

SUREKA ASSOCIATES
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of Welspun Infratech Limited.

Report on the Financial Statements

1. We have audited the accompanying financial statement of **Welspun Infratech Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

4. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013; and
 - (b) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



Report on Other Legal and Regulatory Requirements

5. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order:
6. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books,
 - c. the Balance Sheet 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 comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
SUREKA ASSOCIATES
Chartered Accountants
Firm's Registration Number: 110640W



Suresh Sureka
Partner



Membership Number: 34132
Place : Mumbai
Date : 18th May, 2013

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph (5) of our report of even date to the members of Welspun Infratech Limited on the accounts for the year ended 31st March, 2013

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. 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. 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, transactions that need to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956 have been so entered.
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 its 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, 2013 for a period of more than six months from the date they became payable.
10. The Company has not commenced its commercial operations. As such, the question of losses does not arise.



11. In our opinion and according to the information and explanation given to us, the Company does not have any borrowing from Bank / financial institution. Hence, the question of default does not arise.
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. According to the information and explanation given to us by the management and on an overall examination of the balance sheet of company, we report that no funds raised on short term basis have been used for long term investment.
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 not issued debentures for which any security or charge needs to be created.
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's Registration Number: 110640W


Suresh Sureka
Partner



Membership Number: 34132
Place : Mumbai
Date 18th May, 2013

Welspun Infratech Limited
Balance Sheet as at March 31, 2013

All amounts in Indian Rupees

	Notes	March 31, 2013	March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	1	486,398,990	486,398,990
(b) Reserves and Surplus	2	1,434,451,010	1,434,451,010
Non-Current Liabilities			
(a) Long Term Borrowings	3	4,228,900,000	2,830,000,000
(b) Long Term Provisions	4	-	3,356,393
Current Liabilities			
(a) Other Current Liabilities	5	101,787,283	1,024,222,602
(b) Short Term Provisions	4	-	835,819
TOTAL EQUITY AND LIABILITIES		6,251,537,283	5,779,264,814
ASSETS			
Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	6	45,745,157	48,211,084
(ii) Intangible Assets	6	25,664	32,974
(iii) Capital Work-in-Progress	7	658,883,372	521,324,111
(b) Non Current Investments	8	5,329,070,335	4,749,523,095
(c) Long Term Loans and Advances	9	25,000	25,000
Current Assets			
(a) Cash and Bank Balances	10	103,874,503	118,170,317
(b) Short Term Loans and Advances	11	113,913,253	341,776,985
(c) Other Current Assets	12	-	201,247
TOTAL ASSETS		6,251,537,283	5,779,264,814

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



Date: 18th May, 2013
Place: MUMBAI

[Signature]
Director

[Signature]
Director

Date: 18th May, 2013
Place: MUMBAI

Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2013

All amounts 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 sixth 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 have been prepared in accordance with the Generally Accepted Accounting Principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all aspects with the accounting standards notified under section 211 (3c) Companies (Accounting Standards) Rules, 2006, as amended and the other relevant provisions of the Companies Act, 1956.

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.

v Depreciation

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

Leasehold improvements is 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.



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2013

All amounts in Indian Rupees

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.

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 recognised 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., 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, 2013

All amounts in Indian Rupees

C NOTES TO ACCOUNTS

1 Share Capital

Authorised:

50,000,000 (Previous Year: 50,000,000) Equity Shares of Rs. 10/- each

Issued, subscribed and fully paid up:

48,639,899 (Previous Year: 48,639,899) Equity Shares of Rs. 10/- each

Total Issued, subscribed and fully paid up Share Capital

March 31, 2013 Amount	March 31, 2012 Amount
50,00,00,000	50,00,00,000
48,63,98,990	48,63,98,990
48,63,98,990	48,63,98,990

a Terms/rights attached to equity shares

The company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholder in the ensuing Annual General Meeting. In the event of Liquidation of the company, the holder of the equity shares will be entitled to receive remaining assets of the company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

At the beginning of the period

Issued during the period

Outstanding at the end of the period

March 31, 2013		March 31, 2012	
No.	Amount	No.	Amount
4,86,39,899	48,63,98,990	2,47,50,000	24,75,00,000
		2,38,89,899	23,88,98,990
4,86,39,899	48,63,98,990	4,86,39,899	48,63,98,990

The shares issued during the previous year 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.



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2013

All amounts in Indian Rupees

c Shares held by holding company

	<u>March 31, 2013</u>	<u>March 31, 2012</u>
	Amount	Amount
Welspun Corp Limited, the holding company		
48,639,899 (Previous Year: 48,639,899) Equity shares of Rs. 10/- each fully paid	48,63,98,990	48,63,98,990

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

	<u>31-Mar-13</u>		<u>March 31, 2012</u>	
	No.	% Holding	No.	% Holding
Welspun Corp Limited, the holding company	4,86,39,899	100%	4,86,39,899	100%

2 Reserves and Surplus

	<u>March 31, 2013</u>	<u>March 31, 2012</u>
	Amount	Amount
Securities Premium Reserve		
Balance as per last financial statements		75,33,50,000
Add: Premium on issue of Shares	1,43,44,51,010	
Less: Amount Utilised	-	68,11,01,010
Total Reserves and Surplus	1,43,44,51,010	1,43,44,51,010



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2013

All amounts in Indian Rupees

3 Long Term Borrowing

	March 31, 2013 Amount	March 31, 2012 Amount
<u>Unsecured</u>		
Debentures		
42,289 (Previous Year: 28,300) Optionally Convertible Debentures (OCD) of Rs. 100,000 each	4,22,89,00,000	2,83,00,00,000
Total Long Term Borrowing	4,22,89,00,000	2,83,00,00,000

During the previous 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. 4,228,900,000 (Previous Year: Rs. 2,830,000,000) by way of 42,289 (Previous Year: 28,300) Optionally Convertible Debentures (OCD) of Rs. 100,000 each. No interest to be paid from the date of allotment till March 31, 2013 and there after for 24 months from April 2013. However, interest @11% p.a. to be payable annually from 25th month onwards until redemption, with redemption premium of 5%. 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 10% 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 15% 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 20% 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.

4 Provisions

	Non Current		Current	
	March 31, 2013 Amount	March 31, 2012 Amount	March 31, 2013 Amount	March 31, 2012 Amount
Provision towards employee benefits -				
- Provision for Gratuity	-	14,84,838	-	4,22,707
- Provision for Leave Encashment	-	18,71,555	-	4,13,112
	-	33,56,393	-	8,35,819



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2013

All amounts in Indian Rupees

5 Other Current Liabilities

	<u>March 31, 2013</u>	<u>March 31, 2012</u>
	Amount	Amount
Other Current Liabilities*		
Creditor for Expense	10,10,09,903	30,25,44,369
Share Application Money pending allotment (refer note below)	6,80,450	64,78,233
	96,930	71,52,00,000
Total Other Current Liabilities	10,17,87,283	1,02,42,22,602

* 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

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

	<u>March 31, 2013</u>	<u>March 31, 2012</u>
	Amount	Amount
Opening balance	52,13,24,111	5,11,53,194
<i>Add: Expenses incurred during the year</i>		
Audit Fees		
Communication Expenses	1,25,000	2,50,000
Business Development Expenses	2,64,139	8,44,341
Hotel Expenses	17,025	5,27,461
Printing and Stationery	6,90,261	21,59,947
Depreciation	2,76,847	5,90,778
Insurance Premium	22,73,556	17,47,033
Postage and Courier Charges	3,01,054	1,21,701
Application Fees	63,063	2,62,298
Other Finance Charges	-	1,20,000
Books and Periodicals	-	1,02,301
Electricity Expenses	11,444	1,38,084
Commission for Bank Guarantee	4,27,238	4,07,622
Interest on Optionally Convertible Debentures	-	12,60,954
Miscellaneous Expenses	-	19,60,70,959
Professional and consultancy fee for Bidding in Infrastrucure Projects	12,25,566	27,39,551
Other Professional and Consultancy Fees	35,43,956	4,99,35,468
Rates and Taxes	91,26,679	3,41,12,078
Subscription and Membership Fees	26,912	17,64,051
Rent Expenses	4,37,489	9,99,081
Salary, Wages and Allowance	62,76,827	32,97,411
Staff Welfare	10,90,38,068	15,12,37,641
Tender fee for Bidding in Infrastructure Projects	-	5,35,933
Travelling and Conveyance	-	1,16,06,274
Demat Charges	39,08,116	93,65,297
	-	3,12,093
Sub total	65,93,57,352	52,16,61,551
<i>Less: Incidental Income</i>		
Dividend Income		
Interest Income (TDS Rs. 20,272 (Previous Year: 22,361))	2,71,254	2,711
Miscellaneous Income	2,02,726	2,23,608
	-	1,11,120
Total Capital Work-in-Progress	65,88,83,372	52,13,24,111



Welspun Infratech Limited
Annexed to and forming part of financial statements for the year ended March 31, 2013

6 Tangible Assets and Intangible Assets

Cost or Valuation	Furniture & Fitting	Office equipment	Computers & Peripherals	Vehicles	Leasehold improvements	Total Tangible Assets	Software	Total Intangible Assets
Gross block								
As at 1 April 2011	11,802,420	424,433	879,870	5,729,894		18,836,617	36,450	36,450
Additions during the period	3,353,826	8,063,487	1,356,269		19,231,128	32,004,710		
Disposals during the period	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
As at 31 March 2012	15,156,246	8,487,920	2,236,139	5,729,894	19,231,128	50,841,327	36,450	36,450
Addition	18,389	5,188	3,777		2,630	29,984		
Disposals during the period		242,745				242,745		
As at 31 Mar 2013	15,174,635	8,250,363	2,239,916	5,729,894	19,233,758	50,628,566	36,450	36,450
Depreciation								
As at 1 April 2011	685,688	12,658	114,474	73,885		886,685		
Charge for the period	842,933	124,027	232,257	544,340		1,743,588	3,475	3,475
Disposals during the period								
As at 31 March 2012	1,528,621	136,685	346,732	618,205		2,630,243	3,475	3,475
Charge for the period	960,367	398,674	362,967	544,340		2,266,248	7,309	7,309
Disposals during the period		13,082				13,082		
As at 31 Mar 2013	2,488,889	522,277	709,698	1,162,544		4,883,409	10,784	10,784
Net block								
As at 31 March 2012	13,627,625	8,351,235	1,889,407	5,111,689	19,231,128	48,211,084	32,974	32,974
As at 31 Mar 2013	12,685,746	7,728,086	1,530,217	4,567,350	19,233,758	45,745,157	25,666	25,666



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2013

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. 299,493,451/- (Previous Year: Rs. 755,456,951/-))

March 31, 2013 Amount	March 31, 2012 Amount
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3,16,41,35,825	3,16,41,35,825
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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

1,00,000	1,00,000
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Welspun Infra Projects Private Limited

6,036,000 (Previous Year: 6,036,000) Equity Shares of Rs. 10/- each fully paid up

1,50,75,60,000	1,50,75,60,000
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ARSS Bus Terminal Private Limited

9,127,451 (Previous Year: 7,772,727) Equity Shares of Rs. 10/- each fully paid up

9,12,74,510	7,77,27,270
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Welspun Infra Projects Private Limited

Optionally Convertible Debentures
5,660 (Previous Year: Nil) Optionally Convertible
Debentures (OCD) of Rs. 100,000 each

56,60,00,000	
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Total Non Current Investments

5,32,90,70,335	4,74,95,23,095
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9 Long Term Loans and Advances

Security deposits

Unsecured, considered good

March 31, 2013 Amount	March 31, 2012 Amount
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25,000	25,000
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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, 2013

All amounts in Indian Rupees

10 Cash and Bank Balances

	<u>March 31, 2013</u>	<u>March 31, 2012</u>
	Amount	Amount
Cash and Cash Equivalents		
Balances with banks:		
- On current accounts	38,74,503	1,36,70,317
Other bank balances		
- Balance in Escrow Account *	10,00,00,000	10,00,00,000
- Other Deposits (Margin Money)	-	45,00,000
Total Cash and Bank Balances	<u>10,38,74,503</u>	<u>11,81,70,317</u>

* 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

	<u>March 31, 2013</u>	<u>March 31, 2012</u>
	Amount	Amount
Security deposits		
Unsecured, considered good		90,000
(A)	-	<u>90,000</u>
Advance recoverable in cash or kind		
Unsecured, considered good	23,096	17,91,427
(B)	<u>23,096</u>	<u>17,91,427</u>
Loans and advances to related parties		
Unsecured, considered good	9,10,99,023	31,83,87,239
(C)	<u>9,10,99,023</u>	<u>31,83,87,239</u>
Other Loans and advances		
Unsecured, considered good		
Advance Tax (net of provision, if any)	12,00,267	11,75,230
Other Advances	1,04,97,003	1,09,33,632
Cenvat Credit (Service tax) (net)	1,10,93,864	93,99,459
(D)	<u>2,27,91,134</u>	<u>2,15,08,321</u>
Total Short Term Loans and Advances (A+B+C+D)	<u>11,39,13,253</u>	<u>34,17,76,986</u>

12 Other Current Assets

	<u>March 31, 2013</u>	<u>March 31, 2012</u>
	Amount	Amount
Interest Accrued but not due	-	2,01,247
Total Other Current Assets	<u>-</u>	<u>2,01,247</u>



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2013

All amounts in Indian Rupees

D OTHER NOTES

1 During the year 2010-11, 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').

Pursuant to the SPA, 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

	March 31, 2013	March 31, 2012
	Amount	Amount
Bank Guarantees	-	62,52,00,000

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') 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')
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')



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2013

All amounts in Indian Rupees

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 India Limited ('WIL') Welspun Infra Developers Private Limited ('WIDPL') Welspun Realty Private Limited ('WRPL')
Key Managerial Personnel	Mr. B K Goenka, Director Mr. Rajesh R Mandawewala, Director Mr. Utsav Bajjal, Director Mr. Parvez Umrigar, Managing Director & CEO upto November 07, 2012)



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2013

4 (c) Related Party Disclosures

Particulars	WCL	WPL	WIPPL	WRPPL	WMIPL	WETPL	ARSS	WRPL	WEMLP	WEL	WIDPL	WIL
Transactions during the year												
Proceeds from share application money	706,561,930	-	-	-	-	-	-	-	-	-	-	-
Amount of share application money refunded	(1,106,200,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Proceeds from subscription/Conversion to OCD	22,765,000	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Interest on OCD	(391,000,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Interest on OCD paid	1,398,900,000	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfer of asset	(1,500,000,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Allocation of Equity Shares (incl. premium)	(196,070,959)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Investment in Equity Share Capital	176,463,863	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Advance given towards Share Capital	57,417	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Conversion of Share application money into Esh	(920,000,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Conversion of Share application money into OCD	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Advances given	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Refund of Advances given received	75,708,638	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Rent Expenses	(424,222,883)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Professional Fees	46,877,053	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Recovery of Expenses	(376,672,070)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Recovery of Expenses received	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Balances outstanding as at year end	486,398,990	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Equity Share Capital of WTL	(486,398,990)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Optionally Convertible Debentures of WTL	4,228,900,000	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Investment in Equity Share Capital	(2,830,000,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Share Application money received pending allotment	(-)	3,164,135,825	1,507,560,000	100,000	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Investment in Optionally Convertible Debentures	96,930	(3,164,135,825)	(1,507,560,000)	(100,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Advance towards Share Application Money	(-)	(-)	566,000,000	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Interest on OCD payable	(-)	(-)	55,196	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Miscellaneous Receivables	(176,465,863)	(-)	(257,001,165)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Advance given	1,476,929	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	(1,419,512)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	(-)	77,529,158	4,546,939	703,908	2,021	3,857	(-)	(-)	(-)	(-)	172,250	(-)
	(-)	(48,691,513)	(4,517,904)	(702,684)	(1,715)	(2,633)	(-)	(-)	(-)	(-)	1,603,500	(-)
											(1,603,500)	(-)
											(1,603,500)	(-)

Figures in bracket represent previous year numbers



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2013

All amounts in Indian Rupees

5	Expenditure in foreign currency (accrual basis)	<u>March 31, 2013</u>	<u>March 31, 2012</u>
		Amount	Amount
	Traveling and conveyance	-	17,47,194
	Lodging and boarding	-	3,94,432
	Professional fees	-	89,59,000
	Training and conference	-	1,00,247
	Membership and subscription	-	60,511
	Miscellaneous expenses	-	30,136
		<u>-</u>	<u>1,12,91,520</u>
6	Value of Imports calculated on CIF Basis	<u>March 31, 2013</u>	<u>March 31, 2012</u>
		Amount	Amount
	Office equipments	-	25,21,663
		<u>-</u>	<u>25,21,663</u>



Welspun Infratech Limited

Annexed to and forming part of financial statements for the year ended March 31, 2013

All amounts in Indian Rupees

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, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Defined Benefit obligation at the beginning of year	-	-	-	-
Current Service Cost	-	15,86,829	-	20,41,919
Interest Cost	-	-	-	-
Actuarial (gain)/loss	-	3,20,716	-	2,42,748
Benefits Paid	-	-	-	-
Defined Benefit obligation at the year end	-	19,07,545	-	22,84,667

Expenses recognized during the year

Particulars	Gratuity (Non Funded)		Leave Encashment (Non Funded)	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Current Service Cost	-	15,86,829	-	20,41,919
Interest Cost	-	-	-	-
Expected return on Plan Assets	-	-	-	-
Actuarial gain/(loss)	-	3,20,716	-	2,42,748
Expense Recognized in Profit and Loss Account	-	19,07,545	-	22,84,667

Actuarial Assumptions

Particulars	Gratuity (Non Funded)		Leave Encashment (Non Funded)	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
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, 2013

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, 2013. 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

Director



Director

Date: 18th May, 2013
Place: MUMBAI

Date: 18th May, 2013
Place: MUMBAI



Welspun Infratech Limited
Cash Flow Statement
 Annexed to the Balance Sheet for the year ended March 31, 2013

	<i>All amounts in Indian Rupees</i>	
	March 31, 2013	March 31, 2012
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	(684,545,504)	(619,531,400)
Purchase of Investments	(13,547,240)	(1,577,727,270)
Net cash flow from/ (used in) investing activities (B)	(698,092,744)	(2,197,258,670)
Cash flows from financing activities		
Proceeds from long term borrowing	-	1,500,000,000
Proceeds from Share application Money received/(paid)	683,796,930	715,200,000
Net cash flow from/ (used in) in financing activities (C)	683,796,930	2,215,200,000
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(14,295,814)	17,941,330
Cash and cash equivalents at the beginning of the year	118,170,317	100,228,987
Cash and cash equivalents at the end of the year	103,874,503	118,170,317
Components of cash and cash equivalents		
Cash on hand	-	-
With banks- on current account	103,874,503	118,170,317
Total cash and cash equivalents	103,874,503	118,170,317

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



Director



Director

Date: 18th May, 2013
 Place: MUMBAI

Date: 18th May, 2013
 Place: MUMBAI

