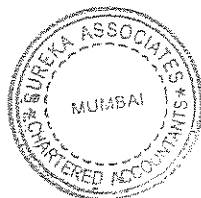


SUREKA ASSOCIATES
CHARTERED ACCOUNTANTS

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 Infra Projects Private Limited** and also the Cash Flow statement for the year ended on that annexed thereto as at 31st March 2012. 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 the 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, a statement on the matters specified in paragraph 4 and 5 of the said Order is annexed
4. Further to our comments in the paragraph 3 above, we state that :
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of account as required by law, have been kept by the company, so far as appears from our examination of 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 complies 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 director is disqualified as on 31st March, 2012 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 accounts 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:



: 2 :

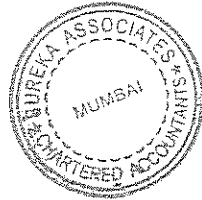
- i. In the case of the Balance Sheet, of the state of affairs of the Company as on 31st March, 2012.
- ii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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



Suresh Sureka
Partner.

Membership Number: 34132
Place : Mumbai
Dated : 28TH May, 2012

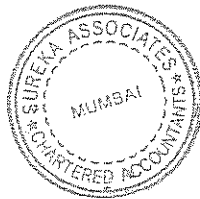


ANNEXURE TO THE AUDITORS' REPORT

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

1. (a) The Company has no Fixed Assets. Hence, Sub-clause (b) and (c) are not applicable.
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 secured / unsecured loans to any companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. 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 not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As such, the requirements regarding the quantum 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 the size of the company and the nature of its business. During the course of our audit, no major weakness has been noticed in the internal control system.
6. The Company did not have any transactions with Companies that need to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956
5. The Company has not accepted any deposit from the Public.
7. In our opinion, the Company has an internal audit system commensurate with 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. According to the records of the Company, the Company has been regular in depositing undisputed Income tax and other statutory dues with the appropriate authorities.
10. The Company has not commenced its commercial operations. As such, the question of losses does not arise.



: 4 :

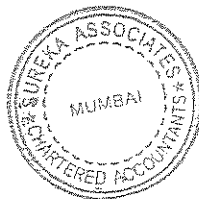
11. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to bank.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, 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. In our opinion, the Company is not in the business of dealing or trading in shares, Securities, Debentures and other investments.
15. During the year, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanation given to us, term loans were applied for the purpose for which the loans were obtained.
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 to parties and Companies covered in the Register maintained under Section 301 of the Act.
19. The Company has not issued any debentures.
20. The Company has not made any public issues during the year.
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
Dated : 28th May, 2012



Welspun Infra Projects Private Limited
Balance Sheet as at March 31, 2012

All amounts in Indian Rupees

Particulars	Notes	March 31, 2012	March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	1	100,600,000	600,000
(b) Reserves and Surplus	2	2,412,000,000	12,000,000
Non-Current Liabilities			
Long Term Borrowing	3	2,250,000,000	-
Current Liabilities			
Other Current Liabilities	4	317,884,235	4,837,666
TOTAL EQUITY AND LIABILITIES		5,080,484,235	17,437,666
ASSETS			
Non Current Assets			
(a) Capital Work-in-Progress	5	250,768,928	6,620,232
(b) Non Current Investments	6	4,810,740,565	200,000
Current Assets			
(a) Cash and Cash Equivalents	7	18,974,742	10,615,176
(b) Short Term Loans and Advances	8	-	2,258
TOTAL ASSETS		5,080,484,235	17,437,666

Significant Accounting Policies

A

The accompanying notes are an integral part of the financial statements

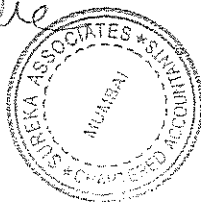
As per our report of even date

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

For and on behalf of the Board of Directors



Suresh Sureka
Partner
Membership No.: 34132





Director



Director

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

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



A 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 Welspun Infra Projects Private Limited (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.

v Depreciation

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

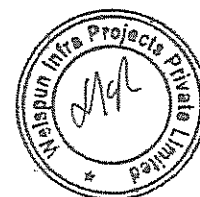
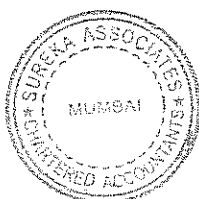
vi Investments

- 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 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 Infra Projects Private Limited
Annexed to and forming part of financial statements for the year ended March 31, 2012

All amounts in Indian Rupees

Foreign currency translation

Foreign currency transactions and balances

Initial recognition

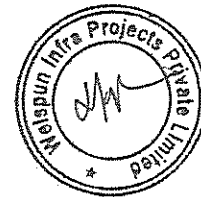
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

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.

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.



Welspun Infra Projects Private Limited
Annexed to and forming part of financial statements for the year ended March 31, 2012

All amounts in Indian Rupees

B NOTES TO ACCOUNTS

1 Share Capital

	March 31, 2012	March 31, 2011
	Amount	Amount
Authorised: 11,000,000 (Previous Year: 5,540,000) Equity Shares of Rs. 10/- each	110,000,000	55,400,000
Issued, subscribed and fully paid up: 10,060,000 (Previous Year: 60,000) Equity Shares of Rs. 10/- each	100,600,000	600,000
Total Issued, subscribed and fully paid up Share Capital	100,600,000	600,000

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	60,000	600,000	10,000	100,000
Issued during the period	10,000,000	100,000,000	50,000	500,000
Outstanding at the end of the period	10,060,000	100,600,000	60,000	600,000

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

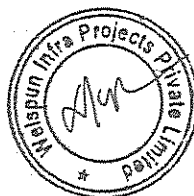
	March 31, 2012	March 31, 2011
	Amount	Amount
Welspun Infratech Limited 6,036,000 (Previous Year: 36,000) Equity Shares of Rs. 10/- each fully paid	60,360,000	360,000
Welspun Infra Developers Private Limited 4,024,000 (Previous Year: 24,000) Equity Shares of Rs. 10/- each fully paid	40,240,000	240,000

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

	March 31, 2012		March 31, 2011	
	No.	% Holding	No.	% Holding
Welspun Infratech Limited, the holding company	6,036,000	60%	36,000	60%
Welspun Infra Developers Private Limited	4,024,000	40%	24,000	40%

2 Reserves and Surplus

	March 31, 2012	March 31, 2011
	Amount	Amount
Securities Premium Reserve		
Balance as per last financial statements	12,000,000	-
Add: Premium on issue of Shares	2,400,000,000	12,000,000
Less: Amount Utilised	-	-
Total Reserves and Surplus	2,412,000,000	12,000,000



Welspun Infra Projects Private Limited
Annexed to and forming part of financial statements for the year ended March 31, 2012

All amounts in Indian Rupees

3 Long Term Borrowing

Secured

Term Loan from Standard Chartered Bank

Total Long Term Borrowing

March 31, 2012 Amount	March 31, 2011 Amount
2,250,000,000	-
2,250,000,000	-

Terms of Loan:

Term loan was taken during the financial year 2011-12 and carries interest @ 12.15% p.a. to be reset annually on April 28. The entire loan is repayable in one instalment at maturity after 5 years from date of drawdown.

The loan is secured by first and exclusive charge on all Fixed and Current Assets of the Company, unconditional irrevocable guarantee from Welspun Infra Developers Private Limited, pledge of 30% equity shares of the Company (18% held by Welspun Infratech Limited and 12% by Welspun Infra Developers Private Limited)

4 Other Current Liabilities

Creditor for Expenses

TDS payable

Share Application Money pending allotment (refer note below)

Total Other Current Liabilities

March 31, 2012 Amount	March 31, 2011 Amount
60,378,658	4,826,636
4,412	11,030
257,501,165	-
317,884,235	4,837,666

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

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

Opening balance

Professional Fees

Registration and Filing Fees

Franking and Stamp Charges

Interest on Loan

Demat Charges

Bank Charges

Audit Fees

Miscellaneous Expenses

Sub total

Less: Incidental income

Interest received

Consultancy Fees Received

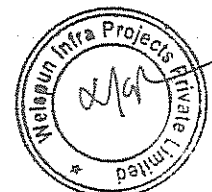
Dividend received on Mutual Fund Investments

Write back of expenses

Cost related to Investment in Joint Venture

Total Capital Work-in-Progress

March 31, 2012 Amount	March 31, 2011 Amount
6,620,232	9,107
55,333	5,439,557
279,090	382,212
713,070	888,420
254,773,486	-
38,605	-
1,991	679
20,000	5,515
5,494	19,030
262,507,301	6,744,520
5,643	6,861
-	19,000
7,213,970	98,427
7,991	-
4,510,829	-
250,768,928	6,620,232



Welspun Infra Projects Private Limited
Annexed to and forming part of financial statements for the year ended March 31, 2012

All amounts in Indian Rupees

6 Non Current Investments

	March 31, 2012 Amount	March 31, 2011 Amount
<u>Trade Investments</u>		
<u>Unquoted Equity Instruments</u>		
<u>Investment in subsidiaries</u>		
Welspun Energy Transportation Private Limited 10,000 (Previous Year: 10,000) Equity Shares of Rs. 10/- each fully paid up	100,000	100,000
Welspun Water Infrastructure Private Limited 10,000 (Previous Year: 10,000) Equity Shares of Rs. 10/- each fully paid up	100,000	100,000
<u>Investment in joint venture</u>		
Leighton Welspun Contractors Private Limited (formerly Leighton Contractors (India) Private Limited) 49,656,709 (Previous Year: Nil) Equity Shares of Rs. 10/- each fully paid up	4,810,540,565	-
Total Non Current Investments	4,810,740,565	200,000

7 Cash and Cash Equivalents

	March 31, 2012 Amount	March 31, 2011 Amount
Balances with banks:		
- On current accounts	18,974,742	303,010
- Other Deposits	-	10,300,000
Cash on hand	-	12,166
Total Cash and Cash Equivalents	18,974,742	10,615,176

8 Short Term Loans and Advances

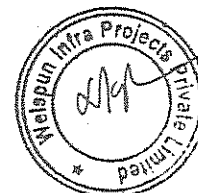
	March 31, 2012 Amount	March 31, 2011 Amount
Advance recoverable in cash or kind		
Unsecured, considered good	-	2,258
Total Short Term Loans and Advances	-	2,258

C Other Notes

- 1 Capital commitment not provided for Rs. Nil (Previous Year Rs. 536,000/-)
- 2 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/-.

This strategic investment of 35% in LWIN shall allow the Company to use technical and/or financial credentials of Leighton Group for the purpose of qualifying for various infrastructure projects.



Welspun Infra Projects Private Limited
Annexed to and forming part of financial statements for the year ended March 31, 2012

All amounts in Indian Rupees

3 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 Infratech Limited ('WITL')
Associate Company	Welspun Infra Developers Private Limited ('WIDPL')
Ultimate Holding Company	Welspun Corp Limited ('WCL')
Subsidiaries	Welspun Water Infrastructure Private Limited ('WWIPL') Welspun Energy Transportation Private Limited ('WETPL')
Joint Venture	Leighton Welspun Contractors Private Limited (formerly Leighton Contractors (India) Private Limited) ('LWIN')

b Related parties with whom transaction have taken place during the year

Holding Company	Welspun Infratech Limited ('WITL')
Associate Company	Welspun Infra Developers Private Limited ('WIDPL')
Ultimate Holding Company	Welspun Corp Limited ('WCL')
Joint Venture	Leighton Welspun Contractors Private Limited (formerly Leighton Contractors (India) Private Limited) ('LWIN')



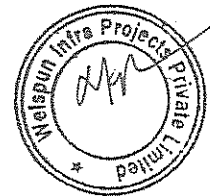
Welspun Infra Projects Private Limited

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

3 (c) Related Party Disclosures

Particulars	WCL	WITL	WIDPL	LWIN	WETPL	WWIPL
Transactions during the year						
Proceeds from share application money	-	1,757,001,165	1,000,500,000	-	-	-
Reimbursement of expenses	(-)	(-)	(-)	(-)	(-)	(-)
	55,839,375	7,075	-	-	-	-
Allotment of Equity Shares (incl. premium)	(-)	(-)	(-)	(-)	(-)	(-)
	-	1,500,000,000	1,000,000,000	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
Balances outstanding as at year end						
Equity Share Capital of WIPPL	-	6,036,000	4,024,000	-	-	-
Share Application money received pending allotment	(-)	(36,000)	(24,000)	(-)	(-)	(-)
	-	257,001,165	500,000	-	-	-
Investment in Equity Share Capital	(-)	(-)	(-)	(-)	(-)	(-)
	-	-	-	4,810,540,565	100,000	100,000
Creditor for expenses	(-)	(-)	(-)	(-)	(100,000)	(100,000)
	55,839,375	4,517,904	-	-	-	-
	(-)	(4,510,829)	(-)	(-)	(-)	(-)

Figures in bracket represent previous year numbers



Welspun Infra Projects Private Limited
Annexed to and forming part of financial statements for the year ended March 31, 2012

All amounts in Indian Rupees

4 Financial Interest In Joint Ventures

The Company has a joint venture interest in Leighton Welspun Contractors Private Limited (formerly Leighton Contractors (India) Private Limited) (a company incorporated in India) and its proportionate share in the assets, liabilities, income and expenses of the jointly controlled entity, based on the audited accounts drawn up to March 31, 2012 is as under -

Percentage of ownership interest as at March 31, 2012 – 35%

Name of Joint Venture	As at March 31, 2012		For the period ended March 31, 2012	
	Assets	Liability	Turnover and Other Income	Expense
Leighton Welspun Contractors Private Limited	4,457,385,748	3,238,739,022	5,659,945,685	5,380,507,018

5 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.

6 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.

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

8 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



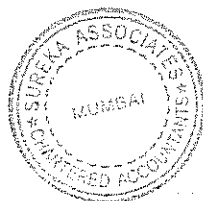
Director



Director

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

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



Welspun Infra Projects Private Limited
Cash Flow Statement
 Annexed to the balance sheet for the year ended March 31, 2012

	March 31, 2012	March 31, 2011
	Rs	Rs
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	(188,601,034)	(1,771,358)
Purchase of investments	(4,810,540,565)	(200,000)
Net cash flow from/ (used in) investing activities (B)	(4,999,141,599)	(1,971,358)
Cash flows from financing activities		
Proceeds from issuance of equity share capital and Security Premium	2,500,000,000	12,500,000
Proceeds from long term borrowing	2,250,000,000	-
Proceeds from Share application Money	257,501,165	-
Net cash flow from/ (used in) in financing activities (C)	5,007,501,165	12,500,000
Net increase/(decrease) in cash and cash equivalents (A+B+C)	8,359,566	10,528,642
Cash and cash equivalents at the beginning of the year	10,615,176	86534
Cash and cash equivalents at the end of the year	18,974,742	10,615,176
Components of cash and cash equivalents		
Cash on hand	-	12,166
With banks- on current account	18,974,742	10,603,010
Total cash and cash equivalents	18,974,742	10,615,176

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: 28 MAY 2012
 Place: Mumbai

Date: 28 MAY 2012
 Place: Mumbai

