 31/3/2011
Tangible Assets										
1	Free hold Land	15514133	-	-	15514133	-	-	-	15514133	15514133
2	Buildings	2184031	568500	-	1166513	82015	-	-	1504003	1017518
3	Plant & Machineries	511652960	3664792	8659407	234841053	39194207	5829768	268205492	238452853	276811907
4	Construction Equipments	236333648	928287	-	93614111	19607370	-	113221481	124040454	142719537
5	Air-Conditioners	1619590	40390	105800	807732	117355	24,566	900521	653659	811858
6	Vehicles	211860279	3002102	2215426	148444746	19149608	2012254	165582100	47064855	63415533
7	Computers	12725884	1780499	-	7639130	2287519	-	9926649	4579734	5086755
8	Office Equipments	7041835	2239843	-	2803353	843830	-	3647183	5634495	4238483
9	Furniture & Fixtures	7252220	586187	-	4331730	597213	-	4928943	2909464	2920491
10	Realisation Value of Impaired Assets	800000	-	-	800000	-	-	-	800000	800000
	TOTAL - (A)	1006984580	12810600	10980633	493648369	81879117	7866588	567660898	441153649	513336214

Intangible Assets

11	Good Will	1701592	-	-	1701592	-	-	-	1701592	1701592
12	Good Will for Consolidation	264956868	-	-	264956868	-	-	-	264956868	264956868
	TOTAL - (B)	266658460	-	0	266658460	-	-	-	266658460	266658460
	TOTAL - (A+B)	1273643040	12810600	10980633	493648369	81879117	7866588	567660898	707812109	779994674
	PREVIOUS YEAR	1271119586	36528681	34805227	412521644	96517753	15391912	493648366	779194674	

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

NOTE No. 11 BUILD, OPERATE & TRANSFER PROJECTS EXPENDITURE

Particulars	HOSHANGABAD-HARDA-KHANDWA		RAISEN - RAHATGARH		JALANDHAR BUS TERMINAL		LUDHIANA BUS TERMINAL		* DEWAS WATER SUPPLY	
	As at 01/04/2011	Incrurred During the Year	As at 31/03/2012	As at 01/04/2011	Incrurred During the Year	As at 31/03/2012	As at 01/04/2011	Incrurred During the Year	As at 01/04/2011	As at 31/03/2012
Balance as per Last year	757525227	-	757525227	566231954	-	566231954	88705164	-	1127987698	-
Cost Incurred during the earlier years	-	-	-	-	-	-	-	-	-	-
Payment to EPC Contractors	-	-	-	-	-	-	-	-	-	-
Capital Work in Progress (refer note no.32 (i)) *	757525227	-	757525227	566231954	-	566231954	88705164	-	1127987698	80471615
Less: Amortisation during the year	-	-	24015529	-	17353912	-	24138171	-	-	1208459313
CLOSING BALANCE	757525227	-	733509698	566231954	-	548878042	88705164	118309899	1127987698	1208459313

Particulars	HIMMATNAGAR BYPASS		KIM MANDVI (PROJECTS)		BULL MSK INFRASTRUCTURE		DEWAS BHOPAL CORRIDOR LTD		TOTAL	
	As at 01/04/2011	Incrurred During the Year	As at 31/03/2012	As at 01/04/2011	Incrurred During the Year	As at 31/03/2012	As at 01/04/2011	Incrurred During the Year	As at 01/04/2011	As at 31/03/2012
Balance as per Last year	55622394	-	55622394	485426080	-	485426080	61061970	-	5863734659	-
Cost Incurred during the earlier years	-	-	-	-	-	-	-	-	-	-
Payment to EPC Contractors	-	-	-	-	15217648	15217648	14314962	-	-	14314962
Capital Work in Progress (refer note no.32 (i)) *	55622394	-	55622394	485426080	-	485426080	61061970	-	5863734659	80471615
Less: Amortisation during the year	-	-	6719025	-	9834323	-	7148779	-	-	122333300
CLOSING BALANCE	55622394	-	48903369	485426080	15217648	490809405	61061970	2602864273	5863734659	122333300

11.1 - Capital Work in Progress

Particulars	Expense incurred during the year	
	2011-12	2010-11
Cost of Raw Material consumed	5603499	-
Employee Benefits Expense	9598748	-
Finance Cost	58308830	-
Depreciation	311106	-
Other Expense	43101133	-
Less: Water Supply Charge	-36451701	-
	80471615	-

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 12 NON CURRENT INVESTMENTS		
LONG TERM INVESTMENTS		
NON-TRADE (UNQUOTED)		
1500 (P.Y. 1500) Equity Shares in Sarv Shakti Synthetics Limited of Rs. 10/- each fully Paid up	15000	15000
30000 (P.Y. 30000) Equity Shares in Myraj Consultancy Limited of Rs. 10/- each fully paid up	300000	300000
500 (P.Y. 500) Equity shares in MSK Finance Limited of Rs. 100/- each fully paid up	50000	50000
48 (P.Y. 48) Equity shares in Nutan Nagrik Sahakari Bank Limited of Rs. 100/- each fully paid up.	4800	4800
37652 (P.Y. 37652) Equity shares in Baroda Peoples Co-Op. Bank Limited of Rs.10/- each fully paid up	376521	376521
63 (P.Y. 63) Equity shares in Baroda City Co-Op. Bank Limited of Rs. 50/- each fully paid up	3150	3150
1000 (P.Y. 1000) Equity shares in Classic Organisers Private Ltd of Rs. 10/- each fully paid up	10000	10000
960 (P.Y. 960) Equity shares in Sindh Mechantile Co-Op. Bank Ltd of Rs.10/- each fully paid up	9600	9600
7400 (P.Y. 7400) Equity shares in Minar Trading Services Limited of Rs. 10/- each fully paid up.	74000	74000
	<u>843071</u>	<u>843071</u>
Less: Provision for diminution in value of investments	74000	74000
	<u>769071</u>	<u>769071</u>
Investment in Government Securities		
Indira Vikash Patra	500	500
Three (P.Y. Two) Bonds of Rs. 10,00,000/- Sardar Sarovar Narmada Nigam Limited	3000000	2000000
NON-TRADE (QUOTED)		
1600 (P.Y. 1600) Equity Shares in Corporation Bank of Rs. 10/- each fully Paid Up	128000	128000
TOTAL	3897571	2897571
1. Agreegate amount of quoted Investment	128000	128000
2. Agreegate amount of un-quoted Investment	3843571	2843571
3. Agreegate amount of Market Valueof Quoted Investments	679680	1020800
4. Agreegate Provision for the diminution in value of investments	74000	74000
NOTE No. 13 OTHER NON CURRENT ASSETS		
Unamortised Expenditure		
Balance as per last year financial statements	714816	993157
Addition during ther year	-	22742
	<u>714816</u>	<u>1015899</u>
Less: deduction during the year	-	183440
Less: Written Off During the year	160905	97544
	<u>553911</u>	<u>280984</u>
Pre-Operative Expense	-	199151
TOTAL	553911	934066

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 14 LONG TERM ADVANCES		
Security Deposits		
Considered good	101101526	106260436
Considered doubtful	6597112	6597112
	<u>107698638</u>	<u>112857548</u>
Less: Provision for Doubtful Debts	6597112	6597112
	<u>101101526</u>	<u>106260436</u>
Advance for Capital Purchase	785546	-
Loans & Advances to Related Parties (refer note no. 34)	53215622	6391685
Tax Deducted At Source / Advance Tax (Net Of Provision for Taxation)	154208566	97452748
TOTAL	309311260	210104869
Loans or advances in the nature of loan given to subsidiaries, Joint ventures, and associates		
Bul MSK Infrastructure P Ltd	12016913	1825450.00
Dewas Bhopal Corridor Pvt Ltd	41194811	4566235.00
Welspun Corp. Limited	3898	-
	<u>53215622</u>	<u>6391685</u>
NOTE No. 15 CURRENT INVESTMENTS		
NON-TRADE (UN-QUOTED)		
Investment in Bonds		
Nil (P.Y. 178) Bonds of IFCL - 2030 @9.70% of Rs. 1000000 each fully paid up.	-	183340000
Nil (P.Y. 500) Bonds of IDBI - 2030 @9.65% of Rs. 1000000 each fully paid up.	-	514900000
Nil (P.Y. 257) Bonds of West Bengal Electricity Distco Ltd - 2025 @9.34% of Rs. 1000000 each fully paid up.	-	263792500
40 (P.Y. Nil) Bonds of Power Grid Corporation of India Ltd - 2017 @9.25% of Rs. 1250000 each fully paid up.	50637629	-
Nil (P.Y. 1260) Bonds of DHFCL 2015 10% of Rs. 100000 each fully paid up.	-	127802304
Nil (P.Y. 590) Bonds of DHFCL 2020 10.40 % of Rs. 100000 each fully paid up.	-	59857220
Investment in Certificate of Deposits		
Nil (P.Y. 1500) NCD of CBI Rs. 100000/- each fully paid up	-	146586600
Nil (P.Y. 1500) NCD of PNB Rs. 100000/- each fully paid up	-	147429150
Investment in Shares		
Nil (P.Y. 6000) Worli Realities P Ltd 8% redeemable preferential Shares	-	60000
TOTAL	50637629	1443767774

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 16 INVENTORIES		
Raw Material	206833681	140750668
Work In Progress	194232515	416187464
TOTAL	401066196	556938132

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 17 TRADE RECEIVABLES (unsecured, considered good, stated otherwise)		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	380765556	62744099
Considered doubtful	25633372	25633372
	406398928	88377471
Less: Provision for doubtful debts	25633372	25633372
	380765556	62744099
Other receivable		
Considered good	839250312	891305445
considered doubtful	8012746	8012746
	847263058	899318191
Less: Provision for doubtful receivable (debts due by related parties refer note no. 34)	8012746	8012746
	839250312	891305445
TOTAL	1220015868	954049544

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 18 CASH & BANK BALANCES		
Cash & Cash Equivalent:		
Cash on hand	12911659	10056639
Balance With Bank:		
- In current accounts	509097324	346539301
- In fixed deposits accounts *	106205061	134547116
- Cheques on hand	200000	-
Other Bank Balance		
earmark balances with bank	-	-
In Current Accounts	5770743	-
in Fix deposits accounts	150444	-
TOTAL	634335231	491143056

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 19 SHORT TERM ADVANCES (unsecured, considered good, stated otherwise)		
Inter Corporate Deposits	350000000	
Advance to Supplier		
Considered good	121717546	108896490
Considered doubtful	2640818	2637198
	124358364	111533688
Less: Provision for Doubtful Debts	2640818	2637198
	121717546	108896490
Advance to Sub Contractors	-	3819450
Interest accrued on fixed deposits	75713325	36359379
Pre-Paid Expenses	5093387	11775243
Advance to Staff & Others	4619809	5242673
Balances with Statutory Authorities	67382147	58657284
TOTAL	624526215	224750519

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 20 REVENUE FROM OPERATIONS		
Revenue from Operations:		
Civil Contracts	2189776228	1799018901
Sales of Traded Goods	521705841	-
Toll Collection	693811489	605762767
Sales of Services	-	44000000
Other Operating Revenue:		
Sales of Scrap	6764640	-
Revenue From Operations (Gross)	3412058198	2448781668
Less: Service Tax	42305571	61782077
Revenue From Operations (Net)	3369752627	2386999591

20.1 Particulars of Sales of traded goods.

Electric Material	270989188	-
Mechanical Material	233308710	-
Bare Pipes	8115304	-
Other Materials	9292639	-
	521705841	

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 21 OTHER INCOME		
Interest		
From Current Investment	162363470	156551620
From Long Term Investment	5812972	15462121
From Others	21320978	15394633
Dividend		
From Current Investment	12899548	18171867
From Long Term Investment	32000	26400
Insurance claim	960070	590995
Unclaimed liabilities written back	3024985	4155946
Profit on sales of Current Investment	6388783	-
Profit on sales of assets	1628862	1581645
Foreign Exchange Gain	19439	-
Miscellaneous income	1787867	1524007
TOTAL	216238973	213459233

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 22 COST OF RAW MATERIAL CONSUMED		
Inventories at the beginning of the year	140750668	125966849
Add: Purchases	1140969937	1306384889
	1281720605	1432351738
Less: Inventories at the end of the year.	206833681	140750668
TOTAL	1074886924	1291601070

22.1 Cost of materials consumed	2011-12	% of Consumption	2010-11	% of Consumption
-Imported	-	-	-	-
-Indigenous	1074886924	100%	1291601070	100%

NOTE No. 23 PURCHASE OF STOCK IN TRADE		
Purchases	256452145	-
Total	256452145	-
23.1 Particulars of stock in trade		
Bare Pipes	8115305	-
Electric Material	125933939	-
Mechanical Material	115638845	-
Others	6764056	-
	256452145	0

NOTE No. 24 CHANGE IN WORK IN PROGRESS		
Opening Stock		
Work in Progress	416187464	202063190
Less: Closing Stock		
Work in Progress	194232515	416187464
TOTAL	221954948	(214124274)

NOTE No. 25 EMPLOYEES REMUNERATION & BENEFITS		
Salaries, Wages	252451144	190116916
Contribution to Provident Funds & Other Funds	20236476	4101926
Staff Welfare Expense	12693863	28483336
	285381483	222702178

NOTE No. 26 FINANCE COST		
Interest Expense	488943398	546178240
Other Borrowing Cost	26510381	44672871
	515453779	590851111

NOTE No. 27 DEPRECIATION AND AMORTISATION		
- Depreciation	81879117	96517753
- Amortisation of the BOT Assets	148838413	160620239
- Preliminary Expense	158905	97544
Less: Capitalised in respect of Dewas Water supply project	(311106)	-
TOTAL	230565330	257235536

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
NOTE No. 28 OTHER EXPENSE		
Power & Fuel	39965431	66470741
Insurance	5172172	4167873
Consultancy Charge	55034365	54566351
Rent	7167811	15231152
Rates & Taxes	89202802	91047515
Project Monitoring Fees	7329284	5572891
Project Maintenance Fees	3275130	-
Tender Fees	4219344	10625330
Travelling Expense	13333252	10724006
Vehicle Hire Charge	5595311	7518459
Security Service charge	9235906	12450070
Payment to Auditors		
- Audit Fees	1504851	1291551
- Other Services	12113	41362
Repairs & maintenance for Machineries	16924511	15795827
Roads	13185795	6813363
Vehicles and Others	27314670	42300580
Provision for Bad Debts	-	42880428
Bad Debts	-	2206100
Impairment of the Assets	-	6738590
Loss on sales of Investment	-	5015130
Air Conditioning Work	3184679	4520400
Bituminous Work	6010786	16163162
Blasting Work	679159	2814921
Bridge Work	2392380	10064825
Boulder and Laying Work	118165	6017319
Civil Work	20526654	12576342
Concrete Work	25317439	15431137
Cd Work	-	259100
Doors & Windows Work	3287476	5029639
Design and Survey Expense	4360843	274516
Donation	93483	684530
Earth Work	24352007	148386025
Fabrication Expense	34626165	29740638
Flooring Work	10651640	21333404
Hutment	841244	2051067
Machineries Hire Charges	18086856	22660003
Masonry Work	13397291	26824303
Miscellaneous Site Work	282661444	20475353
Land Scaping	2582774	3820283
Painting Work	37173005	7465448
Payment to Site Workers	77305489	69792398
Pipe Laying Work	12238198	6565067
Piling Work	-	5311015
Reinforcement Work	17874974	22274323
Road Work	20656298	63302175
Safety Expense	105240	-
Sanitary Work	1078090	1572311
Shuttering Work	33982356	44483933
Toll Expense	2128834	3361625
Water Proofing Work	4913858	9946840
Penalty Charge	761303	17817
Under Deck Insulation	1203238	6107362
Wbm Work	-	551824
Site Running Expense	-	25566661
Interest on income Tax	-	119379
Miscellaneous Expenditure	18064385	26043762
TOTAL	979128502	1043066226

SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS

1. BASIS OF CONSOLIDATION:

A. Basis of Accounting:

The Consolidated financial statements relate to M/s. Welspun Projects Limited, its subsidiary Companies, and joint ventures Companies are drawn up to the same reporting date as of the Company, i.e. year ended 31st March 2012.

B. Principle of Consolidation:

- a. The Consolidated Financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard – 21 (Consolidated Financial Statements & Accounting Standard AS-27 (Financial Reporting of interest in joint ventures) issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements have been prepared on the following basis.
 - i. The financial statements of the Company and its subsidiary Companies are combined on a line by line basis by adding together the book value of the like item of assets, liabilities, income and expenses after fully eliminating intra group balances and intra group transactions resulting in unrealized profit. Minority Interest in subsidiaries represents the minority share holder proportionate shares of the net assets and net income.
 - ii. The Company's share in each of the assets, liabilities income and expenses of jointly controlled entities are reported as separate item.
 - iii. The difference between the Company's cost of investments in the subsidiaries over its position of equity at the time of acquisition of the shares is recognized in the consolidated financial statements as goodwill or Capital Reserves as the case may be.
 - iv. The difference between costs of the Company's interest in jointly controlled entities over its shares of net assets in the jointly controlled entities at the date on which interest is acquired is recognized in the consolidated financial statement as Goodwill or Capital Reserves as the case may be.
 - v. Good-will recognized in the Consolidated Financial Statement is not amortized.
 - vi. The Consolidated Financial Statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and presented to the extent possible, in the financial statements.
- b. The subsidiary Companies considered in the consolidated financial statements are :

Name of the Company	Country of Incorporation	% of Ownership interest as on 31st Mar' 12
MSK Projects (Kim Mandvi Corridor) Private Limited	India	100%
MSK Projects (Himmatnagar Bypass) Private Limited	India	100%
Welspun BOT Projects Private Limited *	India	100%
Anjar Road Private Limited *	India	100%

* Un-audited accounts (as certified by the management of the Company) as at 31st March 2012 is taken into consideration for consolidated financial statements.

- c. The significant joint Venture Companies considered in the consolidated financial statements.

Name of the Company	Country of Incorporation	% of Ownership interest as on 31st Mar' 12
BUL-MSK Infrastructure Private Limited *	India	50%
Dewas Bhopal Corridor Limited *	India	50%

* Un-audited accounts (as certified by the management of the Company) as at 31st March 2012 is taken into consideration for consolidated financial statements.

C. Other Significant Accounting policies:

These are set out under "Significant Accounting Policies" as given in the Company's separate statements.

29) CONTINGENT LIABILITIES AND COMMITMENTS:

Contingent Liabilities:

	As At 31-03-2012	As At 31-03-2011
a. Claims against the Company / Disputed Liabilities not acknowledged as debts	380.88	38.58
b. Guarantee issued by the bankers on behalf of the Company	13590.34	17570.18
c. Letter of credit issued by the Company's Bank on behalf of the Company.	322.82	502.05
d. Income tax Demand disputed by the Company	-	1045.79
e. Liabilities of stamp duty in respect of joint Venture Company	853.28	853.28
f. Liability of Labour cess in respect of Joint Venture Company	477.84	477.84

- 30) Incomplete Contract work under Contract Work In Progress at the various sites is estimated by the management having regards to unbilled work, outstanding running bill and expected recovery thereof.

- 31) Security Deposits deducted from contract receipt and mobilization advances received against contracts are subject to confirmation and adjustment, if any, on finalization of account.

32) Build, Operate & Transfer Projects (BOT Projects)

- i) The Company obtained a contract on Build, Operate and Transfer (BOT) basis from the Madhya Pradesh State Industrial Development Corporation (MPSIDC) for execution of Dewas Water Supply project.

In terms of contract the ownership of the said property vests in the government immediately. Under the contract the Company is entitled to collect the water supply charge during the concession period of 32 years including the period of construction or reconstruction.

In earlier year the Company finished the construction and obtained the provisional certificate for commissioning and started operations. However the Company could not achieve the optimal capacity and was advised to complete the project to achieve the desired and specified results by MPSIDC as also to expand the capacity and to under take reconstruction and completion.

Accordingly the Company has undertaken reconstruction and completion of the project so as to achieve the desired capacity as also increase the capacity for supply of water from BOT Project.

Having, regard to the accounting policies followed by the Company, the entire expenditure incurred thereon (net of revenue for supply of water) is shown as Build, Operate and Transfer project expenditure and would be amortized / written off based on the projected toll revenue.

In the prior financial year(s) the Company had written off, operational and maintenance expenses including interest. However due to reconstruction and completion under taken, the Company has discontinued that practice.

- ii) The Company had obtained the contract on Build, Operate and Transfer (BOT) basis from the Punjab Infrastructure Development Board for execution of Jalandhar Bus Terminal project.

In terms of the contract the ownership of the said property vests in the government immediately. Under the contract the Company is entitled to collect Toll Charge and Rent on Shops during the concession period of 8 years 5 months and 2 days for Jalandhar Bus Terminal Project (including the period of construction).

The Company has completed construction of the said project in the earlier year. Having regard to the accounting policies followed by the Company the entire expenditure incurred is treated as BOT Project Expenditure and proportionate amount of Rs.2,40,15,529 (P.Y. Rs. 2,35,15,491) has been written off during the year.

- iii) The Company had obtained the contract on Build, Operate and Transfer (BOT) basis from the Punjab Infrastructure Development Board for execution of Ludhiana Bus Terminal Project.

In terms of the contract the ownership of the said property vests in the government immediately. Under the contract the Company is entitled to collect Toll Charge and Rent on Shops during the concession period of 10 years 3 months for Ludhiana Bus Terminal Project (including the period of construction).

The Company has completed construction of the said project in the earlier year. Having regard to the accounting policies followed by the Company the entire expenditure incurred is treated as BOT Project Expenditure and proportionate amount of Rs.1,79,22,449 (P.Y. Rs. 1,72,11,050) has been written off during the year.

- iv) The MSK Infrastructure & Toll Bridge Private Limited ('Transferor Company') had obtained the contract on Build, Operate and Transfer (BOT) basis from Madhya Pradesh Road Development Authority for construction of Hoshangabad–Harda–Khandwa Road Project. In Terms of the Contract the Transferor Company was entitled to collect the toll during the concession period of 5440 days (Including the period of the construction). The Transferor Company was amalgamated with MSK Projects (India) Limited pursuant to scheme of amalgamation as approved by the Honorable High Court of Gujarat on 2nd November, 2006 with effect from 01.01.2005.

The Transferor Company had completed the construction of the above project and was put open to traffic during the earlier year.

The Cost of the said project and right to collect the toll charges is transferred to and vested in the Company as per the scheme of amalgamation.

Having, regard to the accounting policies followed by the Company the expenditure incurred thereon, is treated as BOT Project Expenditure and proportionate amount of Rs. 2,40,15,529 (P.Y. 241,08,729) has been written off during the year after considering the Cash Subsidy received/receivable from Madhya Pradesh State Road Development Authority.

- v) The MSK Highways Limited ("Transferor Company) had obtained the contract on Build, Operate and Transfer (BOT Basis) from Madhya Pradesh Road Development Authority for construction of Raisen–Rahatgarh. In Terms of the Contract the Transferor Company entitled to collect the toll during the concession period of 5440 days (Including the period of the construction). The Transferor Company was amalgamated with MSK Projects (India) Limited pursuant to scheme of amalgamation as approved by the Honorable High Court of Gujarat on 2nd November, 2006 with effect from 01.01.2005.

The Transferor Company had completed the construction of the above project and was put open to traffic during the earlier year.

The Cost of the said project and right to collect the toll charges is transferred to and vested in the Company as per the scheme of amalgamation.

Having, regard to the accounting policies followed by the Company the expenditure incurred thereon, is treated as BOT Project Expenditure and proportionate amount of Rs.1,73,53,912 (P.Y. 1,58,80,663) has been written off during the year after considering the Cash Subsidy received/receivable from Madhya Pradesh State Road Development Authority.

- vi) MSK Projects (Kim Mandvi Corridor) Private Limited, the subsidiary had obtained Build, Operate, & Transfer (BOT Contract) from Gujarat State Road Development Corporation Ltd. for construction of Strengthening and Widening, and maintenance of Kim Mandvi Corridor Projects. In terms of the contract, the company has been entitled to collect toll during the concession period of 20 years (Including the period of Construction). The Company has Completed the Construction of the said project and put to open for the traffic during the year.

Having, regard to the accounting policies followed by the Company the expenditure incurred thereon, is treated as BOT Project Expenditure and proportionate amount of Rs.98,34,323 (P.Y. 1,07,02,559) has been written off during the year after considering the Cash Subsidy received/receivable from Gujarat State Road Development Corporation.

- vii) MSK Projects (Himmatnagar bypass) Private Limited, the subsidiary, had obtained Build, Operate, & Transfer (BOT Contract) from Gujarat State Road Development Corporation for construction of Strengthen and Widening, and maintenance of Himmatnagar bypass. In terms of the contract, the company has been entitled to collect toll during the concession period of 15 years.(5112 Days)(Including the period of Construction).

Having regards to the Accounting Policies followed by the company, the entire expenditure incurred on Construction of Road aggregating to Rs.8,44,47,460 treated as BOT Project and shall be written off over a period of concession Agreement up to 31.03.2021 (5112 Days) Accordingly Rs. 67,19,025 (Previous year Rs. 46,98,401) is amortized in the current year. The amortization starts from the date of start of Toll Collection i.e. 02.04.2006.

- viii) Dewas Bhopal Corridor Limited, the integrated Joint Venture Company had obtained Build, Operate & Transfer (BOT Contract) from Madhya Pradesh Road Development Authority for Construction of four lane Road Project.

The Company has commenced the full operation of the projects based on the completion certificate received from Madhya Pradesh Road Development Corporation on that date.

Having regards to the Accounting Policies followed by the Company, the entire expenditure incurred on Construction of Road is treated as Build, Operate & Transfer Project Expenditure and is over a period of concession Agreement up to 19.03.2033 and proportionate amount of Rs.4,17,06,225 (Previous year Rs.5,37,81,328) (adjusted amount of amortization) is amortized in the current year.

33) Disclosure relating to Employees Benefits – As per revised AS-15:

During the year Company has recognized the following amount in the financial statements.

- a) Contribution to Defined Contribution Plan recognized as Expense for the year as under

Particulars		
Employer Contribution to Provident Fund		2,02,36,472
		(41,01,926)

b) DEFINED BENEFIT PLAN

Reconciliation of opening and closing balances of Defined Benefit obligation

	Gratuity (Funded)	Leave Encashment (Non Funded)
Defined Benefit obligation at the beginning of the year	63,47,723 (27,12,481)	22,41,2981 (6,57,521)
Current Service Cost	7,35,842 (5,06,968)	24,05,206 (58,42,643)
Interest Cost	5,52,252 (2,27,848)	1,94,993 (55,232)
Actuarial (gain)/loss	22,66,750 (29,00,426)	(1,66,075) -(43,14,098)
Benefits Paid	18,02,554 (NIL)	(NIL) (NIL)
Defined Benefit obligation at the year end	81,00,013 (63,47,723)	50,07,572 (22,41,298)

Reconciliation of opening and closing balances of fair value of plan Assets

	Gratuity (Funded)
Fair value of plan assets in the beginning of the year	1,05,08,034 (32,76,960)
Expected return on plan assets	8,40,643 (2,62,157)
Actuarial gain/(loss)	(4,75,902) (2,62,046)
Employer contribution	0.00 (0.00)
Benefits Paid	18,02,554 (NIL)
Fair Value of plan assets at the end of the year	90,70,221 (32,77,071)

Reconciliation of Fair Value of Plan Assets and Benefit Obligation

	Gratuity (Funded)	Leave Encashment (Non Funded)
Fair Value of Assets as at 31st March, 2012	90,70,221 (32,77,071)	50,07,572 (22,41,298)
Present Value of obligation as at 31st March, 2012	81,00,013 (63,47,723)	50,07,572 (22,41,298)
Amount recognized in Profit & Loss Account	31,90,103 (36,35,131)	27,66,274 (15,83,777)

Expenses recognized during the year (Under the head "Salaries & Bonus" – Refer Schedule 6)

	Gratuity (Funded)	Leave Encashment (Non Funded)
Current Service Cost	7,35,842 (5,06,968)	24,05,206 (5842,643)
Interest Cost	5,52,252 (2,27,848)	1,94,993 (55,232)
Expected return on Plan Assets	(8,40,643) (2,62,157)	NIL (NIL)
Actuarial gain/(loss)	27,42,652 (31,62,472)	1,66,075 (43,14,098)
Expense Recognized in Profit and Loss Account	31,90,103 (36,35,131)	50,07,572 (15,83,777)

Actuarial Assumptions

	Gratuity (Funded)	Leave Encashment (Non Funded)
Discount Rate (Per Annum)	8.70% (8.28%)	8.70% (8.40%)
Salary Escalation (Per Annum)	6.00% (6.00%)	6.00% (6.00%)

34) Transaction with related parties (as certified by the management)

a. Associate Concern:

- Welspun Max Steel Limited
- Welspun Steel Limited
- Welspun India Limited
- Welspun Retails Limited
- Welspun Captive Power Generation Limited

b. Holding / Indirect Holding Company

- Welspun Corp. Limited (Indirect holding)
- Welspun Infratech Limited (Holding)

c. **Key Management**

Name	Position	Name of the Company
Balkrishna Goenka Sunil Shinde	Director Director	Welspun Projects Limited
H.M. Karna Ramkrishna Telang Shreechand Kukreja Suraj Kekreja	Director	BUL MSK Infrastructure Private Limited
H.M. Karna Ramkrishna Telang	Director	MSK Projects (Himmatnagar Bypass) Private Limited MSK Projects (KIM Mandvi Corridor) Private Limited
Udailal Anjana Hukmichand jain H.M. Karna Ramkrishna Telang	Director	Dewas Bhopal Corridor Private Limited

Sr.	Transaction with Related Parties	Holding Company / Indirect Holding Company	Associate Company	Key Management	Relative of Key Management
1	Sales / Income from operations	196951500 (143597000)	1122583854 (354628000)	- (-)	- (-)
2	Material Purchase	55831759 (158224000)	115510341 (75246000)	- (-)	- (-)
3	Mobilization Advance Received	- (135554000)	12647843 (83027000)	- (-)	- (-)
4	Mobilization Advance Repayment	8866542 (100554000)	65727243 (25928000)	- (-)	- (-)
5	Loan given	- (-)	- (-)	- (-)	- (-)
6	Loan Received	438025301 (573243000)	- (-)	- (-)	- (-)
7	Repayment of Loan Received	390159458 (5715000)	- (-)	- (-)	- (-)
8	Repayment of loan given	- (-)	902600 (-)	- (-)	- (-)
9.	Advance for purchase of commercial Property.	- (-)	- (-)	- (-)	- (-)
10	Remuneration to the Directors	- (-)	- (-)	13086281 (3778000)	- (6911000)
11.	Receivable at the end of the year	15685900 (6804000)	143859071 44784000	- (-)	- (-)
12.	Payable at the end of the year	111680332 (220821000)	4020009 73120000	-	-

35) Cash Subsidy of Rs.1,26,53,79,840 (P.Y. 1,26,53,79,840) received from Madhya Pradesh Rajya Setu Nirman Nigam Limited, and Gujrat State Road Development Corporation against the BOT. Project cost, is not reduced from the relevant project cost but the same is shown as "Capital Reserve" in the Balance Sheet.

36) **Earning per share:**

	As At 31-03-2012	As At 31-03-2011
A. Net profit after Tax available for equity shareholders.	3,32,21,768	(31,56,71,523)
B. Weighted average number of Equity Shares of Rs.10/- each outstanding during the year (Nos. of Shares)	40000000	38729233
C. Basic & Diluted Earning Per Share (Rs.)	0.83	(8.15)

37) Confirmations of certain parties for amounts due from them as per accounts of the company are not obtained. Amount due from customers include amounts due/with held on account of various claims. The claims will be verified and necessary adjustments, if any, shall be made in the year of settlement. Subject to this, company is confident of recovering the dues and accordingly they have been classified as "debt considered good" and therefore no provision is considered necessary, there against.

38) 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.

39) 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 depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.

40) Disclosure in accordance with Accounting Standard - 7 (Revised).

Particulars	2011-2012	2010-2011
Contract Revenue	6468363661	12244791000
Contract Cost Incurred	6008009909	9750672000
Recognized Profits / Losses	977577640	905509000
Advances Received	113106291	436448000
Retention Money	523083133	435917000
Gross Amount due from Customers For Contract Work	631768993	901149000

In respect of the construction contracts, the Company follows the percentage of completion method for recognizing profit / loss but no provision is made for contingencies in respect of contract in progress, consistent with the practice of the Company. Accounting Standard (AS) 7 on "Accounting for Construction Contracts" issued by the institute of Chartered Accountant of India requires that an appropriate allowance be made for future unforeseen factors. In the opinion of the Company, such a provision is not required and has no financial effect.

41) The Company is operating in a single segment only during the year i.e. Infrastructure Development Contract.

42) Remuneration to Directors:

Particulars	Managing Director / Joint Managing Director / Chairman	Director
Salaries	1,30,86,281 (37,78,737)	(NIL) (69,13,333)
Contribution to P.F.	6.09.935 (NIL)	(NIL) (2710)
Total	1,36,96,216 (37,78,737)	(NIL) (69,16,043)

As per our report of even date
FOR CHANDRAKANT & SEVANTILAL & J.K. SHAH & COMPANY
Firm registration number: 101676W
Chartered Accountants

For and on behalf of the Board of Directors
WELSPUN PROJECTS LIMITED

H. B. Shah
Partner
Membership No. 016642

B. K. Goenka
Chairman

Sunil Shinde
Director

Susheela Maheshwari
Company Secretary

Place : Vadodara
Date : 28-05-2012

Place : Mumbai
Date : 28-05-2012

CONSOLIDATED CASH FLOW STATEMENT

	2011-12	2010-11
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax & Prior Period items	37386137	(309335940)
Depreciation	81879117	96517753
Preliminary Expenses	158905	97544
Amortisation of BOT Projects	148838414	160620239
Interest Paid	515453779	386010871
Provision for Bad Debts	-	42880428
Unclaimed Liabilities written back	(3024985)	(4155946)
Impairment of Fixed Assets	-	6738590
Bad Debts	-	2206100
Profit on sales of assets	(1628862)	(1581645)
Dividend Received	(32000)	(26400)
Profit on sales of Investment	(6388783)	-
Loss on sales of Investment	-	5015130
Provision for Leave Encashment & Gratuity	4499750	5219019
Provision for Diminution in Value of Investments	-	-
Surplus & Deficit	-	208833
Operating Profit before Working Capital Changes	777141472	390414576
Adjustment for :		
Inventories	155871936	(228908093)
Trade & Other Receivables	(714547672)	(141827869)
Trade Payable & Provisions	(384014899)	278743680
	(942690635)	(91992282)
Cash Generated From Operations Before Tax, & Prior Period Item	(165549163)	298422294
Less: Direct Taxes Paid	(62348462)	(65725697)
Cash Generated From Operations Before Prior Period Item	-	-
Add: Prior Period (Net)	(437348)	2898351
	-	235594948
NET CASH USED IN OPERATING ACTIVITIES	(228334973)	235594948
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(12810600)	(36528681)
Sales of Fixed Assets	4742908	13425434
Investment	1398518929	(1444535034)
Less: BOT Expenditures	(122333300)	(742367212)
Cash Subsidy (Net)	-	89100000
Dividend Received	32000	26400
NET CASH USED IN INVESTING ACTIVITIES	1268149937	(2120879093)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of shares on Preferential basis	-	2113003224
Borrowing	(381369010)	160543577
Dividend Paid (Including Tax thereon)	-	(46643600)
Interest Paid	(515453779)	(386010871)
NET CASH FROM FINANCING ACTIVITIES	(896822789)	1840892330
Net Changes In Cash & Cash Equivalents (A+B+C)	142992175	(44391815)
Cash & Cash Equivalents - Opening Balance	491143056	535534871
	634135231	491143056
Cash & Cash Equivalents - Closing Balance	634335231	491143056

As per our report of even date
FOR CHANDRAKANT & SEVANTILAL & J.K. SHAH & COMPANY
Firm registration number: 101676W
Chartered Accountants

For and on behalf of the Board of Directors
WELSPUN PROJECTS LIMITED

H. B. Shah
Partner
Membership No. 016642

B. K. Goenka
Chairman

Sunil Shinde
Director

Susheela Maheshwari
Company Secretary

Place : Vadodara
Date : 28-05-2012

Place : Mumbai
Date : 28-05-2012

WELSPUN



Dare to Commit

WELSPUN Projects Ltd.

www.welspunprojects.com

Welspun House, 4th Floor, Kamala City, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400 013, INDIA.