

SUREKA ASSOCIATES
CHARTERED ACCOUNTANTS

45 C, MANDHANA MANOR, MOGAL LANE,
MATUNGA ROAD (W), MUMBAI 400 016.
TEL.: 2430 6150, 2432 7608 FAX: 2432 7608
EMAIL: surekas@vsnl.com

AUDITORS REPORT TO THE SHAREHOLDERS

1. We have audited the attached Balance Sheet of **Welspun Infratech Limited (the "Company")** and the Cash Flow Statement for the year ended on that date annexed thereto as at 31st March, 2012 (all together referred as "financial statements"), which we have signed under reference to this report. 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.
2. 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.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section 4(A) of Section 227 of the Companies Act, 1956, of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the statement referred to in paragraph 3 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 the law have been kept by the Company so far as it appears from our examination of the books.
 - c) The Balance Sheet and the Cash flow statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet and the Cash flow statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956
 - e) On the basis of the written representations received from the Directors of the company as at 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified from being appointed as a director of the company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statement together with the notes thereon and attached thereto give in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:



: 2 :

- i. In case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2012
- ii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date

For and on behalf of
SUREKA ASSOCIATES
Chartered Accountants
Firm Registration No.: 110640W



Suresh Sureka
Partner
Membership Number: 34132



Place: Mumbai
Date: 28th May, 2012

SUREKA ASSOCIATES
CHARTERED ACCOUNTANTS

45 C, MANDHANA MANOR, MOGAL LANE,
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ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph (3) of our report of even date to the members of Welspun Infratech Limited on the accounts for the year ended 31st March, 2012

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.

(c) In our opinion and according to the information and explanation given to us, a substantial part of the fixed assets has not been disposed of by the Company during the year.
2. (a) The Company did not have any inventories. Hence, the question of physical verification and records thereof does not arise.
3. (a) The Company has not granted any loans, secured or unsecured, to any company, firm or other parties covered in the register maintained under section 301 of the Act. As such, the requirements regarding the quantum of amount of loan, rate of interest, repayment of principal and interest and overdue amounts are not applicable.

(b) The Company has not taken any secured / unsecured loans from any company, firm or other parties covered in the register maintained under Section 301 of the Act. As such, the requirements regarding the quantum of amount of loan, rate of interest, repayment of principal and interest are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with size of the company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, no major weaknesses were noticed in the internal control system in respect of above areas.
5. According to the information and explanation given to us, there is no contract or arrangement the particulars of which are required to be entered into the register in pursuance of section 301 of the Act.
6. The Company has not accepted any deposit from the Public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of the business
8. The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the company.
9. (a) According to the records of the Company, the Company has been regular in depositing undisputed statutory dues with the appropriate authorities.

(b) Based on our audit procedures and according to the information and explanations given to us, there are no undisputed arrears of statutory dues which has remained outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable.



10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a Chit Fund, Nidhi or Mutual Benefit fund/ Society and therefore the requirements pertaining to such class of Company are not applicable.
14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. In our opinion, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The Company has not taken any term loans during the year.
17. On the basis of review of utilization of funds which is based on an overall examination of the Balance Sheet of the Company and related information as made available to us, we report that no short term funds have been used for long term investments.
18. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. In our opinion and according to the information and explanations given to us, the Company has issued Unsecured Debentures. Hence, the question of creation of security does not arise.
20. The Company has not made any public issues during the year and therefore, the question of disclosing the end use of money does not arise.
21. Based upon the audit procedures performed and according to the information and explanations given and representations made by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
SUREKA ASSOCIATES
Chartered Accountants
Firm Registration No.: 110640W



Suresh Sureka
Partner
Membership Number: 34132



Place: Mumbai
Date: 28th May, 2012

Welspun Infratech Limited
Balance Sheet as at March 31, 2012

All amounts in Indian Rupees

	Notes	March 31, 2012	March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	1	486,398,990	247,500,000
(b) Reserves and Surplus	2	1,434,451,010	753,350,000
Non-Current Liabilities			
(a) Long Term Borrowings	3	2,830,000,000	2,250,000,000
(b) Long Term Provisions	4	3,356,393	-
Current Liabilities			
(a) Other Current Liabilities	5	1,024,222,602	108,441,409
(b) Short Term Provisions	4	835,819	-
TOTAL EQUITY AND LIABILITIES		5,779,264,814	3,359,291,409
ASSETS			
Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	6	48,211,084	17,949,932
(ii) Intangible Assets	6	32,974	-
(iii) Capital Work-in-Progress	7	521,324,111	51,153,194
(b) Non Current Investments	8	4,749,523,095	3,171,795,825
(c) Long Term Loans and Advances	9	25,000	25,000
Current Assets			
(a) Cash and Bank Balances	10	118,170,317	100,228,987
(b) Short Term Loans and Advances	11	341,776,986	18,138,471
(c) Other Current Assets	12	201,247	-
TOTAL ASSETS		5,779,264,814	3,359,291,409

Significant Accounting Policies

B

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Sureka Associates

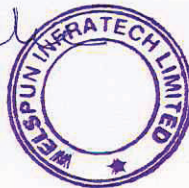
Chartered Accountants

Firm Registration No.: 110640W

For and on behalf of the Board of Directors



Suresh Sureka
Partner
Membership No.: 34132






Company Secretary



Director



Director

Date: **28 MAY 2012**
Place: Mumbai.



Date: **28 MAY 2012**
Place: Mumbai.

Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2012

Amount in Indian Rupees

A CORPORATE INFORMATION

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

B SIGNIFICANT ACCOUNTING POLICIES

i Basis of Accounting

- a The financial statements have been prepared under the historical cost convention on going concern basis and in accordance with the accounting standards referred to in Section 211(3C) of the Companies Act 1956 ('the Act').
- b The Company follows the mercantile system of accounting.

ii Basis of Preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Act.

iii Use of Estimates

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

iv Fixed Assets

- a Fixed assets are stated at original cost of acquisition net of accumulated depreciation.
- b All direct expenses attributable to fixed assets are capitalized.
- c Capital Work In Progress includes preoperative expenditure and is stated at the amount incurred up to the date of Balance Sheet.



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2012

Amount in Indian Rupees

v **Depreciation**

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

Leasehold improvements are amortised over the period of lease.

Software is amortised on a straight line basis over five years.

vi **Investments**

- a Investments intended to be held for more than a year, from the date of acquisition, are classified as long term and are carried at cost. Provision for diminution in value of investments is made to recognize a decline other than temporary.
- b The cost includes cost of investment plus charges such as brokerage, fee, duties, and reduced by pre-acquisition dividends.

vii **Lease**

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

viii **Borrowing Cost**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2012

Amount in Indian Rupees

ix **Foreign currency translation**

Foreign currency transactions and balances

a Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

c Exchange Difference

Other than specific requirements of Accounting Standard 11, generally exchange differences are recognized as income or expense in the period in which they arise.

x **Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund.

The Company operates two defined benefit plans for its employees, viz., and gratuity and leave encashment. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Actuarial gains and losses for both defined benefit plans are recognized in full in the period in which they occur in the financial statements.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit and which is expected to be carried forward beyond 12 months is considered as long-term employee benefit for measurement purposes. Both short term and long term employee benefits are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately charged in the books of accounts and are not deferred. The Company presents the leave liability into current and non current in the balance sheet based on the independent actuarial valuation.



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2012

All amounts in Indian Rupees

C NOTES TO ACCOUNTS

1 Share Capital

	March 31, 2012	March 31, 2011
	Amount	Amount
Authorised: 50,000,000 (Previous Year: 25,000,000) Equity Shares of Rs. 10/- each	500,000,000	250,000,000
Issued, subscribed and fully paid up: 48,639,899 (Previous Year: 24,750,000) Equity Shares of Rs. 10/- each	486,398,990	247,500,000
Total Issued, subscribed and fully paid up Share Capital	486,398,990	247,500,000

a Terms/rights attached to equity shares

The Company has only one class of equity share having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share.

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

	March 31, 2012		March 31, 2011	
	No.	Amount	No.	Amount
At the beginning of the period	24,750,000	247,500,000	24,750,000	247,500,000
Issued during the period	23,889,899	238,898,990	-	-
Outstanding at the end of the period	48,639,899	486,398,990	24,750,000	247,500,000

The shares issued during the period are by conversion of 9,200 Optionally Convertible Debentures into equity shares of Rs. 10/- each fully paid up and are at a premium of Rs. 28.51 per share.

c Shares held by holding company

	March 31, 2012	March 31, 2011
	Amount	Amount
Welspun Corp Limited, the holding company 48,639,899 (Previous Year: 24,750,000) Equity shares of Rs. 10/- each fully paid	486,398,990	247,500,000

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

	March 31, 2012		March 31, 2011	
	No.	% Holding	No.	% Holding
Welspun Corp Limited, the holding company	48,639,899	100%	24,750,000	100%



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2012

All amounts in Indian Rupees

2 Reserves and Surplus

	March 31, 2012	March 31, 2011
	Amount	Amount
Securities Premium Reserve		
Balance as per last financial statements	753,350,000	753,350,000
Add: Premium on issue of Shares	681,101,010	-
Less: Amount Utilised	-	-
Total Reserves and Surplus	1,434,451,010	753,350,000

3 Long Term Borrowing

	March 31, 2012	March 31, 2011
	Amount	Amount
<u>Unsecured</u>		
Debentures		
7% 28,300 (Previous Year: 22,500) Optionally Convertible Debentures (OCD) of Rs. 100,000 each	2,830,000,000	2,250,000,000
Total Long Term Borrowing	2,830,000,000	2,250,000,000

During the year, the Company has issued 15,000 OCD of Rs. 100,000 each amounting to Rs. 1,500,000,000 to Welspun Corp Limited and converted 9,200 OCD of Rs. 100,000 each into 23,889,899 Equity Shares of Rs. 10 each at a premium of Rs. 28.51 as on April 28, 2011.

Terms of Optionally Convertible Debentures (OCD)

The Company has outstanding Rs. 2,830,000,000 (Previous Year: Rs. 2,250,000,000) by way of 28,300 (Previous Year: 22,500) Optionally Convertible Debentures (OCD) of Rs. 100,000 each bearing interest rate of 7% p.a. for first 3 years, thereafter if not redeemed shall be 11% p.a with effect from 4th Year onwards i.e after 3rd anniversary) until redemption. The above OCD is fully subscribed by Welspun Corp Limited, the holding company. The holding company has the option to convert OCDs into equity shares at any time within 3 years on following basis.

- If conversion on before 1st anniversary, the equity share shall be issued at a discount of 5% to fair market value (FMV).
- If conversion after 1st anniversary but on or before 2nd anniversary the equity share shall be issued at a discount of 10% to fair market value (FMV).
- If conversion is after 2nd anniversary but on before 3rd anniversary the equity share shall be issued at a discount of 15% to fair market value (FMV).
- If conversion not opted within 3 years, than the OCDs shall be redeemed at 5th anniversary.

The Company may also redeem the OCD , in part or full, before the 5th anniversary.



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2012

All amounts in Indian Rupees

4 Provisions

	Non Current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	Amount	Amount	Amount	Amount
Provision towards employee benefits -				
- Provision for Gratuity	1,484,838	-	422,707	-
- Provision for Leave Encashment	1,871,555	-	413,112	-
	3,356,393	-	835,819	-

5 Other Current Liabilities

	March 31, 2012	March 31, 2011
	Amount	Amount
Other Current Liabilities *		
Creditor for Expense	302,544,369	108,150,241
Share Application Money pending allotment (refer note below)	6,478,233	291,168
	715,200,000	-
Total Other Current Liabilities	1,024,222,602	108,441,409

* includes Rs. 100,000,000 (Previous Year: Rs. 100,000,000) payable to promoters of erstwhile MSK Project (India) Limited as per Share Purchase Agreement

Note: Shares will be issued against the application money on such terms as may be agreed by the board from time to time



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2012

6 Tangible Assets and Intangible Assets

	Furniture and Fittings	Office Equipments	Computers and Peripherals	Vehicles	Leasehold Improvements	Total Tangible Assets	Software	Total Intangible Assets
COST								
As at April 1, 2010	-	59,750	114,719	-	-	174,469	-	-
Additions	11,802,420	364,683	765,151	5,729,894	-	18,662,148	-	-
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2011	11,802,420	424,433	879,870	5,729,894	-	18,836,617	-	-
Additions	3,353,826	8,063,487	1,356,269	-	19,231,128	32,004,710	36,450	36,450
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2012	15,156,246	8,487,920	2,236,139	5,729,894	19,231,128	50,841,327	36,450	36,450
DEPRECIATION								
As at April 1, 2010	-	671	5,635	-	-	6,306	-	-
Charge for the year	685,688	11,987	108,839	73,865	-	880,379	-	-
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2011	685,688	12,658	114,474	73,865	-	886,685	-	-
Charge for the year	842,933	124,027	232,257	544,340	-	1,743,558	3,475	3,475
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2012	1,528,621	136,685	346,732	618,205	-	2,630,243	3,475	3,475
NET BLOCK								
As at March 31, 2011	11,116,732	411,775	765,395	5,656,029	-	17,949,932	-	-
As at March 31, 2012	13,627,625	8,351,235	1,889,407	5,111,689	19,231,128	48,211,084	32,974	32,974



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2012

All amounts in Indian Rupees

7 Capital Work-in-Progress (Pre operative expenses)

	<u>March 31, 2012</u>	<u>March 31, 2011</u>
	Amount	Amount
Opening balance	51,153,194	25,646,306
<i>Add: Expenses incurred during the year</i>		
Audit Fees	250,000	5,000
Communication Expenses	844,341	22,109
Business Development Expenses	527,461	507,292
Hotel Expenses	2,159,947	-
Printing and Stationery	590,778	-
Depreciation	1,747,033	880,379
Insurance Premium	121,701	-
Postage and Courier Charges	262,298	-
Application Fees	120,000	-
Other Finance Charges	102,301	13,125
Books and Periodicals	138,084	-
Electricity Expenses	407,622	-
Commission for Bank Guarantee	1,260,954	-
Interest on Optionally Convertible Debentures	196,070,959	-
Miscellaneous Expenses	2,739,551	196,685
Professional and consultancy fee for Bidding in Infrastructure Projects	49,935,468	17,055,488
Other Professional and Consultancy Fees	34,112,078	-
Rates and Taxes	1,764,051	302,955
Subscription and Membership Fees	999,081	-
Rent Expenses	3,297,411	757,083
Salary, Wages and Allowance	151,237,641	4,110,219
Staff Welfare	535,933	159,248
Tender fee for Bidding in Infrastructure Projects	11,606,274	3,597,400
Travelling and Conveyance	9,365,297	1,953,453
Demat Charges	312,093	401,065
Sub total	521,661,551	55,607,807
<i>Less: Incidental income</i>		
Amount allocated in Investment capitalized during the year	-	4,437,278
Dividend Income	2,711	17,335
Interest Income (TDS Rs. 22,361 (Previous Year: Nil))	223,608	-
Miscellaneous Income	111,120	-
Total Capital Work-in-Progress	521,324,111	51,153,194



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2012

All amounts in Indian Rupees

8 Non Current Investments

Trade Investments

Quoted Equity Instruments

Investment in subsidiaries

Welspun Projects Limited
24,448,445 (Previous Year: 24,448,445) Equity Shares of
Rs. 10/- each fully paid up
(Market Value of Quoted Shares is Rs. 755,456,951/-
(Previous Year: Rs. 1,650,270,038/-))

March 31, 2012	March 31, 2011
Amount	Amount

3,164,135,825	3,164,135,825
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Unquoted Equity Instruments

Investment in subsidiaries

Welspun Road Project Private Limited
10,000 (Previous Year: 10,000) Equity Shares of Rs. 10/-
each fully paid up

100,000	100,000
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Welspun Infra Projects Private Limited
6,036,000 (Previous Year: 36,000) Equity Shares of Rs.
10/- each fully paid up

1,507,560,000	7,560,000
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ARSS Bus Terminal Private Limited
7,772,727 (Previous Year: Nil) Equity Shares of Rs. 10/-
each fully paid up

77,727,270	-
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Total Non Current Investments

4,749,523,095	3,171,795,825
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9 Long Term Loans and Advances

Security deposits

Unsecured, considered good

March 31, 2012	March 31, 2011
Amount	Amount

25,000	25,000
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Total Long Term Loans and Advances

25,000	25,000
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Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2012

All amounts in Indian Rupees

10 Cash and Bank Balances

Cash and Cash Equivalents

Balances with banks:

- On current accounts

Other bank balances

- Balance in Escrow Account *

- Other Deposits (Margin Money)

Total Cash and Bank Balances

March 31, 2012	March 31, 2011
Amount	Amount
13,670,317	228,987
100,000,000	100,000,000
4,500,000	-
118,170,317	100,228,987

* includes Rs. 100,000,000 (Previous Year: Rs. 100,000,000) being balance in Escrow Account not available for use by Company.

11 Short Term Loans and Advances

Security deposits

Unsecured, considered good

(A)

Advance recoverable in cash or kind

Unsecured, considered good

(B)

Loans and advances to related parties

Unsecured, considered good

(C)

Other Loans and advances

Unsecured, considered good

Advance Tax (net of provision, if any)

Other Advances

Cenvat Credit (Service tax) (net)

(D)

Total Short Term Loans and Advances (A+B+C+D)

March 31, 2012	March 31, 2011
Amount	Amount
90,000	90,000
90,000	90,000
1,791,427	7,790,559
1,791,427	7,790,559
318,387,239	7,260,452
318,387,239	7,260,452
1,175,229	365,450
10,933,632	-
9,399,459	2,632,010
21,508,320	2,997,460
341,776,986	18,138,471

12 Other Current Assets

Interest Accrued but not due

Total Other Current Assets

March 31, 2012	March 31, 2011
Amount	Amount
201,247	-
201,247	-



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2012

All amounts in Indian Rupees

D OTHER NOTES

1 During the previous year, the Company has entered into a Share Purchase Agreement with the existing promoters and other shareholders of Welspun Projects Limited (Formerly MSK Projects (India) Limited (a company engaged in infrastructure development and listed on Bombay Stock Exchange, National Stock Exchange and Vadodara Stock Exchange)) ('the Target Company') to transfer 5,279,438 equity shares (23.13%) of the Target Company at a price of Rs. 130.50 per share and also entered into a Share Subscription Agreement to subscribe to 17,178,888 equity shares of the Target Company at an issue price of Rs. 123 per share and consequently has made a public announcement to the existing shareholders of the Target Company to acquire 20% of post preferential issue equity share capital of the Target Company at a price of Rs. 130.50 per share. Post completion of the offer, the Company holds 24,448,445 equity shares (61.12%) in the issued equity share capital of the Target Company. The change in the control of the Target Company was completed on August 16, 2010.

2 Welspun Infra Projects Private Limited ('the Acquirer'), a subsidiary of the Company has entered into Share Purchase Agreement (SPA) with Leighton International Limited on December 24, 2010 for acquiring 35% equity shares on April 28, 2011 in Leighton Contractors (India) Private Limited ('LCPL'), an Indian unit of Leighton Holdings at a total consideration of Rs. 4,700,000,000/- payable in two tranches of Rs. 4,300,000,000/- at the time of closing and Rs. 400,000,000/- deferred payment upon achievement of EBITDA Target by LCPL. LCPL was subsequently rechristened as Leighton Welspun Contractors Private Limited ('LWIN').

During the current year, LWIN has achieved the EBITDA Target and hence the Company has also paid the second tranche of Rs. 400,000,000/- on August 30, 2011. With this, the total investment by the Acquirer in LWIN stands at Rs. 4,700,000,000/-.

3 Details of contingent liabilities not provided for in books of accounts

Bank Guarantees	Rs.	625,200,000
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4 Related Party Disclosures

As per Accounting Standard 18, the disclosure of transactions with related parties as defined in the Accounting Standard are given below:

a Related parties where control exists

Holding Company	Welspun Corp Limited ('WCL')
Subsidiaries	Welspun Projects Limited ('WPL') Welspun Road Projects Private Limited ('WRPPL') Welspun Infra Projects Private Limited ('WIPPL') ARSS Bus Terminals Private Limited (w.e.f., August 3, 2011) ('ARSS')
Subsidiaries of Welspun Projects Limited	Welspun Energy Maharashtra Private Limited ('WEMPL') (upto June 6,2011) MSK Projects (Himmatnagar Bypass) Private Limited ('MSK-HN') MSK Projects (Kim Mandvi Corridor) Private Limited ('MSK-KM') Anjar Road Private Limited (w.e.f., March 16, 2012) ('ARPL') Welspun BOT Projects Private Limited (w.e.f., April 12, 2011) ('WBOT')



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2012

All amounts in Indian Rupees

Joint Venture of Welspun Projects Limited	Dewas Bhopal Corridor Limited (50%) ('DBCL') BUL MSK Infrastructure Private Limited (50%) ('BULMSK')
Subsidiaries of Welspun Infra Projects Private Limited	Welspun Water Infrastructure Private Limited ('WWIPL') Welspun Energy Transportation Private Limited ('WETPL')
Joint Venture of Welspun Infra Projects Private Limited	Leighton Welspun Contractors Private Limited (formerly Leighton Contractors (India) Private Limited) (w.e.f., April 28, 2011) ('LWIN')
Associate Entities (of Holding Company)	Welspun Energy Limited (WEL') Welspun Energy Madhya Pradesh Limited ('WELMP') Welspun Infra Developers Private Limited ('WIDPL') Welspun Realty Private Limited ('WRPL')
b Related parties with whom transaction have taken place during the year	
Holding Company	Welspun Corp Limited ('WCL')
Subsidiaries (Direct and Indirect)	Welspun Projects Limited ('WPL') Welspun Road Projects Private Limited ('WRPPL') Welspun Infra Projects Private Limited ('WIPPL') ARSS Bus Terminals Private Limited (w.e.f., August 3, 2011) ('ARSS') Welspun Water Infrastructure Private Limited ('WWIPL') Welspun Energy Transportation Private Limited ('WETPL')
Joint Venture (Indirect)	Leighton Welspun Contractors Private Limited (formerly Leighton Contractors (India) Private Limited) (w.e.f., April 28, 2011) ('LWIN')
Associate Entities (of Holding Company)	Welspun Energy Limited (WEL') Welspun Energy Madhya Pradesh Limited ('WELMP') Welspun Infra Developers Private Limited ('WIDPL') Welspun Realty Private Limited ('WRPL')
Key Managerial Personnel	Mr. Parvez Umrigar, Managing Director & CEO Mr. B K Goenka, Director



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2012

4 (c) Related Party Disclosures

Particulars	WCL	WPL	WIPPL	WRPPL	WWIPL	WETPL	ARSS	WRPL	WELMP	WEL	WIDPL
Transactions during the year											
Proceeds from share application money	1,106,200,000	-	-	-	-	-	-	-	-	-	-
Amount of share application money refunded	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Proceeds from subscription to OCD	391,000,000	-	-	-	-	-	-	-	-	-	-
Interest on OCD	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Allotment of Equity Shares (incl. premium)	1,500,000,000	-	-	-	-	-	-	-	-	-	-
Investment in Equity Share Capital	(2,250,000,000)	-	-	-	-	-	-	-	-	-	-
Advance given towards Share Capital	196,070,959	-	-	-	-	-	-	-	-	-	-
Advances given	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Refund of Advances given received	920,000,000	-	-	-	-	-	-	-	-	-	-
Rent Expenses	(-)	424,222,883	7,075	702,684	1,715	2,633	77,727,270	2,523,940	1,848,977	1,440,000	1,603,500
Professional Fees	(-)	(572,640,470)	(4,510,829)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Recovery of Expenses	(-)	376,672,070	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	(-)	(571,499,770)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Balances outstanding as at year end											
Equity Share Capital of WITL	486,398,990	-	-	-	-	-	-	-	-	-	-
Optionally Convertible Debentures of WITL	(247,500,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Investment in Equity Share Capital	2,830,000,000	-	-	-	-	-	-	-	-	-	-
Share Application money received pending allotment	(2,250,000,000)	3,164,135,825	1,507,560,000	100,000	(-)	(-)	77,727,270	(-)	(-)	(-)	(-)
Advance towards Share Application Money	(-)	(3,164,135,825)	(7,560,000)	(100,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Interest on OCD payable	715,200,000	-	-	-	-	-	-	-	-	-	-
Miscellaneous Receivables	(-)	(-)	257,001,165	(-)	(-)	(-)	2,500,000	(-)	(-)	(-)	(-)
Advance given	176,463,863	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	1,419,512	(-)	(-)	(-)	(-)	(-)	2,553,103	(-)	(-)	(-)	(-)
	(1,608,923)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	(-)	48,691,513	4,517,904	702,684	1,715	2,633	(-)	(-)	(-)	(-)	(-)
	(-)	(1,140,700)	(4,510,829)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

Figures in bracket represent previous year numbers



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2012

All amounts in Indian Rupees

5 Expenditure in foreign currency (accrual basis)

	March 31, 2012	March 31, 2011
	Amount	Amount
Traveling and conveyance	1,747,194	-
Lodging and boarding	394,432	-
Professional fees	8,959,000	-
Training and conference	100,247	-
Membership and subscription	60,511	-
Miscellaneous expenses	30,136	-
	11,291,520	-

6 Value of Imports calculated on CIF Basis

	March 31, 2012	March 31, 2011
	Amount	Amount
Office equipments	2,521,663	-
	2,521,663	-

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

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

a Defined Benefit Plan:

Reconciliation of opening and closing balances of Defined Benefit obligation

Particulars	Gratuity (Non Funded)		Leave Encashment (Non Funded)	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Defined Benefit obligation at the beginning of year	-	-	-	-
Current Service Cost	1,586,829	-	2,041,919	-
Interest Cost	-	-	-	-
Actuarial (gain)/loss	320,716	-	242,748	-
Benefits Paid	-	-	-	-
Defined Benefit obligation at the year end	1,907,545	-	2,284,667	-

Expenses recognized during the year

Particulars	Gratuity (Non Funded)		Leave Encashment (Non Funded)	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Current Service Cost	1,586,829	-	2,041,919	-
Interest Cost	-	-	-	-
Expected return on Plan Assets	-	-	-	-
Actuarial gain/(loss)	320,716	-	242,748	-
Expense Recognized in Profit and Loss Account	1,907,545	-	2,284,667	-

Actuarial Assumptions

Particulars	Gratuity (Non Funded)		Leave Encashment (Non Funded)	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Discount Rate (per annum)	8.50%	-	8.50%	-
Salary Escalation (per annum)	5.75%	-	5.75%	-



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2012

All amounts in Indian Rupees

8 Details of dues to Micro, Small and Medium Enterprises

There are no dues to Micro, Small and Medium Enterprises as defined under "The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2012. This information has been determined to the extent such parties have been identified on the basis of the information available with the Company.

9 Segment Reporting

The Company is engaged in one business segment i.e. infrastructure development. The Company is operating in a single geographical segment i.e. India.

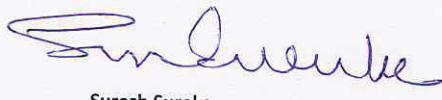
10 As the Company has not commenced the operations, the Statement of Profit and Loss has not been prepared for the year.

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

As per our report of even date

For Sureka Associates
Chartered Accountants
Firm Registration No.: 110640W

For and on behalf of the Board of Directors



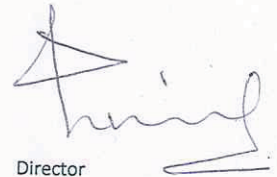
Suresh Sureka
Partner
Membership No.: 34132



Company Secretary



Director



Director

Date: 28 MAY 2012
Place: Mumbai.

Date: 28 MAY 2012
Place: Mumbai.



Welspun Infratech Limited
Cash Flow Statement
Annexed to the Balance Sheet for the year ended March 31, 2012

	<i>All amounts in Indian Rupees</i>	
	March 31, 2012	March 31, 2011
Cash flow from operating activities		
Cash flow from operating activities	-	-
Net cash flow from/ (used in) operating activities (A)	-	-
Cash flows from investing activities		
Purchase of fixed assets, including CWIP and capital advances	(619,531,400)	64,833,666
Purchase of investments	(1,577,727,270)	(3,171,795,825)
Net cash flow from/ (used in) investing activities (B)	(2,197,258,670)	(3,106,962,159)
Cash flows from financing activities		
Proceeds from long term borrowing	1,500,000,000	2,250,000,000
Proceeds from Share application Money received/(paid)	715,200,000	(779,850,000)
Net cash flow from/ (used in) in financing activities (C)	2,215,200,000	1,470,150,000
Net increase/(decrease) in cash and cash equivalents (A+B+C)	17,941,330	(1,636,812,159)
Cash and cash equivalents at the beginning of the year	100,228,987	1,737,041,146
Cash and cash equivalents at the end of the year	118,170,317	100,228,987
Components of cash and cash equivalents		
Cash on hand	-	-
With banks- on current account	118,170,317	100,228,987
Total cash and cash equivalents	118,170,317	100,228,987

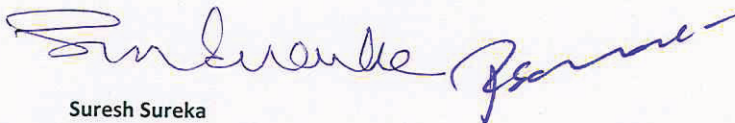
Note:

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

As per our report of even date

For Sureka Associates
Chartered Accountants
Firm Registration No.: 110640W

For and on behalf of the Board of Directors

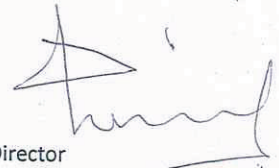


Suresh Sureka
Partner
Membership No.: 34132

Company Secretary



Director



Director

Date: **28 MAY 2012**
Place: Mumbai

Date: **28 MAY 2012**
Place: Mumbai

