

**WELSPUN**



Dare to Commit

**16<sup>th</sup>**  
**Annual Report**  
**2009-10**

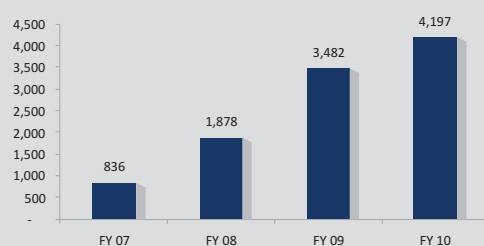
MSK PROJECTS (INDIA) LTD.  
(A **WELSPUN** Group Company)



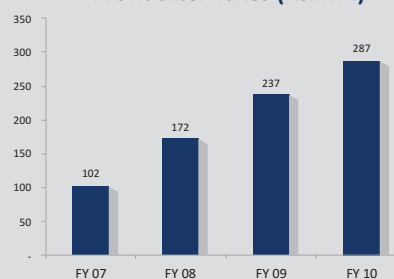
A Step to  
**SUCCESS** ►►

## FINANCIAL HIGHLIGHTS (Standalone)

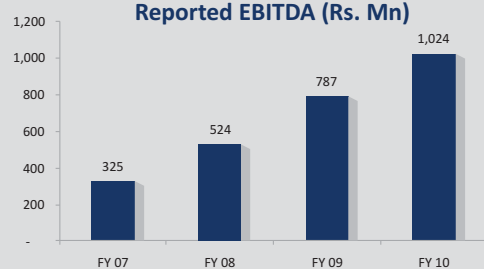
Operating Income (Rs. Mn)



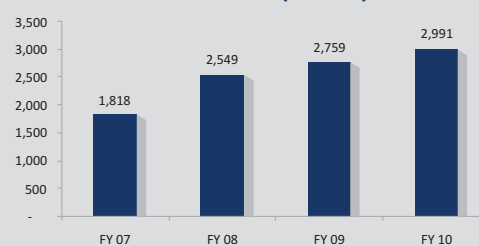
Profit after Taxes (Rs. Mn)



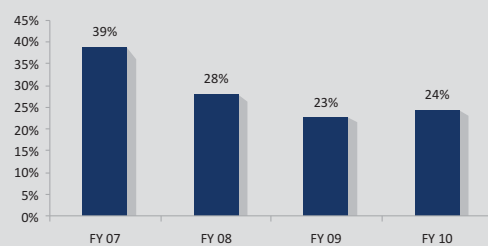
Reported EBITDA (Rs. Mn)



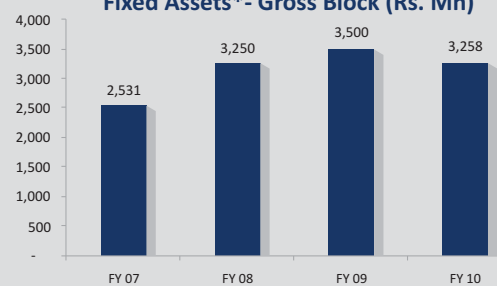
Networth (Rs. Mn)



EBITDA Margins (%)



Fixed Assets\*- Gross Block (Rs. Mn)



\* Includes BOT Assets

# 16<sup>th</sup> Annual Report 2009-10

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**MSK PROJECTS (INDIA) LTD.**  
(A **WELSPUN** Group Company)

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## Forward looking statement

In this Annual Report we have disclosed forward-looking information to enable investors comprehend our prospects and take informed investment decisions. We have tried, wherever possible, to identify such statements by using words as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of the future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



## CORPORATE INFORMATION

Board of Directors	
Mr. B. K. Goenka	Mr. Nirmal Gangwal
Mr. Ashok Khurana	Mr. Shailesh Vaidya
Mr. Yogesh Verma	Mr. A. K. Dasgupta

Company Secretary	Audit Committee
Ms. Susheela Maheshwari	Mr. Nirmal Gangwal
	Mr. Shailesh Vaidya
	Mr. A. K. Dasgupta
Statutory Auditor	
Chandrakant & Sevantilal & J.K. Shah & Co.	

Shareholder/Investor Grievance Committee	Remuneration Committee
Mr. Shailesh Vaidya	Mr. Nirmal Gangwal
Mr. B. K. Goenka	Mr. Shailesh Vaidya
Mr. Yogesh Verma	Mr. A. K. Dasgupta

Registered Office	Corporate Office
707-708, Sterling Centre, R. C. Dutt Road, Alkapuri Vadodara 390005	Welspun House, 5th Floor, Kamla City, Senapati Bapat Marg, Lower Parel, Mumbai 400013
Tel: 0265 - 2344756 & 2359893	Tel.: 022-66136000 Fax: 022-24908020
Fax: 0265 – 2341642	

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

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

## KEY MANAGEMENT TEAM



**B. K. Goenka**  
\*Chairman



**Ashok Khurana**  
\*Director



**Yogesh Verma**  
\*CEO & Executive Director, Welspun Infratech Ltd.



**B. R. Jaju**  
CFO, Welspun Corp Ltd.



**A. K. Chakraborty**  
Chief of Business Operations



**B. L. Biyani**  
President



**Gurpreet Nagpal**  
Sr. VP (HR), Welspun Group



## MESSAGE FROM CHAIRMAN

**My dear fellow Stakeholders,**

As we bring MSK Projects India Limited into the fold of US\$ 3 billion Welspun Group, I am confident of a strategic positioning that will provide unbeaten quality to our customers in the infrastructure segment. With MSK, we look forward to scripting a growth story that addresses the needs of India's infrastructure and tap the unprecedented potential.

Growth of infrastructure sectors is a critical prerequisite to sustainable growth of the economy. As Welspun's ambitious growth continues, we foresee great potential in the \$500 billion Indian infrastructure sector. With this opportunity in August 2010, Welspun Infratech Ltd. invested 61.12% in MSK Projects (India) Ltd. With MSK's rich experience of three decades working with some of the largest PSU's, this relationship is significant and along with MSK's strong EPC capability and Welspun's special focus on oil and gas pipelines, the growth trajectory looks strong.

With Welspun's rich experience of dealing with large international EPC companies and MSK's business model of EPC projects in roads, industrial construction and PPP (Public Private Partnerships), the company is set to play a larger role in the infrastructure space. We believe that our focus on the EPC business in India will propel our growth, cementing the Company's position in the infrastructure sector.

MSK's successful execution of projects for the past 35 years has taken the company from a partnership firm to a niche player in the construction industry. Adding further value, Welspun shall continue to upgrade systems and processes to cater to this growing sector, meeting the quality and service standards of existing and new clients. An integration of our corporate practices and adoption of relevant industry best practices will fortify the Company's processes.

We would like to highlight Welspun's rich experience to execute larger projects, backed by our strong financial capability. Our long term vision for the Indian infrastructure sector will assist this Company's readiness to meet market requirements, and excel in the industry space.

#### **Financial Scorecard**

For the last financial year FY2010, at a standalone level, MSK Projects delivered revenues of Rs 4,197 mn. The PAT figures registered a growth of 21.33 % in FY10 as compared to FY09. In the corresponding period, EBITDA of Rs. 1,024.27 mn registered a growth of 30.12%. The current year has benefited with a robust growth in Operating Income. The EBITDA margin for the FY10 was 24% of the Operating Income as compared to 23% in FY09.

#### **Human Capital**

Our past achievements are a direct result of the dedication and efforts of our employees, who have shown unflinching commitment and drive towards excellence, leading to this phenomenal growth. We have been able to implement our expansion strategy, owing to the dedicated efforts of this team.

#### **Sustainability & Corporate Social Responsibility**

As a Group, Welspun has earmarked a large sum of money for activities focused on the environment and well-being of the community at large. Our initiatives follow the 3 guiding principles of Education, Empowerment and Environment. We look forward to extend this philosophy to the work culture of MSK.

Finally, I would like to thank the stakeholders for their trust and support to make this strategic partnership a successful one. I believe that our commitment to excellence will be reflected in this union, creating a successful EPC venture.

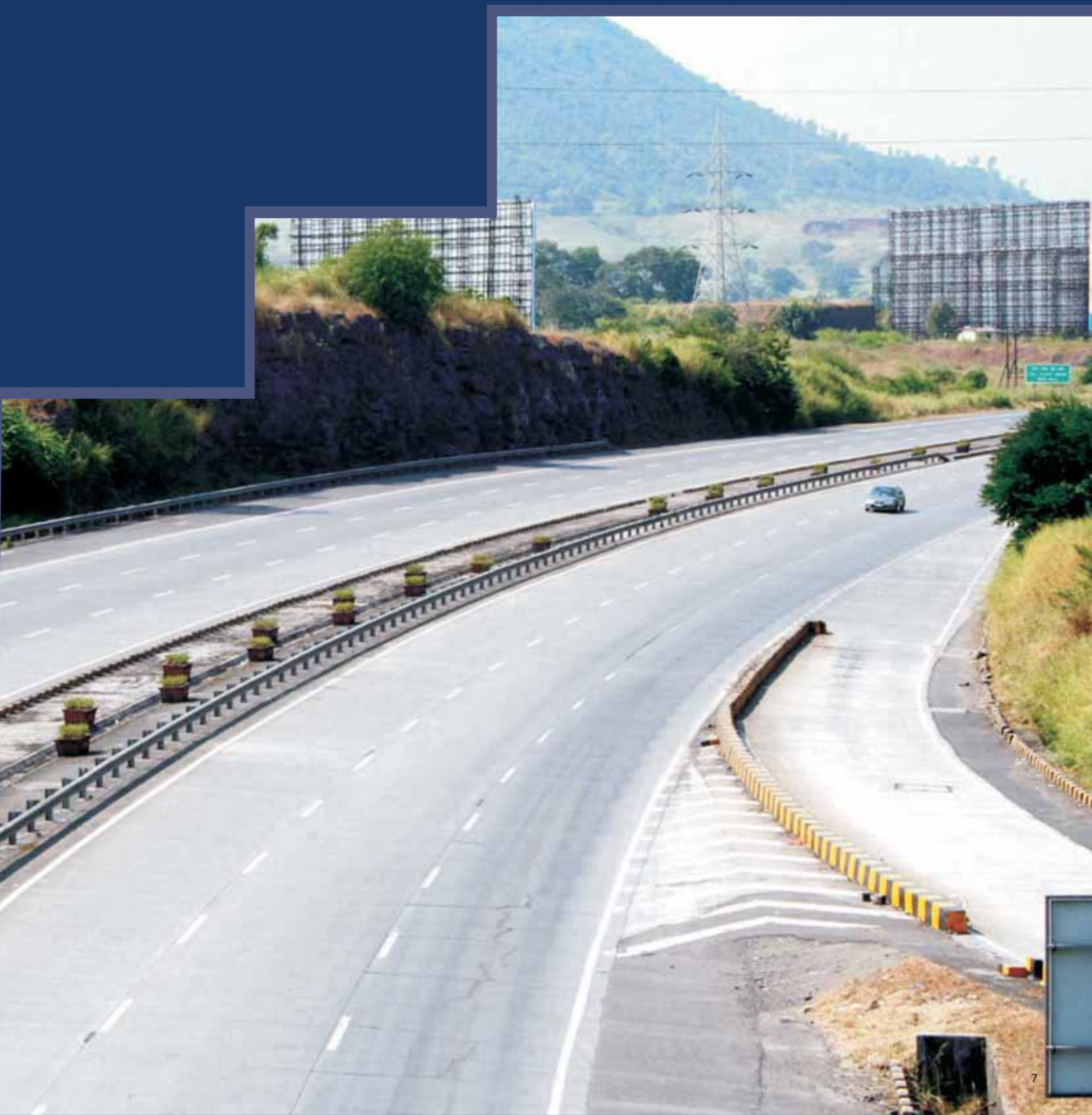


**B. K. Goenka**  
Chairman





# Drive to Progress





## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 16th Annual Report together with the Audited Financial Statement along with the Report of the Auditors for the year ended on March 31, 2010.

### I. FINANCIAL PERFORMANCE

(Rs. in Lakhs)			
Particulars	FY 2009-10	FY 2008-09	% change
Contract Receipt	38,988.01	31,783.90	22.67
Capital Cost for Owned Projects	64.79	1,241.81	(94.78)
Toll Collection	2,984.90	3037.14	(1.72)
Other Income	362.99	439.47	(17.40)
Change in Work in Progress	418.60	814.40	(48.60)
<b>Total Income</b>	<b>42,819.29</b>	<b>37316.72</b>	<b>14.75</b>
<b>Total Expenditure</b>	<b>38,698.33</b>	<b>34680.26</b>	<b>11.59</b>
<b>Profit Before Tax</b>	<b>4,120.96</b>	<b>2636.46</b>	<b>56.31</b>
Extra Ordinary Items	-	-	-
Prior Period Income	(227.49)	(102.38)	(122.20)
Less : Provision for Tax	1,473.70	369.43	298.91
<b>Profit After Tax</b>	<b>2,874.75</b>	<b>2,369.42</b>	<b>21.33</b>
Proposed Dividend	400.00	228.21	75.28
Tax on Dividend	67.98	38.78	75.30
<b>Balance Carried to Balance Sheet</b>	<b>9,510.60</b>	<b>6,902.84</b>	--
<b>Earning Per Share (Rs.)</b>	<b>12.60</b>	<b>10.38</b>	--
<b>Dividend Per Share (Rs.)</b>	<b>1.00</b>	<b>1.00</b>	--

### II. DIVIDEND

Your Directors recommend dividend @ Re. 1/- per share on equity shares of the Company for the year ended March 31, 2010.

### III. KEY CONTRACTS AND ORDERS

During the year under report, your company excelled in clinching various important contracts, the following are to name a few:

- Civil Work at New Bottling Plant from HPCL.
- Building Work for RIB-1, Dahej by Samsung Engineering Company Limited.
- Construction of township residential building Project at Bhilai PK 2 by NTPC Sail Power Company Pvt Ltd through EPI
- Construction of township residential building Project at Bhilai PK 1 NTPC Sail Power Company Pvt Ltd through EPI
- Civil Works for ETP Bhatinda at Mundra HMPL through Hindustan Door Oliver Ltd
- Civil and Structural work for KRIBHCO Revamp project at Ammonia, Urea and Fertilizer Complex at Hajira

The order book position as on 30th May 2010 exceeds Rs. 550 crore.

### IV. CHANGE IN CONTROL

During the year under review, the Company allotted 17,178,888 equity shares of Rs.10/- each at Rs.123 per share to Welspun Infratech Limited, on preferential allotment basis under chapter VI of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, pursuant to the Share Subscription Agreement dated March 18, 2010.

Besides, Welspun Infratech Limited acquired 5,279,348 equity shares from Promoters of the Company and other Sellers, pursuant to Share Purchase Agreements dated March 18, 2010.

Consequent to the Share Subscription Agreement and the Share Purchase Agreements, Welspun Infratech Limited made an open offer to shareholders of the Company, under which Welspun Infratech Limited acquired 180 shares at Rs.130.50 per shares.

Thus Welspun Infratech Limited, including open market purchase held 61.12% equity share capital of the Company, and acquired control over the Company. Upon acquisition of control over the Company, the Board was reconstituted as under on August 16, 2010:

Sr. No.	Name	Designation
1	Mr. B. K. Goenka	Chairman
2	Mr. Ashok Khurana	Director
3	Mr. Nirmal Gangwal	Director
4	Mr. Yogesh Verma	Director
5	Mr. Shailesh Vaidya	Director
6	Mr. Apurba Kumar Dasgupta	Director

#### V. DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and Article 150 of the Articles of Association of the Company, Mr. Ashok Khurana and Mr. Nirmal Gangwal, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Mr. B. K. Goenka, Mr. Yogesh Verma, Mr. Shailesh Vaidya and Mr. A. K. Dasgupta were appointed as Additional Directors during the year under review and are eligible for re-appointment pursuant to section 257 of the Companies Act, 1956.

The details of Directors seeking appointment or re-appointment as required by clause 49 of the Listing Agreement with the Stock Exchanges are provided in the Annexure to the Notice convening the Annual General Meeting.

Mrs. Dipti Shah resigned from the Board on May 30, 2010 and Mr. Amit Khurana, Mrs. Manju Khurana, Mr. C. Mohanan, Mr. Ashok Gandhi, Mr. Mayur Parikh and Mr. Sanjay Mehta resigned from the Board of Directors of the Company on August 16, 2010.

#### VI. DEPOSITS

During the financial year 2009-10, the Company did not accept any public deposits as per Section 58A of the Companies Act, 1956 and rules made there under.

#### VII. AUDITORS

The Company's Statutory Auditors, M/s Chandrakant & Sevantilal & J. K. Shah & Company, Chartered Accountants, retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment. The Auditors confirmed that, if appointed, their appointment will be within the limits as laid down under section 224(1B) of the Companies Act, 1956.

#### VIII. AUDITOR'S REPORT

With regards to the qualification on Disclosure of Cash Subsidy amounting to Rs. 82.87 Crore received from Madhya Pradesh Rajyasetu Nirman Nigam Limited against BOT Projects, which is shown under the head 'Reserves and Surplus' instead of deducting the same from the Project Cost, your Directors state that as per the para 10.1 of the Accounting Standard 12 – Accounting for Government Grants (reproduced hereinafter), where the subsidy received is in the nature of promoter's contributions that is to say- without which the concessionaire cannot cover the total cost of the projects, the subsidy received can be shown as Capital Reserve under the head of Reserves and Surplus rather than deducting from the total cost of the Project. Your Directors further state that they perceive that the subsidy received is in the nature of 'Promoter's Contribution' and hence has been disclosed the same as Capital Reserve and not deducted from the total cost of the Project.

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

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

#### IX. INTERNAL CONTROL SYSTEMS

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

**X. SUBSIDIARIES**

Your company had the following subsidiary companies as on March 31, 2010:

- 1. MSK Projects (Himmatnagar Bypass) Private Limited**
- 2. MSK Projects (Kim Mandvi Corridor) Private Limited**
- 3. Super Infrastructure & Toll Bridge Private Limited**

Super Infrastructure & Toll Bridge Private Limited ceased to be a subsidiary of the Company, consequent to allotment of 19,50,000 equity shares of Rs. 10/- each to a third party on 22.04.2010.

A Statement under section 212 of the Companies Act, 1956 in respect of the subsidiary companies is enclosed with the Annual Accounts for information of members and the Audited Financial Statements for the year ended March 31, 2010 of these subsidiary companies are also attached as required under the Act.

**XI. PARTICULARS OF EMPLOYEES**

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

**XII. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) in preparation of the annual accounts, the applicable accounting standards were followed along with proper explanation relating to material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the Company's state of affairs at the end of the financial year and of the Company's profits for the period.
- (iii) they have taken proper and sufficient care to maintain adequate accounting records in accordance with the provisions of this Act for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared annual accounts for the financial year ended March 31, 2010 on an ongoing concern basis.

**XIII. REPORT ON CORPORATE GOVERNANCE AND AUDITOR'S CERTIFICATE**

A separate section on Corporate Governance and a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges form part of this Report.

**XIV. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTIONS AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

**Foreign Exchange Earnings and Outgo**

Foreign Exchange Earnings – NIL

Foreign Exchange Outgo – NIL

**XV. ACKNOWLEDGEMENT**

Your directors take this opportunity to put forward their feelings of gratitude towards the suppliers, clients, bankers, government authorities and all other stakeholders for their continuous support and co-operation. Your Directors also thank the employees of the Company for their tremendous efforts towards achieving the Company's goals and unshakable support in making the Company what it is today.

Your directors acknowledge the support received from you as Shareholders of the Company.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : 16-08-2010

B. K. Goenka  
Chairman



# Building a Future







## REPORT ON CORPORATE GOVERNANCE

### 1. PHILOSOPHY ON CODE OF GOVERNANCE

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

### 2. BOARD OF DIRECTORS

As on March 31, 2010 the Board comprises of nine Directors, of which four directors were the Executive Directors who were also Promoters of the Company. Mr. Ashok Khurana, an Executive Director was the Chairman of the Company.

Composition and category of Directors; attendance of each Director at Board meetings and the last AGM, number of other companies on the Board or Committees of which, a Director is a member or Chairperson is as under:

Name of the Director and Category	Attendance in Board Meetings during the financial year 2009 - 10	No. of other Directorships @	Number of other Board Committees		Attendance in Last AGM
			Chairman*	Member*	
Mr. Ashok Khurana** Chairman	6	2	1	NIL	Yes
Mrs. Manju A. Khurana*** Executive Director	6	1	NIL	1	Yes
Mr. Amit Khurana*** Managing Director	6	2	NIL	NIL	Yes
Mr. C. Mohanan*** Executive Director	2	1	NIL	2	Yes
Mr. Ashok Gandhi*** Independent Director	5	6	NIL	8	Yes
Mrs. Dipti Shah# Independent Director	5	NIL	1	NIL	Yes
Mr. Mayur Parikh*** Independent Director	6	2	2	1	Yes
Mr. Sanjay Mehta*** Independent Director	3	1	NIL	2	No
Mr. Nirmal Gangwal*** Independent Director	1	3	NIL	2	No

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

\* Only Chairmanship/membership of Audit Committee and Shareholders' Grievance Committee are considered (includes Chairmanship/membership held in MSK Projects (India) Limited).

\*\* Ceased to be Chairman w.e.f. 16th August, 2010.

\*\*\* Resigned on 16th August, 2010

# Resigned on 30th May 2010

On August 16, 2010 Board is reconstituted as under:

Sr. No.	Name	Designation
1	Mr. B. K. Goenka	Chairman
2	Mr. Ashok Khurana	Director
3	Mr. Nirmal Gangwal	Director
4	Mr. Yogesh Verma	Director
5	Mr. Shailesh Vaidya	Director
6	Mr. Apurba Kumar Dasgupta	Director

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

6 meetings of the Board of Directors were held during the financial year 2009-10 on the following dates: 31st May 2009, 30th June 2009, 31st July 2009, 31st October 2009, 30th January 2010 and 18th March 2010.

### 3. AUDIT COMMITTEE

#### a) Terms of Reference:

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

#### b) Composition:

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

On August 16, 2010 Audit Committee is reconstituted under:

Name of the Member	Designation
Mr. Nirmal Gangwal	Chairman
Mr. Shailesh Vaidya	Member
Mr. A. K. Dasgupta	Member

#### c) Meetings and Attendance during the financial year 2009-10:

5 meetings of the Audit Committee were held during the financial year 2009 – 10 on following dates : 30th May 2009, 30th June 2009, 31st July 2009, 31st October, 2009 and 30th January 2010.

The attendance at the Committee meetings held during the financial year 2009-10 was as under:

Name of the Member	Designation	Number of Meetings during attended financial year 2009-10
Mr. Mayur Parikh*	Chairman	5
Mr. Ashok Gandhi*	Member	5
Mr. C. Mohanan*	Member	1

\* ceased to be member of Committee w.e.f. 16th August, 2010

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

### 4. REMUNERATION COMMITTEE

#### a) Terms of Reference:

The Company has duly constituted Remuneration Committee consisting of Non-Executive, Independent Directors. The Remuneration Committee recommend the appointment, re-appointment and remuneration payable to Executive Directors. During 2009-10, no meeting of Remuneration Committee was held.

#### b) Composition of Remuneration Committee:

On 16th August, 2010 Remuneration Committee is reconstituted as under:

Name of the Member	Designation
Mr. Nirmal Gangwal	Chairman
Mr. Shailesh Vaidya	Member
Mr. A. K. Dasgupta	Member

#### c) Remuneration Policy:

The non-executive/ independent Directors are not paid any other remuneration except sitting fees for attending meetings of Board of Directors and Committee Meetings. The sitting fee for attending the Board meeting is Rs. 15,000 and for attending committee meeting was Rs. 5000 which is approved by Board of Directors in the meeting dated September 17, 2004 and by the shareholders in the Extra-ordinary General Meeting dated October 11, 2004.



**d) The Remuneration paid to Non Executive Directors during the financial year 2009-10 is as under:**

Name of Non Executive Director	Sitting Fees for Board Meetings	Sitting Fees for Committee Meetings	Total
Mr. Ashok Gandhi	Rs. 75,000	Rs. 25,000	<b>Rs. 100,000</b>
Mr. Mayur Parikh	Rs. 90,000	Rs. 25,000	<b>Rs. 115,000</b>
Mrs. Dipti Shah	Rs. 75,000	Rs. 20,000	<b>Rs. 95,000</b>
Mr. Sanjay Mehta	Rs. 45,000	NIL	<b>Rs. 45,000</b>
Mr. Nirmal Gangwal	Rs. 15,000	NIL	<b>Rs. 15,000</b>

**e) Executive Directors' compensation:**

The Executive Directors are paid salary and perquisites as per the rules of the Company. There is no variable component in the remuneration package of the directors. The details of remuneration paid to Executive Directors during the financial year 2009 -10 is as under:

Name of Executive Director	Salary + Perquisites
Mr. Ashok Khurana	Rs.100,00,000
Mr. Amit Khurana	Rs.100,00,000
Mrs. Manju Khurana	Rs.75,00,000
Mr. C. Mohanan	Rs.8,00,000

**5. SHAREHOLDERS' AND INVESTORS' GRIEVANCE COMMITTEE**

**a) Terms of Reference:**

The Shareholders' and Investors' Grievances Committee looks into the redressal of shareholders' complaints like non-receipt of Annual Report, non-receipt of dividends, revalidation of dividend warrants etc. The complaints are reported to the Board on quarterly basis and the status of the complaints pending at the beginning of the quarter, received during the quarter and resolved or pending at the end of the quarter, are published along with the Quarterly Unaudited Financial Results of the Company as a note thereto. Mr. Bharatsinh C Parmar, Company Secretary was the Compliance Officer for the Year 2009-2010, who resigned w.e.f. March 03, 2010. Ms Susheela Maheshwari has joined as Company Secretary w.e.f. January 18, 2010 and is also the Compliance Officer now. A total of 4 Investors' grievances were received by the Company during the year under review and all of them were resolved to the satisfaction of the shareholders. None of the complaints were pending at the end of the financial year.

**b) Composition:**

On August 16, 2010 Shareholders' and Investors' Grievances Committee was reconstituted as under:

Name of the Member	Designation
Mr. Shailesh Vaidya	Chairman
Mr. B K Goenka	Member
Mr. Yogesh Verma	Member

**c) Meetings and Attendance during the financial year 2009-10:**

4 meetings of the Shareholders' and Investors' Grievances Committee were held during the financial year 2009 – 10 on following dates: 30th June, 2009, 31st July 2009, 31st October, 2009 and 30th January 2010.

Name of the Member	Designation	Number of Meetings attended
Mrs. Dipti Shah	Chairperson	4
Mrs. Manju Khurana	Member	4
Mr. C. Mohanan	Member	NIL

**6. GENERAL BODY MEETINGS**

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

Annual General Meeting	15 <sup>th</sup> Annual General Meeting	14 <sup>th</sup> Annual General Meeting	13 <sup>th</sup> Annual General Meeting
Day & Date	Wednesday, September 30, 2009	Tuesday, September 30, 2008	Saturday, September 29, 2007
Time	9.00 a.m.	9.30 a.m.	4.30 p.m.
Venue	Vanijya Bhavan, Race Course, Vadodara	Vanijya Bhavan, Race Course, Vadodara	Vanijya Bhavan, Race Course, Vadodara
Special Resolution Passed	—	Sec.198, 269, 309, 310 & 311 for all Executive Directors	Sec.198, 269, 309, 310 & 311 for all Executive Directors Sec. 293 (1) (d) Sec. 293 (1) (a)

No Special Resolutions were passed by Postal Ballot during the last three years.

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

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

**b) Disclosures by Management to the Board:**

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

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

For related party transactions, refer Note no.18 of Notes to Accounts (Schedule 8) annexed to Balance Sheet and Profit & Loss Account.

**b) Non Compliance:**

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

**c) Whistle Blower Policy:**

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

**d) Code of Conduct:**

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

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

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

B. K. Goenka  
Chairman

**e) Certification by Chief Finance Officer:**

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

**f) Secretarial Audit:**

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



**g) Brief resume of Director being appointed / re-appointed:**

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

**h) Accounting Standard:**

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

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

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

## 9. MEANS OF COMMUNICATION

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

## 10. GENERAL SHAREHOLDER'S INFORMATION

**a) Annual General Meeting:**

The Sixteenth Annual General Meeting of the Company will be held on Tuesday, November 30, 2010 at 11.00 a.m. at Vanijya Bhavan, Race Course, Vadodara - 390 007.

**b) Financial year:**

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

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

II Qtr Results (Jul- Sep)	End of October, 2010
III Qtr Results (Oct-Dec)	End of January, 2011
IV Qtr Audited Results	End of April/May 2011
I Qtr Results (10-11)(Apr-June)	End of July, 2011

**c) Date of Book Closure:**

The Company's Register of Members and Share Transfer Books will remain closed from November 22, 2010 to November 30, 2010 (both days inclusive).

**d) Dividend Payment Date:**

Dividend, if declared in the Annual General Meeting, will be paid within 30 days of the date of declaration to those members whose name appears on the Register of Members on 30 November, 2010.

**e) Listing on Stock Exchanges:**

The Company's Equity Shares are listed on the following Exchanges, listing fees were paid for the Financial Year 2010-11 to all the Stock Exchanges.

National Stock Exchange of India Limited (NSE)  
'Exchange Plaza',  
Bandra Kurla Complex,  
Bandra (E),  
Mumbai-400 051.

Bombay Stock Exchange Limited (BSE)  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai-400 001.

Vadodara Stock Exchange Limited (VSE)  
Fortune Tower,  
Sayajigunj,  
Vadodara-390005

Security Codes :

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

NSE : MSKPROJ  
BSE : 532553

ISIN of the Equity Shares of the Company: INE625G01013



f) Market Price Data:

High Low and Volume data of Shares of MSK Projects (India) Limited on BSE and NSE during the financial year 2009-10

MONTH	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April 2009	50.00	38.00	924,962	51.00	38.00	57,925
May 2009	83.60	42.45	2,564,660	83.60	41.20	116,435
June 2009	97.65	79.20	1,925,374	97.75	79.70	98,920
July 2009	89.90	73.25	1,051,614	89.50	72.60	43,754
August 2009	90.60	70.00	1,386,335	91.10	71.15	96,239
September 2009	96.35	78.10	2,641,897	96.40	79.00	152,333
October 2009	107.00	83.25	3,467,458	107.00	84.25	212,147
November 2009	108.50	7.00	1,708,386	108.40	77.00	100,891
December 2009	111.30	89.20	3,838,705	111.50	87.55	246,760
January 2010	131.00	103.05	8,473,065	131.75	102.80	666,035
February 2010	123.80	110.10	2,448,401	125.00	105.15	171,525
March 2010	167.95	114.70	34,799,961	167.70	115.75	2,417,304

Source: respective websites of BSE and NSE.

g) Performance in comparison to broad based Indices:

Chart - I Comparison of MSK's Equity Share and BSE's SENSEX

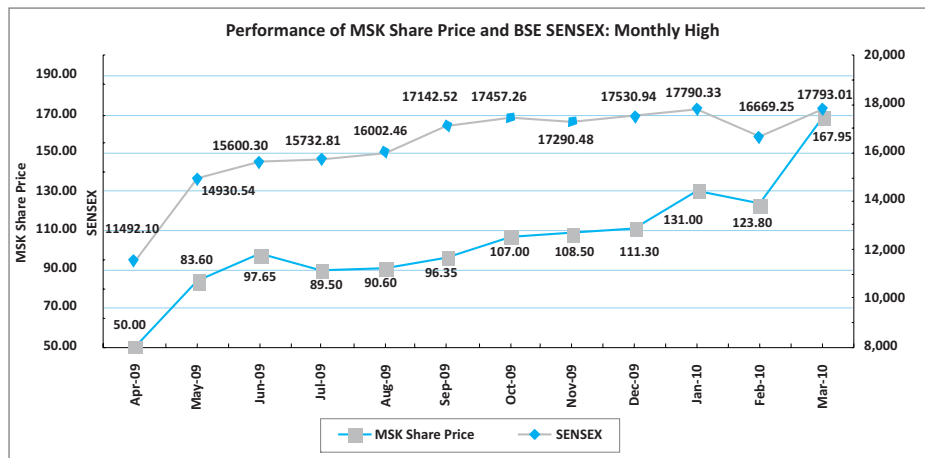
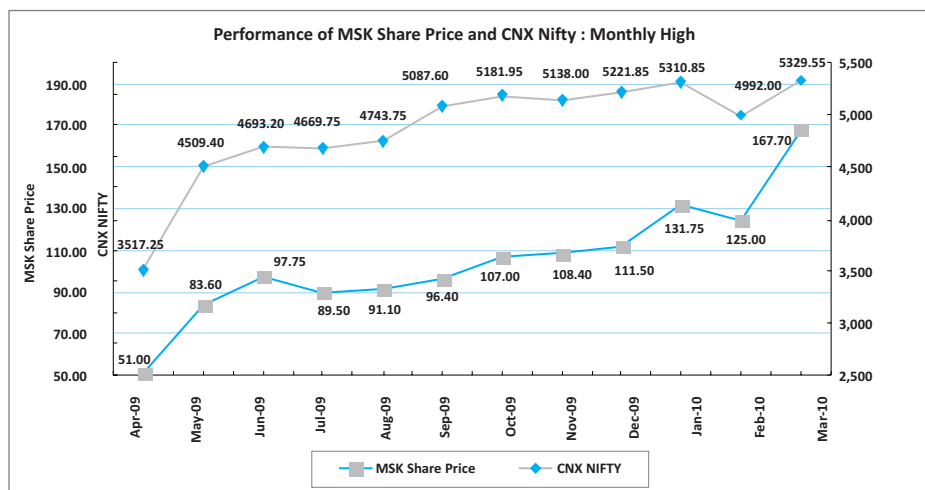


Chart -II Comparison of MSK's Equity Share and NSE's CNX Nifty



**h) Registrar & Share Transfer Agent:**

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

M/s Purva Sharegistry Private Limited Purva Sharegistry (India) Private Limited  
Unit No. 9, Shivshakti Industrial Estate,  
J. R. Boricha Marg, Opp Kasturba Hospital Lane,  
Lower Parel (E) Mumbai 400 011

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

**i) Share Transfer System and Dematerialization:**

A Registrar and Transfer agent registers shares sent for transfer in physical form within 15 days of the receipt of the document. The Company's shares are transferable in electronic mode. As on March 31, 2010, 86 830 equity shares were in physical form being 0.38% of the total Equity Shares.

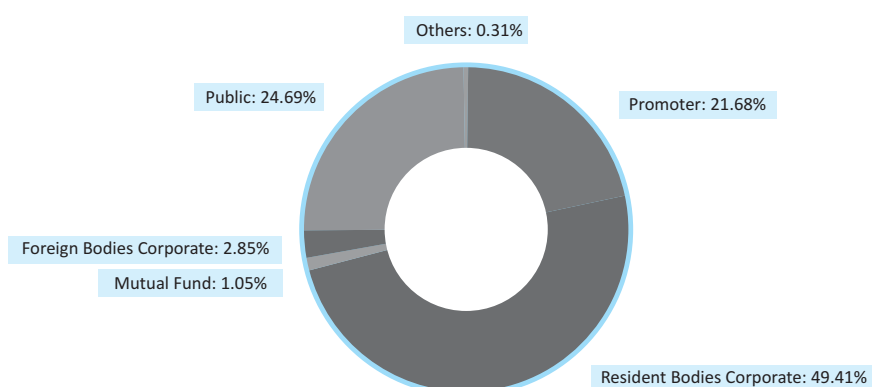
**j) Distribution of Shareholding as on March 31, 2010:**

Nominal Value	Number of Shareholders	% of Total Shareholders	Value in Rs.	% of Total Value
Upto 5,000	6900	85.06	9,704,950	4.25
5,001 - 10,000	537	6.62	4,422,030	1.94
10,001 - 20,000	252	3.11	4,008,870	1.76
20,001 - 30,000	92	1.13	2,362,820	1.04
30,001 - 40,000	58	0.71	2,120,690	0.93
40,001 - 50,000	60	0.74	2,848,040	1.25
50,001 - 100,000	87	1.07	6,422,890	2.81
1,00,001 and above	126	1.55	196,320,830	86.03
<b>Total</b>	<b>8,112</b>	<b>100.00</b>	<b>228,211,120</b>	<b>100.00</b>

**k) Shareholding Pattern as on March 31, 2010:**

Sr. No.	Category	No. of Shares	Percentage of holding
1	Promoter Group	4,948,495	21.68
2	Resident Bodies Corporates	11,276,892	49.41
3	FII/Mutual Funds	240,160	1.05
4	Foreign Body Corporates	649,566	2.85
5	Public	5,634,492	24.68
6	Others (including NRIs)	71,507	0.31
	<b>Total</b>	<b>22,821,112</b>	<b>100.00</b>

**Distribution of shareholding as on 31.03.2010**



**l) Site Locations:**

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

**m) Address for Correspondence:**

Compliance Officer  
MSK Projects (India) Ltd.,  
707-708, Sterling Center,  
R. C. Dutt Road,  
Alkapuri,  
Vadodara- 390 005  
email: [susheela\\_maheshwari@welspun.com](mailto:susheela_maheshwari@welspun.com)

**AUDITORS' CERTIFICATE ON REPORT OF CORPORATE GOVERNANCE****To the Members of****MSK Projects (India) Limited**

We have examined the compliance conditions of Corporate Governance by MSK Projects (India) Limited for the year ended 31st March, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Vadodara Stock Exchange Limited.

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

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

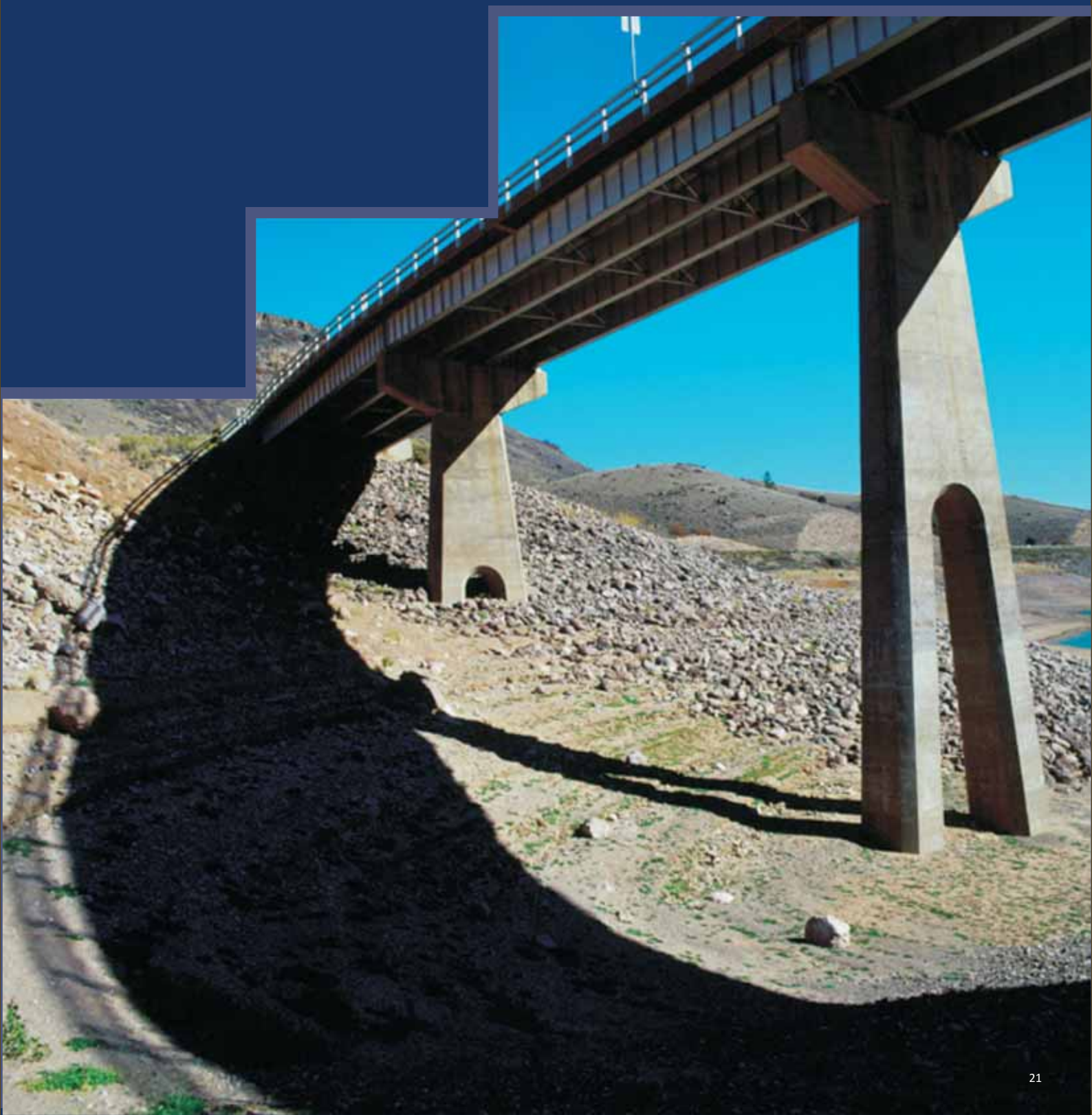
We further state that such compliance is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place: Vadodara  
Date: 16.08.2010

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

# Climbing to the Top





## MANAGEMENT DISCUSSION AND ANALYSIS

*The Management Discussion and Analysis (MD&A) should be read in conjunction with the Audited Financial Statement of MSK Projects (India) Ltd ("MSK" or the "The Company"), and the notes thereto for the year ended 31 March, 2010. This MD&A covers MSK's financial position and operations for the year ended 31 March, 2010. Amounts are stated in Indian Rupees unless otherwise indicated. The numbers used in the analysis are on a standalone basis; the corresponding number for the previous year has been regrouped and reclassified, wherever necessary.*

### Forward-Looking Statements

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



**“MSK's experience in development of BOT projects and strong EPC capabilities, combined with Welspun's strategic focus on Infrastructure development business in the Water and Oil & Gas pipelines sectors will result in significant benefits for both companies, by expanding the value chain of their services.”**

### Yogesh Verma

CEO & Executive Director,  
Welspun Infratech Ltd.

## 1. BUSINESS OVERVIEW

MSK Projects (India) has an experience of over 3 decades in the construction industry including Projects in Roads, Industrial Construction and owning several BOT (Build, Operate and Transfer) assets. The Company has gained various types of works such as mass housing & township, multi-storied buildings, Industrial building projects in fertilizer and petrochemicals sector, water transmission projects and water retaining structures, and has successfully executed them. MSK Projects (India) Limited aims to build on this concrete foundation with an objective of attaining new heights of success.

Welspun Infratech Ltd (a subsidiary of Welspun Corp Ltd) owns 61.12% in MSK Projects (India) Ltd as on 16th August 2010. The rationale behind this combination is MSK's rich experience in the infrastructure development with strong EPC capability in key sectors across the country and also Welspun's focus on Infrastructure sector - especially in oil and gas pipelines and water sector.

- Welspun Infratech has subscribed to 17,178,888 equity shares of Rs. 10/- each of MSK at an issue price of Rs.123/- per share on 27th April, 2010, thereby infusing Rs. 2,111.9 mn in the company. This has resulted in paid up equity share capital going up from 22,821,112 shares to 40,000,000 shares. This has resulted in increase in the Net worth of the company by Rs.2,111.9 mn and corresponding cash shall be available for business growth in the company.
- Further, pursuant to the open offer triggered, inter alia, by the Share Subscription Agreement, on 16th June, 2010 Welspun Infratech acquired 180 equity shares of MSK tendered under the open offer at a price of Rs.130.50 per equity share.
- The balance 72,69,352 shares have been acquired from the promoters of MSK and others shareholders.

## 2. ECONOMY AND INDUSTRY SCENARIO

Despite a challenging global economic environment, India's GDP grew at 7.2% in FY10. It is expected to grow further at 8.5% in FY11 as per the Economic Survey of India. The disposable income in India is also expected to increase significantly over the next decade. India's economy is on the fulcrum of an ever-increasing growth curve. With positive indicators such as stable 8-9 percent overall annual growth, rising foreign exchange reserves and rapidly expanding FDI inflows, India has emerged as the second fastest growing major economy in the world after China.

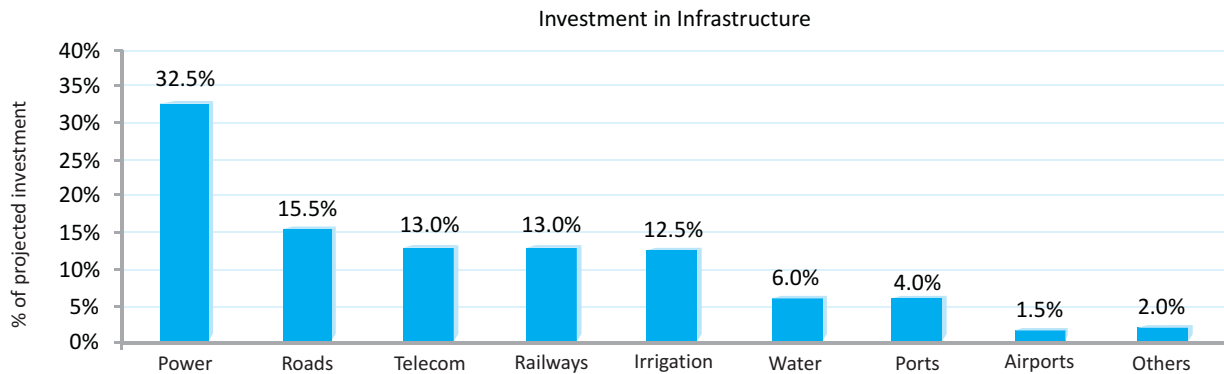
Growth of the infrastructure sectors is a critical pre-requisite for a sustainable growth of the economy. Investments into these sectors have accounted for a major share of public spending for most of the last fifty years. Infrastructure investment in India is set to grow dramatically.

Adequate, cost-effective and quality infrastructure is crucial for economic growth and development. It also affects international competitiveness and flow of direct international investments. The ongoing economic reforms, thus, attach a high priority to the better utilization of existing infrastructure assets and fresh development also, in order that existing bottlenecks do not inhibit the overall economic growth and export dynamism.

The responsibility of creating infrastructure services has been, until recently, given to the public sector, which has been beset by various problems. To achieve greater efficiency and accountability in these sectors, the government has introduced structural reforms to encourage private participation and competition in infrastructure services. These reform measures have triggered immense opportunities for private investment in these sectors.

## 3. INDIA—INFRASTRUCTURE

India, Asia's third-largest economy, expects to invest about USD 500 billion in infrastructure, mainly in power, telecommunications, roads, railways and oil pipelines, in the XI Plan (ending March 2012) and USD 1000 billion in the XII Plan. Infrastructure investment is relatively low compared with some countries in Asia. Currently, investment in infrastructure is around 7.25% of GDP, with plans to increase this to about 9% at the end of the XI Plan. Private investment will likely contribute 36%, or USD 186 billion, to total infrastructure investment by the end of the 2008-2012 five-year Plan, up from 25% for the 2002-2007 period.



Source: Planning Commission

The policies of the Indian Government, which have been evolving very rapidly in recent years, continue to encourage the private sector in taking on a larger and more diverse role – from being an infrastructure builder (under a publicly financed arrangement) to an infrastructure developer (under PPP structures which include private finance). These developments have led to a large number of infrastructure projects to open up as opportunities for the private sector. A glimpse of some of the sectoral potential is detailed below:

#### A ROADS – IMMEDIATE AND SIGNIFICANT OPPORTUNITY

Road connectivity, linking the regions of demand and supply, forms the very basis of economic and social development, a fact recognized by the Government and reflected in its spending. Currently, at 3.3 million km, India's road network is the second largest in the world. The National Highways span a length of 70,548 km, state highways 131,899 km, major district roads 467,763 km and rural roads 2,650,000 km. Despite the importance of roads to the Indian economy, the road network in India is grossly inadequate in capacity.

Only 14 per cent of national highways, and one per cent of state highways are four-lane. Further, about 59 per cent of the national and 22 per cent of state highways are double-lane. (Source: Road Sector outlook 2010). National Highways Authority of India (NHAI) has identified 10 mega projects (in the range of 400-700 km) aggregating to development of about 4,923 km. While the award of projects has quickened, the implementation of projects needs to be expedited if the Government's target of building over 35,000 km of highways in a 5-year period, or 20 km per day, is to be achieved. More attention needs to be paid to the monitoring of projects.

Major targets for road development have been set for the next four-five years. The Eleventh Five-Year Plan accords high priority to expeditious completion of the balance works under Phases I, II, and III-A of the NHDP. The Union Government also plans to initiate work for two-laning of 6,800 km of identified stretches under Phase IV through the BOT (toll) format. The Road Transport and Highway Ministry (MoRTH) plans to construct 129,707 km of new rural roads and upgrade 100,740 km of existing rural roads in the Eleventh Plan period. The MoRTH has set a target to award projects to develop 15,000 km of highway during 2010-11.

For the next three years, investment projections of about US \$70 billion have been made for national highway development, of which the private sector will contribute about US \$40 billion.

#### B WATER – URBAN AND RURAL

As per the 2001 Census, the urban population of the country was 286.11 million, constituting 27.8% of the total population. It has been estimated that there would be an increase of additional 78 million people to the total urban population by 2011. This magnitude is bound to lead to massive problems in managing already over-strained mega / million plus cities. Rapid Industrialization has put increasing pressure on urban areas. There has been a dramatic increase in urban population, which has resulted in serious infrastructure constraints.

Private sector participation is envisaged for operations and management of water and wastewater networks. Water supply in urban areas is characterized by high coverage, but poor delivery – for instance, no city in India has 24/7 supply of water, with average supply lasting only for 4-5 hours. 20-50% of pumped and treated water lost during distribution. On the wastewater treatment side, only 27% of domestic, and 60% of industrial wastewater treated; even New Delhi treats less than half its wastewater before discharge.

In order to improve the sanitation levels and also to make water available to the common man, the Government of India (GOI) launched the reform linked Jawaharlal Nehru National Urban Renewal Mission (JNNURM) along with Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) in December 2005. The total outlay for the Urban Infrastructure and Governance component of JNNURM is Rs. 315 bn for the mission period 2005-2012. Water and sanitation sector which covers water supply, sewage, solid waste management and storm water drainage accounts for about 73.4 % of the total number of projects sanctioned under JNNURM as on date and 80.8% of the total cost of projects sanctioned. In the absolute terms, the number of such projects sanctioned is 340 out of a total of 463 projects sanctioned under the scheme.

#### C OIL & GAS PIPELINES – EMERGING

At the time of independence, natural gas in India started with a negligible part in the total energy basket. Presently it has grown to about 160 million standard cubic meters per day (MMSCMD). The major domestic producers of natural gas are Reliance Industries Limited, Oil & Natural Gas Corporation Limited (ONGC), Oil India Limited (OIL) and JVs of Tapti, Panna-Mukta and Ravva. The Government has also offered blocks under New Exploration Licensing Policy (NELP) to private and public sector companies with the right to market gas at market determined prices. New explorations along with favorable policies of the Government would increase the demand for gas transportation infrastructure.

Major oil & gas pipeline players, GAIL, GSPL and RGTIL (Reliance Gas Transportation Infrastructure Ltd.) plan to lay around 13,066 km of pipelines over the next 3-4 years. At a rate of 200 tonnes/km and conversion rate of US\$ 1200/tonne, these three players are expected to create a total business potential of US\$ 3.2 bn. GAIL currently has total gas pipeline length of 7,220 km across India and by FY13, it is planning to take it to 13,825 km with total capital expenditure of around US\$ 2.7 bn. This sector is expected to get a boost from the following:

- **Formation of the Petroleum & Natural Gas Regulatory Board to give a boost to trunk pipelines**

The Petroleum & Natural Gas Regulatory Board (PNGRB) was formed by an Act of Parliament in 2006. The Board was assigned to be the nodal agency to regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum, petroleum products and natural gas excluding production of crude oil and natural gas. With the setting up of the PNGRB and new gas finds on India's eastern coast, heavy investment is being lined up for laying pipelines across the country. As per plans, the length of trunk pipelines is set to triple to 33,000 km in the next 4-5 years. The PNGRB is currently evaluating Expression of Interests (EOI) from various companies for about 26 per cent of proposed pipe length and has already invited EOI for around 2,500 km of the total capacity.

- **City Gas Distribution set to take-off**

The PNGRB issued a number of regulations pertaining to pipeline and CGD such as exclusivity, open access, tariffs, common carrier principle and approval for new projects. PNGRB is expected to aggressively auction out licenses for City Gas Distribution (CGD) networks in about 200 cities. In the first round of bidding, PNGRB issued licenses for CGD networks in 6 cities (Sonapat, Meerut, Kakinada, Dewas, Kota and Mathura). In the next round bids for 7 cities invited. Eight cities will be up for bidding in the third round.

- **Liquefied Natural Gas (LNG) terminals projects**

India is importing LNG, which provides energy security to the country. Players like Petronet LNG Limited, Shell and others have created and are creating large LNG terminals at various locations across the country (like Dahej, Hazira, Dabhol, Kochi, Ennore).

#### 4. INFRASTRUCTURE SECTOR – A SWOT ANALYSIS

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Huge investment in the infrastructure sector is expected to be around US\$ 500 billion during the Eleventh Five Year Plan (2007-12).</li> <li>• Infrastructure is a key economic enabler for development</li> </ul>	<ul style="list-style-type: none"> <li>• Evolving policies</li> <li>• Shortfall in contracting capacity of players</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• Private sector to contribute 30% of total infrastructure investment</li> <li>• Public Private Partnerships will bring further opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Aggressive biddings</li> <li>• Execution capability of players</li> <li>• Political environment and security conditions</li> </ul>

#### 5. MSK PROJECTS (INDIA) LTD – A SWOT ANALYSIS

##### STRENGTHS

###### Project execution skills

The projects successfully executed in the past and the experience that MSK has gained over the span of its journey since 1976 have developed it from a partnership firm to a major player in the Construction Industry. The Company has executed many projects in the road and industrial construction segment, where maximum investment is envisaged in the coming years, placing it ahead of other competitors with ability to bid for the upcoming projects in India.

###### Strong clientele base

The key Client relationships and pre-qualifications shall be of immense importance. Some of the major clients include National Highway Authority of India (NHAI), Madhya Pradesh Road Development Corporation Limited (MPRDC), Hindustan Petroleum Corporation Limited (HPCL), Guru Gobind Singh Refineries Limited (GGSRL), Bharat Petroleum Corporation Limited (BPCL), Indian Oil Corporation Ltd (IOCL), Madhya Pradesh Road Development Authority (MPRDA), Gujarat State Road Development Corporation Limited (GSRDC), Punjab Infrastructure Development Board (PIDB), Madhya Pradesh State Industrial Development Corporation Limited (MPSIDC).

###### Strong Order Book

The strong Order book of Rs. 5,520 mn as on 30th May 2010 detailed below:

Order Book Position: <span style="float: right;">(Rs. in mn)</span>	
Type of Project	Work in Progress (As on 30/05/2010)
Residential Projects	1,500
Commercial Projects	180
Industrial Projects	3,840
<b>Total</b>	<b>5,520</b>

###### Portfolio of BOT assets and Experience of executing various types of projects

MSK has created a portfolio of BOT assets in Water, Roads and Bus Terminals. This shall enable the company to participate and do EPC business for newer projects.

###### Extensive breadth of Projects across the following categories

- Civil Works for Power Plants, Oil Refineries, Factory Complexes, Pharmaceutical Plant, Gas Lift Facilities, Gas Station Control Rooms, Fire Proof structures and Storage Tanks etc.
- Major projects in Industrial townships, residential projects, commercial projects and institutional infrastructure like schools, hospitals etc.
- Major Industrial Jobs in IOCL, BORL, HMEL

**Professionally managed company with an experienced management team & skilled employee base**

The Company management team consists of individuals with strong academic backgrounds related to the industry. They hold qualifications in engineering, architecture, business management and accounting. In addition, the management team has considerable experience of the infrastructure sector with some members of this team having worked in the industry for over 2 decades. Members of management have other diverse skills which have helped us develop further.

**WEAKNESSES**

- Ability to scale up for mega projects, which needs to be built.

**OPPORTUNITIES**

Today, India is one of the fastest growing economies in the world and has also remained the centre of attraction for investment. The Economy is witnessing a transition from mainly an agriculture based economy to a service sector led economy. The Indian Construction Industry has robust growth opportunities in India, especially with the continuous support from government for Infrastructure Development, more and more projects are being awarded on Public Private Partnership (PPP) basis through Build Operate and Transfer (BOT).

The transportation sector i.e., Roads will be the main growth driver for the Construction Industry in the coming years as majority of Indian Roads need to be strengthened as envisaged by the NHD Programme of National Highways Authority of India (NHAI).

Other segments like Hydro power projects, Water Supply and Waste Management, Housing, SEZ development also provide good opportunities in the coming future, as a good amount of investments are also expected in these sectors.

With the company coming under the fold of Welspun Group, the possibility to participate and execute large scale projects is much easier.

**THREATS / CONCERNS**

The major concern today for the Construction Industry is the rising crude oil prices and its effects over the basic raw materials used in the Industry i.e. Steel, Cement and Bitumen in terms of increasing prices leading to cost overruns, thus making projects unviable. The major impact would be on fixed cost projects without a cost escalation clause. Majority of the projects would have a cost escalation clause, but the increased prices of raw materials may have an adverse effect on margins.

**6. MSK – STRATEGY**

• **Focus on EPC; Target growth at a faster pace**

The Company will focus more on the EPC business in India that will contribute towards better margins and company's strong foothold in the infrastructure sector.

• **Strengthen systems and processes**

The company will continue to introduce new system and processes to cater to this growing sector and shall cater to the standards as demanded by the existing and new clients. Aligning processes with Welspun Group's Corporate practices and adopt relevant industry best practices across all processes.

• **Leverage its existing approvals with clients**

The company will add to its existing list of approvals from its marquee clients across the India and will consolidate on its existing market share with focus on its quality work and services to its clients.

• **Build relationships with partners**

Associate with specialist organizations for Joint-Ventures across sectors.

• **Utilize its assets and equipments to the best of its capabilities to cater this growing sector**

The company will utilize its assets and technical knowhow to the best possible manner to cater to the infrastructure sector.

• **Focus on Pipe Laying and Leverage Welspun's Association**

Focus on Pipe laying projects by leveraging association with Welspun's business. The company shall also target to leverage Welspun's association for taking up larger projects based on stronger financial capability and opportunity to do in-house projects as well.

**7. HUMAN RESOURCE POLICY**

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

**8. OUTLOOK**

The Outlook for the company remains positive with continued thrust of the Government of India to build Infrastructure across the country. The Company shall target to enter newer segments like Hydro Power, SEZ, Waste Management etc, with fresh infusion of capital by Welspun and its association shall enhance financial the capability of the company to do larger projects. However, the challenges of implementation of projects in a cost-effective manner in a competitive business environment shall remain.

**9. INTERNAL CONTROL AND THEIR ADEQUACY**

The Company has proper internal control mechanism in operation, which is commensurate with the size of the Company and the Management is vigilant enough to upgrade and take adequate measures to maintain the controls.

## DISCUSSION OF FINANCIAL PERFORMANCE

The discussion of the Financial Performance and Analysis below relates to the standalone audited financial statements of MSK Projects (India) Ltd. The discussion should be read in conjunction with the standalone financial statements and the related 'Notes to the Accounts' for the year ended March 31, 2010.

### KEY FINANCIAL DATA (Profit & Loss a/c for the year ended March 31, 2010)

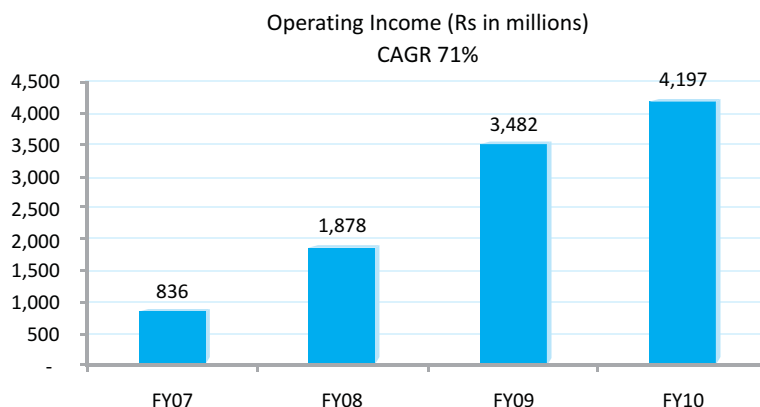
(Rs. in millions)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009	Growth
Contract Receipt	3,899	3,178	22.67%
Toll Collection	298	304	-1.72%
<b>Operating Income</b>	<b>4,197</b>	<b>3,482</b>	<b>20.54%</b>
Other Income	36	44	-17.40%
Change in WIP	42	81	-48.60%
<b>Expenditure</b>			
Materials Consumed and Site Cost	2,595	2,355	10.21%
General and Administration Expenses	656	465	40.94%
<b>Reported EBITDA</b>	<b>1,024</b>	<b>787</b>	<b>30.12%</b>
Amortisation on Build, Operate and Transfer	161	139	15.84%
Contract Project Expenses			
Depreciation	114	102	11.11%
<b>Earning before Interest and Taxes</b>	<b>750</b>	<b>546</b>	<b>37.31%</b>
Finance and Bank Charges	315	272	15.72%
<b>Profit before Taxes</b>	<b>435</b>	<b>274</b>	<b>58.77%</b>
Taxes	(147)	(37)	298.91%
<b>Profit after Taxes</b>	<b>287</b>	<b>237</b>	<b>21.33%</b>

## 1. REVENUE

### a. Operating Income

The Company's revenue is primarily generated from the various projects under Construction. Income from Civil contracts (net of Service Tax) is Rs. 3,898.80 mn which has grown up by 22.67 % during the FY10 on account of various projects been undertaken. It constitutes 93% of the total Operating Income. Toll Collection at Rs. 298.49 mn in FY10 includes income generated in the form of Toll charges from various BOT Assets.



### b. Other Income

Other Income is Rs. 36.29 mn in FY10 which primarily includes Interest income of Rs. 27.53 mn, Unclaimed liabilities written back of Rs. 3.57 mn and Profits on Sale of fixed assets of Rs. 2.11 mn.

## 2. EXPENDITURE

### a. Material Consumed and Site Cost

In FY10, the material consumed and site cost was Rs. 2,595.29 mn i.e. 62% of the Operating Income while in FY09 it was Rs. 2,354.93 mn i.e. 68% of the operating income. The said reduction in % terms can be attributable to higher growth in Operating Income as well as efficient management of the resources. The Material consumed and Site cost in FY10 primarily includes purchases and expenses of Rs. 2,006.87 mn along with earth work charges of Rs. 167.67 mn, payment to site worker of Rs. 78.62 mn and road work charges of Rs. 66.71 mn.

In FY10 and FY09, material cost and site expenses pertaining to the bill raised to subsidiary and joint ventures of Rs. 6.47 mn and Rs. 124.18 mn respectively have been reduced from the total material and site cost.

### b. General and Administration Expenses

The general and administration expenses of Rs.655.78 mn in FY10 witnessed an increase of 40.94% vis-à-vis Rs. 465.30 mn in FY09. The same can be reflected by an increase in Salary and Bonus, Staff Welfare Expenses and Rates and Taxes. The general and administration expenses in FY10 primarily includes salary and bonus of Rs. 187.94 mn, staff welfare expenses of Rs.36.77 mn and rates and taxes of Rs. 113.28 mn.

### c. Finance Expenses (Net)

The interest cost in FY10 and FY09 is 8% of the operating income amounting to Rs. 314.92 mn and Rs. 272.14 mn respectively. It largely includes interest on term loan of Rs. 163.81 mn, other interest charges of Rs. 77.54 mn and Bank Charges of Rs. 73.56 mn in FY10. The outstanding amount of loan as on March 31, 2010 stands at Rs. 2,562.14 mn as against Rs. 2,457.64mn in FY09. The interest amount is up by 15.72% in FY10 largely on account of hike in interest rates.



#### d. Amortisation and Depreciation

The Amortisation of BOT contract project expenses in FY10 is Rs. 161.06 mn, up by 15.84% as compared to FY09.

The Depreciation expense in FY10 is Rs. 113.53 mn, up by 11.11% as compared to FY09.

The increase in both was on account of higher fixed assets base in FY10 as compared to previous year.

### 3. MARGINS

#### a. EBITDA

The EBITDA of Rs. 1,024.27 mn in FY10 figures registered a growth of 30.12% in FY10 as compared to Rs. 787.25 mn in FY09. The Current year has benefited with a robust growth in Operating Income along with a marginal increase in Material and Site cost. The EBITDA margin for the FY10 was 24% of the Operating Income as compared to 23% in FY10.

#### b. Profit before Tax (PBT)

The PBT stands at Rs. 434.84 mn registering a growth of 58.77% in FY10 as compared to FY09.

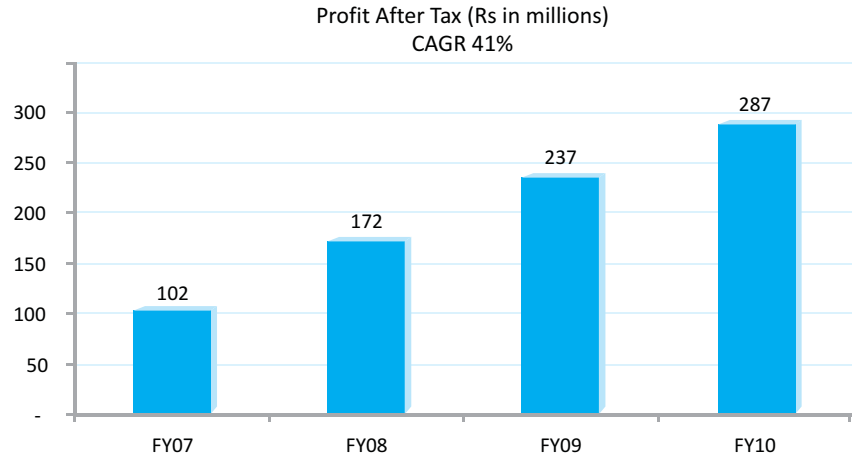
The PBT margin for the FY10 was 10% of the operating income as compared to 8% in FY09.

#### c. Taxes

Taxes in FY10 stands at Rs. 147.36 mn as compared to Rs. 37 mn in FY09. The sharp rise in FY10 was on account of more profits earned during the year FY10 along with the deferred tax liability of Rs. 55.09 mn in FY10 as compared to Rs. (1.47) mn in FY09.

#### d. Profit (Loss) after Tax (PAT)

The PAT registered a growth of 21.33% in FY10 as compared to FY09. The PAT in FY10 stand at Rs. 287.47 mn which is 7% of the operating income, depicting same level as compared to FY09.



### 4. TABLE: BALANCE SHEET

(Rs. in millions)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009	Change
<b>SHAREHOLDERS' FUNDS</b>			
Capital	228	228	-
Reserves and Surplus	2,763	2,531	231
	<b>2,991</b>	<b>2,759</b>	<b>231</b>
<b>LOAN FUNDS</b>			
Secured Loans	2,562	2,328	235
Unsecured Loans	-	130	(130)
	<b>2,562</b>	<b>2,458</b>	<b>105</b>
DEFERRED TAX LIABILITY (NET)	65	10	55
<b>Total</b>	<b>5,618</b>	<b>5,227</b>	<b>391</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	1,001	980	21
Less : Depreciation	412	307	105
Net Block	589	672	(83)
Build, Operate and Transfer Projects Expenditure	2,669	2,827	(158)
<b>Total</b>	<b>3,258</b>	<b>3,500</b>	<b>(241)</b>
INVESTMENTS	631	631	(0)
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	328	229	99
Sundry Debtors	1,176	876	300
Cash and Bank Balances	515	432	83
Loans, Advances and Other Current Assets	424	495	(71)
<b>Total</b>	<b>2,443</b>	<b>2,033</b>	<b>410</b>
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>			
Liabilities	664	907	(244)
Provisions	50	29	21
<b>Total</b>	<b>714</b>	<b>937</b>	<b>(223)</b>
<b>NET CURRENT ASSETS</b>	<b>1,729</b>	<b>1,096</b>	<b>633</b>
<b>Total</b>	<b>5,618</b>	<b>5,227</b>	<b>391</b>

## 5. NETWORTH

The Net worth of the Company stands at Rs. 2,990.87 mn as at March 31, 2010. The details of various heads of Net worth as at March 31 2010 are as under:

### a. Share Capital

The Issued, Subscribed and Paid-up Share Capital stands at Rs. 228.21 mn comprising of

- 22,821,112 Equity Shares of Rs. 10 each fully paid up.

### b. Reserves and Surplus

i) **Securities Premium account:** The Securities Premium account stands at Rs. 945.38 mn

ii) **Capital Reserve:** The Capital Reserve account stands at Rs. 828.72 mn. The said is on account of Cash Subsidy received from Madhya Pradesh Rajya Setu Nirman Nigam Limited for Hoshangabad - Harda – Khandwa and Raisen - Rahatgarh BOT Projects.

iii) **Amalgamation Reserve:** The Amalgamation Reserve created on amalgamation of MSK Infrastructure & Toll Bridge Pvt Ltd, MSK Highways Limited and Alfa Engicon Private Limited into MSK Projects (India) Ltd stands Rs. 52.11 mn.

iv) **General Reserve:** The General Reserve account stands at Rs. 32.17 mn.

v) **Profit and Loss account:** The Profit and Loss Account as on March 31, 2010 has a balance of Rs. 904.26 mn.

The Book Value of equity shares stands at Rs 131.06 per equity share as at 31st March 2010.

## 6. LOAN FUNDS

The Gross Debt as on March 31, 2010 stands at Rs. 2,562.14 mn as against Rs. 2,457.64mn in FY09 Major Components include:

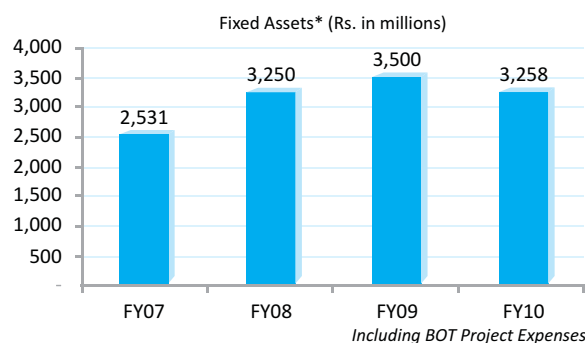
- Secured Term loan from bank for the purpose of:
  - BOT Projects to the tune of Rs. 1,306.98 mn
  - Working Capital requirements to the tune of Rs. 1,066.57 mn
  - EPC Contracts to the tune of Rs. 188.59 mn
- Unsecured loan from various companies amounting to Rs. 130 mn was paid off during the current year.

The Net Debts as on March 31, 2010 stands at Rs. 2,047.02 mn after reducing the cash of Rs. 515.12 mn.

## 7. FIXED ASSETS

Gross Block of Assets as at March 31, 2010, stands at Rs. 1,001.30 mn and net block stands at Rs. 589.26 mn after taking an effect of accumulated depreciation of Rs. 412.04 mn.

The capitalized expenditure on various water, road and other BOT projects as at March 31st, 2010 stands at Rs. 2,669 mn net of amortization.



## 8. INVENTORY

Inventory as on March 31, 2010 stands at Rs. 328.03 mn as compared to Rs. 229.49 mn in FY09. The inventory turnover day's stands at 46 days as compared to 36 days in FY09.

## 9. DEBTORS

Sundry debtors as on March 31, 2010 stand at Rs. 1,175.71 mn as compared to Rs.

876.08 mn in FY09. The outstanding amount due from the subsidiary companies stands at Rs. 207.96 mn in FY10. The debtor's turnover days stands at 102 during the year as compared to 92 days in FY09.

## 10. CASH AND BANK BALANCES

Cash and Bank balances as at 31st March 2010 stands at Rs. 515.12 mn as compared to Rs. 432.47 mn in FY09.

## 11. LOANS AND ADVANCES

The loans and advances is Rs. 423.79 mn as at 31st March 2010 as compared to Rs. 494.56 mn in FY09. Advance given to various suppliers of goods and services amounted to Rs. 243.66 mn in FY10 and Security deposits of Rs. 146.58 mn. Of the said loans and advances, Rs.7.15mn is given to the group companies i.e. Subsidiaries and Joint Ventures.

## 12. CURRENT LIABILITIES AND PROVISIONS

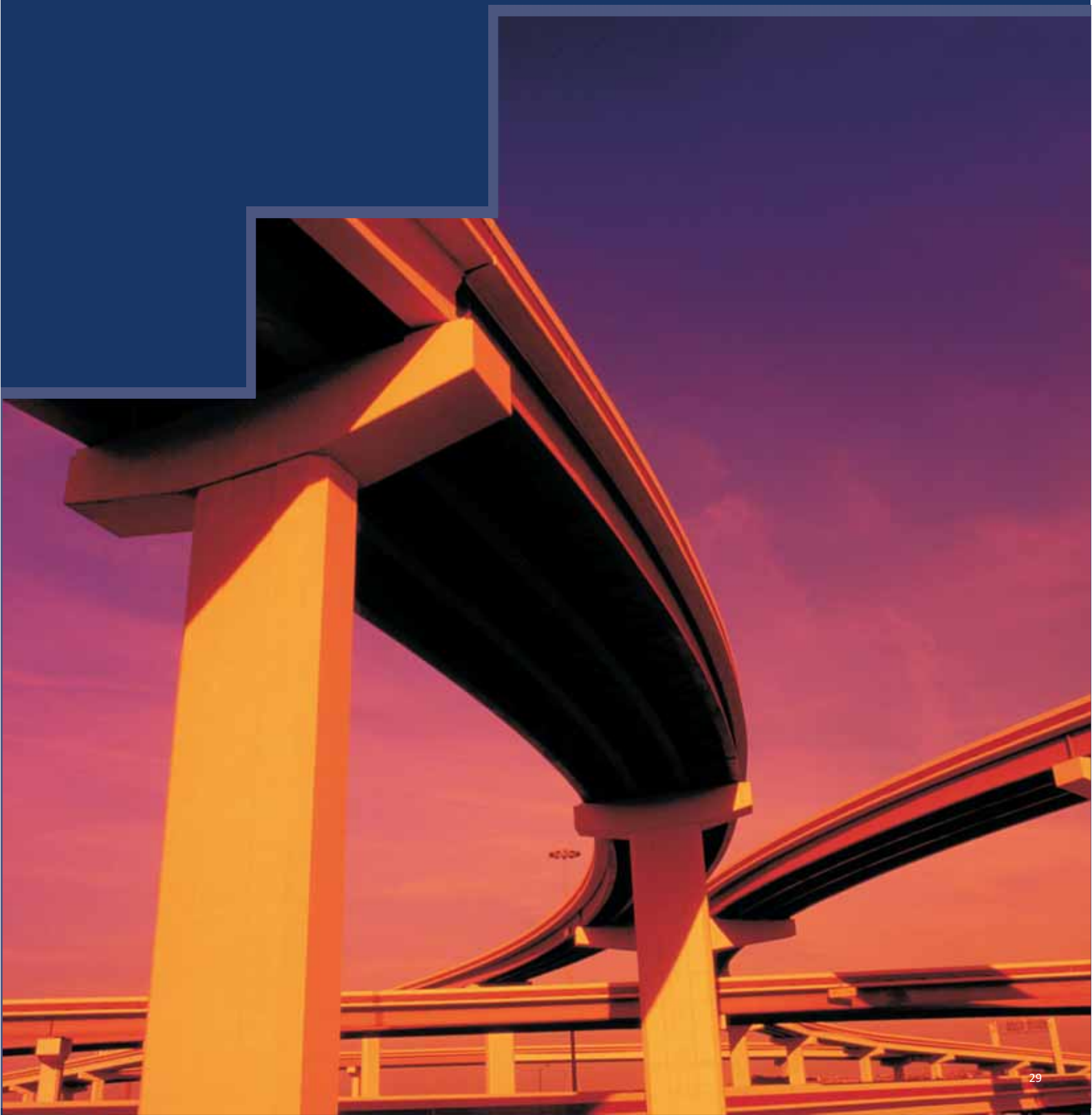
The current liabilities of Rs. 714.07 mn in FY 10 is largely on account of the sundry creditors of Rs. 395.19 mn, mobilization advance from customers of Rs. 104 mn and other liabilities of Rs. 164.70 mn. The creditor's turnover days stands at 100 days during the year as compared to 145 days during the FY09.

## KEY FINANCIAL INDICATORS

Particulars	Units	Year ended March 31, 2010	Year ended March 31, 2009
Net Sales (Operating Income)	Rs. in mn	4,197	3,482
EBITDA	Rs. in mn	1,024	787
EBIT	Rs. in mn	750	546
PAT	Rs. in mn	287	237
Net Worth	Rs. in mn	2,991	2,759
Total Loans	Rs. in mn	2,562	2,458
Net Debt/Equity Ratio	Times	0.68	0.73
Current Ratio	Times	3.42	2.17
EBITDA Margins	%	24.41%	22.61%
EBIT Margins	%	17.86%	15.68%
PAT Margins	%	6.85%	6.80%
Return on Capital Employed (EBIT/CE)	%	13.50%	10.47%
Return on Shareholders Fund	%	9.61%	8.59%
Inventory Days	Days	46	36
Debtors Days	Days	102	92
Creditors Days	Days	100	145
Net Operating Cycle (Inventory Days + Debtors Days - Creditors Days)	Days	48	-18

**Cautionary Statement:** Statements in the Management Discussion and Analysis describing MSK's objectives, projections and estimates are forward looking statements and progressive, within the meaning of applicable security laws and regulations. Actual results may vary from those expressed or implied, depending upon economic condition, Government policies and other incidental factors.

# Bridging Talent





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## AUDITOR'S REPORT

We have audited the attached Balance Sheet of **MSK PROJECTS (INDIA) LIMITED**, as at 31 March, 2010 and also the annexed Profit and Loss Account and the Cash Flow statement of the Company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together 'the Order') issued by the Central Government of India in terms of Section 227 (4-A) of the Companies Act, 1956, and on the basis of information and explanation given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. **Further and subject to our comments in the annexure referred to in paragraph 1 above.**
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
  - c) The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account of the Company.
  - d) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - e) In our opinion, subject to non compliance with the specified accounting standards relating to :-

*Disclosure of Cash Subsidy amounting to Rs.82.87 Crores received from Madhya Pradesh Rajyasetu Nirman Nigam Limited against BOT Projects under the head 'Reserve & Surplus' instead of deducting the same from the Project Cost as required by the Accounting Standard – 12 "Accounting for Government Grants" (See Note No. 15).*

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





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

*Disclosure of Cash Subsidy amounting to Rs.82.87 Crores received from Madhya Pradesh Rajyasetu Nirman Nigam Limited against BOT Projects under the head 'Reserve & Surplus' instead of deducting the same from the Project Cost (See Note No. 15).*

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

- i) in the case of the Balance sheet of the state of affairs, of the Company as at 31st March, 2010 and;
- ii) in the case of the Profit and Loss Account of the Profit for the year ended on that date.
- iii) in the case of the Cash flow statement, of the cash flow for the year ended on that date.

**For Chandrakant & Sevantilal & J. K. Shah & Co.**

Firm Registration No. 101676W  
Chartered Accountants

**(H. B. Shah)**

Partner  
Membership No.16642

Place: Vadodara

Date: 31/05/2010

**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF M/S. MSK PROJECTS (INDIA) LIMITED, BARODA  
ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010**

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

1.
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - b) Major portion of fixed assets has been physically verified during the year by the management in accordance with a programme of verification, which, in our opinion provides for physical verification of all the fixed assets as reasonable interval having regards to size of the Company and nature of its business. According to the information and explanation given to us the discrepancies noticed on such verification were not material and have been properly dealt with in the books of accounts.
  - a) No disposal of a substantial part of fixed assets of the Company has taken place during the year.
2.
  - a) As explained to us, the inventories were physically verified by the management at reasonable intervals during the year.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) As the Company has not maintained quantitative records of stock, It is not possible to find out discrepancies between the physical stock and book records.
3.
  - a) The Company has granted unsecured loan to five companies covered in the register maintained u/s 301 of the Companies Act' 1956. The maximum amount involved during the year was Rs. 1544.27 Lacs and the year end balance of loans granted to these Companies was Rs. 1091.48 Lacs.
  - b) In our opinion, the rate of interest, where applicable and other terms and conditions on which loan have been granted to the companies listed in the register maintained us 301 of the Companies act, 1956 are not prima-facie, prejudicial to the interest of the Company except interest free loan given to two Companies (outstanding balance as on 31/03/2010 is Rs. 45.25 Lacs).
  - c) The Companies to whom advance in the nature of loan is granted there is no stipulation for repayment there of. As per the information and explanations given to us the said loan is repayable on demand.
  - d) According to the information and explanations given to us, the Company has not taken any loans secured or unsecured from Companies, firm or other parties covered in the register maintained under section 301 of the Companies Act 1956. Accordingly provision of clause 4(iii) (a) (b) (c) and (d) of the Companies (Auditor's Report) order 2003 are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are , adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventories and fixed assets and with regard to the receipts of Civil Contracts. During the course of our audit, we have not observed any major weakness in the internal controls.
5.
  - a) To the best of our knowledge and belief, and according to information and explanation given to us, the transactions that needed to be entered in to the register in pursuance of Section 301 of the Companies Act, 1956, have been so entered.
  - b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act,



1956 and exceeding the value of Rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public, Accordingly the provisions of clause (vi) of the Companies (Auditor's Report) order 2003 are not applicable to the Company.
7. The Company has appointed a person to carry out its internal audit function. In our opinion, the internal audit system is required to be strengthened in respect of its scope to cover all the area to commensurate with the size of the Company and nature of its business.
8. The Central Government has not prescribed maintenance of cost records Under Section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.
9.
  - a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
  - b) According to the information and explanation given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2010 for a period of more than six months from the day they become payable except Sales Tax liability of Rs. 12.96 Lacs, and Income Tax of Rs. 88.60 Lacs.
  - c) According to the information and explanation given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute except the following disputed Income Tax Demand.

Sr. No.	Nature of the Status	Nature of the due	Amount (Rs. In Lacs)	Period to which the amount relate	Forum where dispute is Pending
1.	Income Tax Act, 1961	Income Tax	27.43	A.Y.2007-08	CIT (A) Baroda
2.	Income Tax Act, 1961	Block Assessment	12.93	A.Y. 1997 to 2003-04	Appellate Tribunal Ahmedabad

10. The Company has no accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to any financial institution or Banks.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. The provisions of any Special Statue applicable to Chit Funds, Nidhis or Mutual Benefit Funds/Societies are not applicable to the Company.
14. The Company is not dealing in or trading in shares, securities, debentures, or other investments and hence, requirement of paragraph 4(xiv) are not applicable to the Company.

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

For **Chandrakant & Sevantilal & J. K. Shah & Co.**

Firm Registration No. 101676W

Chartered Accountants

**(H. B. Shah)**

Partner

Membership No.16642

Place: Vadodara

Date: 31/05/2010



## BALANCE SHEET AS ON 31 MARCH 2010

	Schedules	As at March 31, 2010 (Amount in Rs.)	As at March 31, 2009 (Amount in Rs.)
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS' FUNDS</b>			
SHARE CAPITAL	A	228,211,120	228,211,120
RESERVES & SURPLUS	B	2,762,668,122	2,531,260,384
		<b>2,990,879,242</b>	<b>2,759,471,504</b>
<b>LOAN FUNDS</b>			
SECURED LOAN	C	2,562,142,580	2,327,641,073
UN-SECURED LOAN	D	0	130,000,000
		<b>2,562,142,580</b>	<b>2,457,641,073</b>
DEFERRED TAX LIABILITY		64,683,000	9,589,000
	<b>TOTAL (Rs.)</b>	<b>5,617,704,822</b>	<b>5,226,701,577</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
GROSS BLOCK	E	1,001,305,352	979,805,946
LESS : DEPRECIATION		412,040,353	307,428,179
<b>NET BLOCK</b>		<b>589,264,999</b>	<b>672,377,767</b>
<b>BUILD, OPERATE AND TRANSFER PROJECTS EXPENDITURE</b>			
	F		
AS PER LAST YEAR BALANCE SHEET		2,827,379,852	2,843,500,966
ADD: COST INCURRED DURING THE YEAR		6,479,018	124,181,459
		<b>2,833,858,870</b>	<b>2,967,682,425</b>
LESS: UN CLAIMED LIABILITIES WRITTEN BACK		3,783,017	1,257,054
LESS: AMORTIZATION DURING THE YEAR		161,067,878	139,045,519
		<b>164,850,895</b>	<b>140,302,573</b>
		<b>2,669,007,975</b>	<b>2,827,379,852</b>
<b>INVESTMENTS</b>	G	630,849,621	630,923,621
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
INVENTORIES	H	328,030,039	229,499,348
SUNDRY DEBTORS	I	1,175,710,926	876,084,006
CASH & BANK BALANCES	J	515,120,015	432,479,172
LOANS & ADVANCES	K	423,792,190	494,560,653
		<b>2,442,653,170</b>	<b>2,032,623,179</b>
LESS : CURRENT LIABILITIES & PROVISIONS			
LIABILITIES	L	663,902,941	907,424,624
PROVISION	M	50,168,002	29,178,218
		<b>714,070,943</b>	<b>936,602,842</b>
<b>NET CURRENT ASSETS</b>		<b>1,728,582,227</b>	<b>1,096,020,337</b>
	<b>TOTAL (Rs.)</b>	<b>5,617,704,822</b>	<b>5,226,701,577</b>
<b>ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>	<b>8</b>		

## As per our report of even date

For Chandrakant & Sevantilal & J. K. Shah & Company  
Chartered Accountants

## For and on behalf of the Board of Directors

H. B. Shah  
Partner  
Membership No.016642

Amit Khurana  
Managing Director

Susheela Maheshwari  
Company Secretary

Ashok Khurana  
Director

Place : Vadodara  
Date : 31-05-2010

Place : Vadodara  
Date : 30-05-2010



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010**

	Schedules	Year ended March 31, 2010 (Amount in Rs.)	Year ended March 31, 2009 (Amount in Rs.)
<b>INCOME</b>			
CONTRACT RECEIPTS	1	3,898,801,162	3,178,390,452
TOLL COLLECTION	2	298,490,230	303,714,897
OTHER INCOME	3	36,299,686	43,947,804
		4,233,591,078	3,526,053,153
CHANGE IN WORK-IN-PROGRESS	4	41,860,292	81,440,872
<b>TOTAL Rs.</b>		<b>4,275,451,370</b>	<b>3,607,494,025</b>
<b>EXPENDITURE</b>			
MATERIALS CONSUMED	5	2,006,870,435	1,792,333,034
SITE COST & OTHER EXPENSES	6	1,273,439,532	1,162,326,272
FINANCE & BANK CHARGES	7	314,925,728	272,142,381
AMORTISATION OF BUILD, OPERATE & TRANSFER CONTRACT PROJECT EXPENSES		161,067,878	139,045,519
DEPRECIATION		113,530,616	102,181,902
		3,869,834,189	3,468,029,108
LESS: COST INCURRED FOR OWNED BOT PROJECT TRANSFERRED TO BALANCE SHEET		6,479,018	124,181,459
<b>TOTAL Rs.</b>		<b>3,863,355,171</b>	<b>3,343,847,648</b>
<b>PROFIT BEFORE TAXATION</b>		412,096,199	263,646,376
PRIOR PERIOD INCOME (NET OF EXPENDITURE )		22,749,605	10,238,812
		434,845,804	273,885,188
<b>PROVISION FOR TAXATION</b>			
CURRENT TAX		92,500,000	38,000,000
FRINGE BENEFIT TAX		(224,094)	420,130
DEFERRED TAX		55,094,000	(1,477,000)
		—	—
		147,369,906	36,943,130
<b>PROFIT AFTER TAXATION</b>		287,475,898	236,942,058
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		663,584,810	453,342,312
PROFIT AVAILABLE FOR APPROPRIATION		951,060,708	690,284,370
PROPOSED DIVIDEND		40,000,000	22,821,112
TAX ON DIVIDEND		6,798,000	3,878,448
		46,798,000	26,699,560
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>904,262,708</b>	<b>663,584,810</b>
<b>EARNING PER SHARE - (IN RUPEES)</b>			
BASIC & DILUTED		12.60	10.38
<b>ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS</b>	8		

**As per our report of even date**

For Chandrakant & Sevantilal & J. K. Shah & Company  
Chartered Accountants

**For and on behalf of the Board of Directors**

H. B. Shah  
Partner  
Membership No.016642

Amit Khurana  
Managing Director

Susheela Maheshwari  
Company Secretary

Ashok Khurana  
Director

Place : Vadodara  
Date : 31-05-2010

Place : Vadodara  
Date : 30-05-2010



## SCHEDULE - A TO M, AND 8 FORMING PART OF THE BALANCE SHEET

	As at March 31, 2010 (Amount in Rs.)	As at March 31, 2009 (Amount in Rs.)
<b>Schedule - A SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
2,50,00,000 (PREVIOUS YEAR 2,50,00,000) EQUITY SHARES OF RS. 10/- EACH	250,000,000	250,000,000
<b>ISSUED, SUBSCRIBED, AND PAIDUP CAPITAL</b>		
*2,28,21,112 (PREVIOUS YEAR 2,28,21,112) EQUITY SHARES Rs. 10/- EACH FULLY PAID UP	228,211,120	228,211,120
<b>TOTAL</b>	<b>228,211,120</b>	<b>228,211,120</b>

## NOTES

\* OUT OF THE ABOVE SHARES:

- 1,874,331 Shares are allotted as fully paid up without payment being received in cash in earlier Year
  - 720,897 Shares are allotted as fully paid up by way of bonus shares during the year 1996-97
  - 1,454,645 Shares are allotted as fully paid up by way of bonus shares during the year 1998-99
  - 1,235,547 Shares are allotted as fully paid up by way of bonus shares during the year 2000-01
  - 250,000 Shares are issued on preferential basis during the year 2005-06
  - 1,399,566 Shares are issued on conversion of foreign currency convertible bonds during the year 2006-07
  - 2,353,768 Shares are issued on conversion of foreign currency convertible bonds during the year 2007-08
  - 4,450,000 Shares are issued on preferential basis during the year 2007-08
- 13,738,754**

<b>Schedule - B RESERVES &amp; SURPLUS</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
CASH SUBSIDY		
RECEIVED FROM MADHYA PRADESH RAJYA SETU NIRMAN NIGAM LIMITED AGAINST BOT PROJECTS		
AS PER LAST YEAR BALANCE SHEET	838,000,000	838,000,000
LESS: DEDUCTION DURING THE YEAR	9,270,160	—
	<b>828,729,840</b>	<b>838,000,000</b>
<b>AMALGAMATION RESERVES</b>	52,112,583	52,112,583
AS PER LAST YEAR BALANCE SHEET		
<b>GENERAL RESERVES</b>		
AS PER LAST YEAR BALANCE SHEET	32,177,549	32,177,549
<b>SECURITIES PREMIUM</b>		
AS PER LAST YEAR BALANCE SHEET	945,385,442	945,385,442
<b>PROFIT &amp; LOSS ACCOUNT</b>		
BALANCE AS PER ANNEXED ACCOUNT	904,262,708	663,584,810
<b>TOTAL (A+B+C+D)</b>	<b>2,762,668,122</b>	<b>2,531,260,384</b>

**SCHEDULE - A TO M, AND 8 FORMING PART OF THE BALANCE SHEET**

	As at March 31, 2010 (Amount in Rs.)	As at March 31, 2009 (Amount in Rs.)
<b>Schedule - C SECURED LOANS</b>		
<b>TERM LOAN FOR EQUIPMENTS &amp; VEHICLES</b>		
<b>FROM CORPORATION BANK - BARODA</b>	51,905,370	71,152,158
Secured by hypothecation of the relevant plant & machineries, equipments, vehicles & the personal guarantee by the directors of the Company. (REPAYABLE WITHIN YEAR RS.1,99,24,000/- PREVIOUS YEAR RS. 3,25,04,000/-)		
<b>FROM KOTAK MAHINDRA BANK LIMITED</b>	16,008,922	24,376,055
Secured by hypothecation of relevant Plant & Machineries & Vehicles & Personal guarantee of the some of the Directors of the Company (REPAYABLE WITHIN YEAR RS.92,52,000/- PREVIOUS YEAR RS. 82,31,000/-)		
<b>FROM ABN AMRO BANK</b>	0	4,915,638
Secured by hypothecation of relevant Plant & machineries & personal guarantee of some of the Directors of the Company (REPAYABLE WITHIN YEAR RS. -NIL- PREVIOUS YEAR RS. 49,15,638/-)		
<b>FROM HDFC BANK LIMITED</b>	27,240,669	34,087,271
Secured by hypothecation of relevant Vehicles, Plant & machineries and personal guarantee of the some of the directors of the Company (REPAYABLE WITHIN YEAR RS.1,47,92,000/- PREVIOUS YEAR RS. 1,65,46,000/-)		
<b>FROM TATA CAPITAL LIMITED</b>	24,059,648	40,645,775
Secured by hypothecation of relevant Plant & machineries & personal guarantee of some of the Directors of the Company (REPAYABLE WITHIN YEAR RS.1,85,35,000/- PREVIOUS YEAR RS. 1,65,48,000/-)		
<b>FROM AXIS BANK</b>	4,252,221	2,946,491
Secured by hypothecation of relevant Plant & machineries & personal guarantee of some of the Directors of the Company (REPAYABLE WITHIN YEAR RS. 15,79,000/- PREVIOUS YEAR RS. 12,17,000/-)		
<b>FROM TATA MOTOR FINANCE LIMITED</b>	11,232,218	20,872,154
Secured by hypothecation of relevant Plant & machineries & personal guarantee of some of the Directors of the Company (REPAYABLE WITHIN YEAR RS. 1,03,37,000/- PREVIOUS YEAR RS. 96,40,000/-)		
<b>FROM SREI INFRASTRUCTURE FINANCE LIMITED</b>	53,899,494	121,423,856
Secured by hypothecation of relevant Plant & machineries & personal guarantee of some of the Directors of the Company (REPAYABLE WITHIN YEAR RS.4,69,98,000/- PREVIOUS YEAR RS. 6,37,52,000/-)		
<b>TOTAL (A)</b>	<b>188,598,542</b>	<b>320,419,398</b>
<b>TERM LOAN FOR PROJECTS</b>		
<b>FROM DENA BANK</b>	305,228,916	343,482,195
(REPAYABLE WITHIN YEAR RS.4,44,00,000/- PREVIOUS YEAR RS. 3,70,00,000/-)		
The above Loans are Secured by:		
- A first mortgage and charge on all the Company's capital assets, specific & pertaining to the Hoshangabad - Harda - Khandwa Projects only both present and futures.		
- A first Charge on all the revenues / receivable of Hoshangabad - Harda - Khandwa project account of the Company		
- A First charge on all the intangible assets of the Company including but not limited to Goodwill of the Company.		
- A first charge on Company's bank accounts including without limitation the trust and retention account (RTA) / Escrow Account and Debt Service Reserve Account to be established by the Company		
- A First charge/assignment/security on the Company right under the concession agreement, project document, contract and all licence permits approvals consents and insurance policies in respect of the project		



## SCHEDULE - A TO M, AND 8 FORMING PART OF THE BALANCE SHEET

	As at March 31, 2010 (Amount in Rs.)	As at March 31, 2009 (Amount in Rs.)
<b>Schedule - C SECURED LOANS (Contd.)</b>		
<b>FROM CORPORATION BANK</b>	300,574,761	111,306,443
The above Loan is secured by:		
- First mortgage & charge on all the movable & immovable properties of the Raisen - Rahatgarh BOT Projects including all receivable both and present and future.		
- Assignment of all rights, title and Interest of the Company in respect of all the assets of the projects, all Projects agreement and Contracts including Concession Agreement.		
- Assignment of contractors guarantees, performance bond and liquidated damages		
- Personal Guarantees of some of the Directors of the Transferors Company. (REPAYABLE WITHIN YEAR RS.3,36,00,000/- PREVIOUS YEAR RS.2,16,16,000/-)		
<b>FROM PUNJAB NATIONAL BANK</b>	125,947,741	162,546,758
(Secured by Ludhiana & Jalandhar Bus Terminal Projects, and Personal guarantee of some of the directors of the Company). (REPAYABLE WITHIN YEAR RS.3,61,80,000/- PREVIOUS YEAR RS.3,61,80,000/-)		
<b>FROM INDUSTRIAL DEVELOPMENT FINANCE CO. LIMITED</b>	572,792,654	584,527,102
<b>INTEREST ACCRUED &amp; DUES</b>	2,442,242	2,666,959
- Secured by way of mortgage in favour of IDFC of all moveable properties pertaining to the Dewas Water Supply Projects, present & future.		
- First charge by ways of the hypothecation of the all movables including movable plant machinery, machinery spares, tools, & accessories, furniture & fixture, vehicles and all other movable assets pertaining to the project present & future.		
- First charge of all the book debts, operating, Cash Flows, revenue, receivables of the Company pertaining to the Dewas Water Supply project, present & Future.		
- Assignment of all rights, title and Interest of the Company in respect of all the assets of the Dewas Water Supply Projects agreement and Contracts including Concession Agreement.		
- First Charge over the Escrow Account. Debt Service Reserve Account and other Reserve and any Other reserve and any other banks account the Company wherever maintained.		
- Personal Guarantee of the Directors of the Company (REPAYABLE WITHIN YEAR RS.1,17,00,000/- PREVIOUS YEAR RS.1,17,00,000/-)		
<b>TOTAL (B)</b>	<b>1,306,986,314</b>	<b>1,204,529,457</b>
<b>OTHER LOAN</b>		
<b>FROM CORPORATION BANK</b>		
<b>SHORT DEMAND LOAN</b>	139,765,340	125,061,145
(Secured by fixed deposits of the company and third parties)		
<b>OVERDRAFT ACCOUNT</b>	376,430,627	324,779,501
(Secured by hypothecation of the entire stocks & book debts of the Company & personal guarantee of some of the directors of the Company).		
<b>FROM IDBI BANK LIMITED</b>	341,125,151	322,573,209
Secured by hypothecation of Vehicles and personal guarantee of some of the directors of the Company		
<b>FROM BANK OF INDIA</b>	201,103,665	
Secured by Specific Plant & machineries and second charge on current assets of the Company and personal guarantee of some of the directors of the Company		
<b>FROM BANK OF INDIA</b>		
<b>OVERDRAFT ACCOUNT</b>	8,132,941	30,278,362
- Secured by the 10% Cash Margin in the form of TDR		
- Pledge of the shares of the promoters in favour of the Bank for Rs. 50 Lacs		
<b>TOTAL (C)</b>	<b>1,066,557,724</b>	<b>802,692,217</b>
<b>TOTAL (A) + (B) + (C)</b>	<b>2,562,142,580</b>	<b>2,327,641,073</b>
<b>Schedule - D UN-SECURED LOANS</b>		
<b>FROM COMPANIES</b>	—	130,000,000
<b>TOTAL</b>	<b>—</b>	<b>130,000,000</b>

# SCHEDULE - A TO M, AND 8 FORMING PART OF THE BALANCE SHEET

Schedule - E		FIXED ASSETS		GROSS BLOCK					DEPRECIATION			NET BLOCK	
Sr	Fixed Assets	As on 1/4/2009	Addition During the Year	Deduction During The Year	As on 31/3/2010	As on 1/4/2009	Addition During the Year	Deduction During The Year	As on 31/3/2010	As on 31/3/2010	As on 31/3/2009		
1	GOOD-WILL	1,701,592	—	—	1,701,592	—	—	—	—	1,701,592	1,701,592		
2	LAND	12,392,322	—	2,058,084	10,334,238	—	—	—	—	10,334,238	12,392,322		
3	BUILDING	1,708,731	—	—	1,708,731	1,087,181	31,078	—	1,118,259	590,472	621,550		
4	PLANT & MACHINERIES	527,384,653	9,210,176	9,563,477	527,031,352	156,710,139	52,159,027	6,113,811	202,755,355	324,275,998	370,674,514		
5	CONSTRUCTION EQUIPMENTS	205,844,326	15,592,055	—	221,436,381	49,342,087	22,780,765	—	72,122,852	149,313,529	156,502,239		
6	AIR-CONDITIONERS	976,541	93,800	—	1,070,341	646,153	55,044	—	701,197	369,144	330,388		
7	VEHICLES	212,838,754	8,475,799	2,971,453	218,343,100	89,973,161	36,401,427	2,804,631	123,569,957	94,773,143	122,865,593		
8	COMPUTERS	6,455,605	1,534,207	—	7,989,812	4,517,095	1,173,696	—	5,690,791	2,299,021	1,938,510		
9	OFFICE EQUIPMENTS	4,635,594	707,114	—	5,342,708	1,859,042	428,518	—	2,287,560	3,055,148	2,776,552		
10	FURNITURE & FIXTURES	5,867,828	479,269	—	6,347,097	3,293,321	501,063	—	3,794,384	2,552,713	2,574,507		
TOTAL		979,805,946	36,092,420	14,593,014	1,001,305,352	307,428,179	113,530,616	8,918,442	412,040,353	589,264,999	672,377,767		
PREVIOUS YEAR		564,092,432	415,713,612	—	979,805,946	205,246,275	102,181,902	—	307,428,179	672,377,767			





## SCHEDULE - A TO M, AND 8 FORMING PART OF THE BALANCE SHEET

Schedule - F		BUILD, OPERATE & TRANSFER PROJECTS														
Particulars	HOSHANGABAD-HARDA-KHANDWA		RAISEN - RAHATGARH		JALANDHAR BUS TERMINAL		LUDHIANA BUS TERMINAL		DEWAS WATER SUPPLY PROJECTS		TOTAL					
	As on 1/4/2009	Incurred During the Year 31/3/2010	As on 1/4/2009	Incurred During the Year 31/3/2010	As on 1/4/2009	Incurred During the Year 31/3/2010	As on 1/4/2009	Incurred During the Year 31/3/2010	As on 1/4/2009	Incurred During the Year 31/3/2010	As on 1/4/2009	Incurred During the Year 31/3/2010	As on 1/4/2009	Incurred During the Year 31/3/2010		
BUILD, OPERATE & TRANSFER PROJECTS EXPENDITURE ON COMPLETED PROJECTS																
BALANCE AS PER LAST YEAR	820,032,430	-	611,020,559	-	144,256,137	-	161,125,430	-	1,090,945,296	-	2,827,379,852	-	2,827,379,852	-		
MATERIAL CONSUMED	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
SITE COST & OTHER EXPENSE	-	-	-	-	-	-	-	-	-	5,979,018	-	5,979,018	-	5,979,018		
PAYMENT TO & PROVISION FOR EMPLOYEES	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
REPAIRS & MAINTENANCE	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
ADMINISTRATIVE EXPENSE	-	-	-	-	-	-	-	-	-	500,000	-	500,000	-	500,000		
RENT, RATES & TAXES	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
FINANCE CHARGES (NET OF INTEREST RECEIVED)	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
AUDIT FEES	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
DEPRECIATION	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
UNCLAIMED LIABILITY WRITTEN BACK	-	-	-	-	-	-	-	-	-	(3,783,017)	-	(3,783,017)	-	(3,783,017)		
	820,032,430	-	611,020,559	-	144,256,137	-	161,125,430	-	1,090,945,296	2,696,001	1,093,641,297	2,827,379,852	2,696,001	2,830,075,853		
LESS: AMORTISATION DURING THE YEAR	-	-	-	-	-	-	-	-	-	-	38,835,975	-	-	161,067,878		
CLOSING BALANCE	820,032,430	-	611,020,559	-	144,256,137	-	161,125,430	-	1,090,945,296	2,696,001	1,054,805,322	2,827,379,852	2,696,001	2,669,007,975		

**SCHEDULE - A TO M, AND 8 FORMING PART OF THE BALANCE SHEET**

	As at March 31, 2010 (Amount in Rs.)	As at March 31, 2009 (Amount in Rs.)
<b>Schedule - G INVESTMENTS</b>		
<b>INVESTMENT IN SHARES (NON TRADE)</b>		
<b>QUOTED, AT COST</b>		
7400 (P.Y. 7400) Equity Shares in Minar Trading Services Limited of Rs.10/- each fully Paid Up	74,000	74,000
1500 (P.Y. 1500) Equity Shares in Sarv Shakti Synthetics Limited of Rs. 10/- each fully Paid up	15,000	15,000
1600 (P.Y. 1600) Equity Shares in Corporation Bank of Rs. 10/- each fully Paid Up	128,000	128,000
30000 (P.Y. 30000) Equity Shares in Myraj Consultancy Limited of Rs. 10/- each fully paid up	300,000	300,000
	<u>517,000</u>	<u>517,000</u>
Less Provision for Diminution in Value of Investment	<u>74,000</u>	<u>—</u>
	<b>443,000</b>	<b>517,000</b>
(Market Value Rs. 7,69,600/- P.Y. Rs. 2,87,780/-)		
<b>UNQUOTED (AT COST)</b>		
<b>IN-SUBSIDIARY COMPANIES</b>		
2,42,000 (P.Y. 2,42,000) Equity Shares of MSK Projects (Himmatnagar bypass) Pvt Ltd of Rs. 10/- each fully paid up	23,300,000	23,300,000
50,000 (P.Y. 50,000) Equity Shares of Super Infrastructure & Toll Bridge Private Ltd of Rs.10/- each fully paid up	500,000	500,000
67,30,000 (P.Y. 67,30,000) Shares of MSK Projects (Kim Mandvi Corridor) Private Limited of Rs. 10/- each fully paid up	67,300,000	67,300,000
<b>OTHERS</b>		
500 (P.Y. 500) Shares in MSK Finance Limited of Rs. 100/- each fully paid up	50,000	50,000
48 (P.Y. 48) Shares in Nutan Nagrik Sahakari Bank Limited of Rs. 100/- each fully paid up.	4,800	4,800
37652 (P.Y. 37652) Shares in Baroda Peoples Co-Op. Bank Limited of Rs.10/- each fully paid up	3,150	3,150
63 (P.Y. 63) Shares in Baroda City Co-Op. Bank Limited of Rs. 50/- each fully paid up	376,521	376,521
1000 (P.Y. 1000) Shares in Classic Organisers Private Ltd of Rs. 10/- each fully paid up	10,000	10,000
960 (P.Y. 960) Shares in Sindh Merchantile Co-Op. Bank Ltd of Rs.10/- each fully paid up	9,600	9,600
50000 (P.Y. 50000) Shares in Bull MSK Infrastructure (India) Private Limited of Rs.10/- each Fully Paid up	27,800,150	27,800,150
34100 (P.Y. 34100) Shares in Dewas Bhopal Corridor Limited of Rs. 10/- each fully paid up.	510,051,900	510,051,900
<b>INVESTMENT IN GOVERNMENT SECURITY</b>		
Indira Vikash Patra	500	500
One Bond of Sardar Sarovar Narmada Nigam Limited	1,000,000	1,000,000
<b>TOTAL</b>	<b><u>630,849,621</u></b>	<b><u>630,923,621</u></b>
<b>Schedule - H CURRENT ASSETS, LOAN &amp; ADVANCES</b>		
<b>INVENTORIES</b> (As Taken Valued and Certified By The Managing Director)		
WORK-IN-PROGRESS	202,063,190	160,202,898
RAW MATERIALS	125,966,849	69,296,450
<b>TOTAL</b>	<b><u>328,030,039</u></b>	<b><u>229,499,348</u></b>



## SCHEDULE - A TO M, AND 8 FORMING PART OF THE BALANCE SHEET

	As at March 31, 2010 (Amount in Rs.)	As at March 31, 2009 (Amount in Rs.)
<b>Schedule - I</b>	<b>CURRENT ASSETS LOAN &amp; ADVANCES</b>	
<b>SUNDRY DEBTORS</b> (UNSECURED, CONSIDERED GOOD)		
DEBT EXCEEDING SIX MONTHS	7,465,705	5,411,314
OTHER DEBTS:		
FROM SUBSIDIARY COMPANIES	207,958,159	68,085,976
FROM OTHERS	960,287,061	802,586,716
	1,168,245,221	870,672,692
<b>TOTAL</b>	<b>1,175,710,926</b>	<b>876,084,006</b>
<b>Schedule - J</b>	<b>CASH &amp; BANK BALANCES</b>	
CASH - ON - HAND	3,787,910	13,716,929
<b>BALANCES WITH SCHEDULED BANKS</b>		
IN CURRENT ACCOUNTS	222,575,116	127,657,023
IN FIXED DEPOSITS ACCOUNTS	288,756,988	291,105,220
<b>TOTAL</b>	<b>515,120,015</b>	<b>432,479,172</b>
<b>Schedule - K</b>	<b>LOAN &amp; ADVANCES</b>	
(Unsecured, Considered Good)		
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	243,664,240	236,228,459
INTEREST ACCRUED BUT NOT DUE ON FIXED DEPOSITS	2,001,538	4,772,755
TAX DEDUCTED AT SOURCE / ADVANCE TAX (Net of Provision for Tax)	31,544,174	49,612,843
MOBILISATION ADVANCE TO SUB-CONTRACTORS	—	650,000
SUNDRY DEPOSITS	146,582,237	203,296,596
<b>TOTAL</b>	<b>423,792,190</b>	<b>494,560,653</b>
<b>Schedule - L</b>	<b>CURRENT LIABILITIES</b>	
SUNDRY CREDITORS	395,191,288	380,757,773
MOBILISATION ADVANCES FROM CUSTOMERS	104,009,537	330,520,485
OTHER LIABILITIES	164,702,115	196,146,366
<b>TOTAL</b>	<b>663,902,941</b>	<b>907,424,624</b>
<b>Schedule - M</b>	<b>PROVISION</b>	
PROVISION FOR FRINGE BENEFIT TAX	—	756,943
PROVISION FOR LEAVE ENCASHMENT	657,521	381,970
PROVISION FOR GRATUITY	2,712,481	1,339,745
PROPOSED DIVIDEND	40,000,000	22,821,112
TAX ON PROPOSED DIVIDEND	6,798,000	3,878,448
	46,798,000	26,699,560
<b>TOTAL</b>	<b>50,168,002</b>	<b>29,178,218</b>

**SCHEDULE 1 TO 8, FORMING PART OF THE PROFIT & LOSS ACCOUNT**

	For the Year Ended March 31, 2010 (Amount in Rs.)	For the Year Ended March 31, 2009 (Amount in Rs.)
<b>Schedule - 1 CONSTRUCTION WORK CONTRACT</b>		
CIVIL CONTRACTS	3,992,298,353	3,231,279,683
LESS: SERVICE TAX (TAX DEDUCTED AT SOURCE RS.6,94,65,542/- PY. RS.4,72,90,777/-)	93,497,191	52,889,231
<b>TOTAL</b>	<b>3,898,801,162</b>	<b>3,178,390,452</b>
<b>Schedule - 2 TOLL COLLECTION</b>		
TOLL COLLECTION (HOSHANGABAD-HARDA-KHANDWA PROJECT)	95,306,393	119,737,840
TOLL COLLECTION (RAISEN-RAHATGARH PROJECT)	69,821,047	67,777,949
TOLL COLLECTION (JALANDHAR PROJECT)	41,419,709	42,300,353
RENT (JALANDHAR PROJECT)	11,926,662	10,335,937
TOLL COLLECTION (LUDHIANA PROJECT)	39,633,996	39,976,254
RENT (LUDHIANA PROJECT)	8,599,939	7,000,596
WATER CHARGES (DEWAS WATER SUPPLY)	31,782,484	16,585,968.00
<b>TOTAL</b>	<b>298,490,230</b>	<b>303,714,897</b>
<b>Schedule - 3 OTHER INCOME</b>		
INTEREST (TAX DEDUCTED AT SOURCE RS.24,34,297/- P.Y. RS. 58,87,157/-)	27,534,590	32,713,943
SALES TAX REFUND	—	142,407
DIVIDEND ON NON-TRADE INVESTMENT	46,643	400,547
INSURANCE CLAIM	855,921	396,073
UNCLAIMED LIABILITIES WRITTEN BACK	3,577,719	6,996,414
EXCHANGE GAIN	—	1,339,367
PROFIT ON SALES OF FIXED ASSETS	2,118,510	—
MISCELLANEOUS INCOME	2,166,303	1,959,053
<b>TOTAL</b>	<b>36,299,686</b>	<b>43,947,804</b>
<b>Schedule - 4 CHANGE IN STOCK</b>		
<b>OPENING STOCK</b>		
- WORK-IN-PROGRESS	160,202,898	78,762,026
<b>LESS: CLOSING STOCKS</b>		
- WORK-IN-PROGRESS	202,063,190	160,202,898
<b>TOTAL</b>	<b>41,860,292</b>	<b>81,440,872</b>
<b>Schedule - 5 MATERIAL CONSUMED</b>		
STOCK AT COMMENCEMENT	69,296,450	26,179,260
ADD : PURCHASE & EXPENSES	2,063,540,834	1,835,450,224
	<b>2,132,837,284</b>	<b>1,861,629,484</b>
LESS : STOCK AT CLOSE	125,966,849	69,296,450
<b>TOTAL</b>	<b>2,006,870,435</b>	<b>1,792,333,034</b>


**SCHEDULE 1 TO 8, FORMING PART OF THE PROFIT & LOSS ACCOUNT**

	For the Year Ended March 31, 2010 (Amount in Rs.)	For the Year Ended March 31, 2009 (Amount in Rs.)
<b>Schedule - 6 SITE COST &amp; OTHER EXPENSE</b>		
SALARIES & BONUS (Including remuneration to the Directors Rs.2,83,00,000 /- (P.Y. Rs.2,04.45.996)	187,944,239	163,937,134
STAFF WELFARE EXPENSE	36,778,946	26,697,068
CONTRIBUTION TO P.F. (Including Rs. 7200 to director P.Y. Rs. 7200/- )	1,543,054	1,390,840
ESIC	321,258	—
RENT	17,746,709	10,072,473
RATE & TAXES	113,283,963	72,068,409
PAYMENT TO SITE WORKERS	78,629,269	57,894,375
MACHINERY HIRE CHARGES	47,267,000	43,073,837
VEHICLE HIRE CHARGES	13,815,869	12,718,504
SECURITY SERVICE CHARGES	6,574,064	4,381,443
ELECTRIC EXPENSES	36,842,390	25,032,912
ELECTRIC POLL SHIFTING	8,462,286	—
TRAVELLING EXPENSE	9,348,390	7,705,061
PROJECT MACHINERY	—	1,190,505
DONATION	481,991	122,175
INSURANCE	4,537,472	6,956,229
HUTMATE	1,609,274	2,051,321
CONSULTANCY CHARGES	23,511,621	16,494,050
EARTH WORK	167,673,544	239,104,645
ROAD WORK	66,715,769	95,120,180
CD WORK	3,591,902	17,844,860
BRIDGE WORK	13,706,329	1,728,967
SHUTTERING WORK	25,970,440	30,457,503
PAINTING WORK	5,149,429	8,115,820
FLOORING WORK	1,384,144	3,664,471
BLASTING	11,808,725	11,253,893
SURVEY EXPENSE	270,006	2,200
PIPE LAYING WORK	2,029,106	6,094,346
SITE WORK MISCELLANIOUS	60,388,694	4,359,025
MASONERY WORK	25,553,380	22,419,814
REINFORCEMENT WORK	40,561,547	25,622,372
PILING FOUNDATION	400,000	1,034,573
SANITARY WORKS	783,864	1,271,146
WATER PROOFING WORK	1,568,471	3,765,780
BOLDER WORK	19,881,212	57,770,043
TOLL PLAZA	1,164,163	6,437,040
RCC WORK	—	11,161,402
DOORS & WINDOWS WORK	5,022,845	2,488,263
FABRICATION WORK	27,002,047	27,527,341
AIR CONDITION WORK	(532,700)	1,781,700
CONCRETE WORK	7,500,067	8,758,358
BITUMANIOUS WORK	18,870	1,719,808
WBM WORK	334,276	72,001
DESIGN CHARGES	3,200,000	—
CIVIL WORK	614,443	6,474,560
BAD DEBTS	4,286,469	2,971,192
SAFETY EXPENSE	420,709	435,444
CLEARING & FORWARDING CHARGES	433,031	—
PROVISION FOR DIMINUTION IN VALUE OF INVESTMENT	74,000	—
MISCELLANEOUS WORK	62,715,871	44,997,659
ROAD MAINTENANCE FEES	1,968,721	—

**SCHEDULE 1 TO 8, FORMING PART OF THE PROFIT & LOSS ACCOUNT**

	For the Year Ended March 31, 2010 (Amount in Rs.)	For the Year Ended March 31, 2009 (Amount in Rs.)
<b>Schedule - 6 SITE COST &amp; OTHER EXPENSE (Contd.)</b>		
<b>REPAIRS TO &amp; MAINTENANCE FOR</b>		
MACHINERIES	42,222,395	23,473,164
VEHICLE, TRUCKS, TRACTORS & OTHERS	43,064,235	21,582,785
	<u>85,286,629</u>	<u>45,055,949</u>
<b>AUDITOR'S REMUNERATION</b>		
AUDIT FEES	800,000	500,000
TAXATION MATTER	100,000	20,000
CERTIFICATION WORK	141,000	90,000
SERVICE TAX	104,502	62,630
	<u>1,145,502</u>	<u>672,630</u>
MISCELLANEOUS EXPENDITURE	36,650,232	20,356,951
<b>TOTAL</b>	<b><u>1,273,439,532</u></b>	<b><u>1,162,326,272</u></b>
<b>Schedule - 7 FINANCE &amp; BANK CHARGES</b>		
INTEREST ON TERM LOAN	163,811,782	111,811,862
OTHER INTEREST	77,544,567	134,180,447
BANK CHARGES	73,569,379	26,150,072
<b>TOTAL</b>	<b><u>314,925,728</u></b>	<b><u>272,142,381</u></b>





## SCHEDULE FORMING PART OF THE ACCOUNTS

Schedule - 8

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010

### 1) SIGNIFICANT ACCOUNTING POLICIES

#### A-1 REVENUE RECOGNITION ON CONTRACTS

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

#### A-2 REVENUE RECOGNITION IN RESPECT OF OWN CONSTRUCTION RESIDENTIAL HOUSES

- a) The revenues and expenses are accounted only upon completion. Accordingly, the cost of construction, including cost of land and its developments is carried forward as work in progress.
- b) The advance received against proposed sale or agreement to sale are classified as advances and shown under the head "Current Liabilities".
- c) Sale is accounted when legal documents are executed and possession of the flat or land is given.

#### A-3 EXPENDITURE IN RESPECT OF BUILD, OPERATE AND TRANSFER (B.O.T) PROJECT

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

### B. ADVANCES AND PROGRESS PAYMENTS AND RETENTION

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

## SCHEDULE FORMING PART OF THE ACCOUNTS

### Schedule - 8 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)

#### C. FIXED ASSETS

- a) Fixed assets are stated at cost of acquisition as reduced by accumulated depreciation.
- b) All direct expenses attributable to fixed assets are capitalized.

#### D. DEPRECIATION

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

#### E. BORROWING COST

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

#### F. VALUATION OF INVENTORIES

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

#### G. INVESTMENTS

Long terms investments are stated at cost. Provision for diminution in the value of investments is made only if such decline is other than temporary in the opinion of the management.

#### H. CLAIMS, DEMANDS AND CONTINGENCIES

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

#### I. RETIREMENT BENEFITS

- a) Short Term Employee benefits:

Short Term Employee Benefits are recognized in the period during which the services have been rendered.

- b) Long Term Employee benefits:

- i) Provident Fund, Family Pension fund

As per Provident Fund Act 1952 all employees of the Company are entitled to receive benefits under the provident fund and family pension fund which is defined contribution plan. These contributions are made to the plan administered and managed by Government of India.

The Company's contribution to these scheme are recognized as expense in the profit and loss account during the year in which the employee renders the related service, The Company has no further obligation under these plans beyond its monthly contribution



## SCHEDULE FORMING PART OF THE ACCOUNTS

### Schedule - 8 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)

#### c) Leave encashment:

The Company has provided for the liability at year end on account of un-availed earned leave as per the actuarial valuation.

#### d) Gratuity:

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

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

### J. PROVISION FOR CURRENT AND DEFERRED TAX

- a) Provision for current tax is made based on taxable income for the current accounting year and in accordance with the provisions of the Income tax Act, 1961.
- b) Deferred tax resulting from "timing difference" between book and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be adjusted in future.

### K. FOREIGN CURRENCY TRANSACTION

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

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

### L. LEASE

#### a) OPERATING LEASE

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

#### b) FINANCE LEASE

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

## SCHEDULE FORMING PART OF THE ACCOUNTS

### Schedule - 8 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)

#### M. IMPAIRMENT OF ASSET

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

#### N. USE OF ESTIMATES

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

#### 2) CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

- a) Guarantees issued by the Company's banker on behalf of the Company amounting to Rs.9733.75 Lacs (P. Y. Rs. 10650.64 Lacs)
- b) Guarantee given by the Company to the bankers for the facilities granted to its wholly owned subsidiary companies MSK PROJECTS (HIMMATNAGAR BYPASS) PRIVATE LIMITED & MSK PROJECTS (KIM MANDVI CORRIDOR) PRIVATE LIMITED, amounting to Rs. 1667 Lacs (P.Y. Rs. 1567 Lacs) Outstanding amount as on 31st March, 2010 Rs 1345.75 Lacs (Previous Year 1086.70 Lacs) and to integrated joint venture Dewas Bhopal Corridor Limited, amounting to Rs. 34500 Lacs (Previous year Rs. 34500 Lacs) Out standing amount as on 31st March 2010 Rs.34831.35 Lacs (P.Y Rs. 25514.75 Lacs)
- c) Letter of credit issued by the Company's bank on behalf of the Company Rs.1353.72 Lacs (P.Y.Rs. 837.05 Lacs)
- d) Income Tax Demand of Rs.282.40 Lacs (Previous Year Rs. 155.41 Lacs) disputed by the company.
- e) Civil suit filed against the Company Rs. 23.46 Lacs
- 3) Incomplete Contract work under Contract Work In Progress at the various sites is estimated by the management having regards to unbilled work, outstanding running bill and expected recovery thereof.
- 4) Security Deposits deducted from contract receipt and mobilization advances received against contracts are subject to confirmation and adjustment, if any, on finalization of account.
- 5) The Company has obtained the contract on Build, Operate and Transfer (BOT) basis from the Madhya Pradesh State Industrial Development Corporation for execution of Dewas Water Supply project.

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

The Company has completed construction of the said project in the earlier year. Having regard to the accounting policies followed by the Company the entire expenditure incurred is treated as BOT Project Expenditure and proportionate amount of Rs.388.36 Lacs (P.Y. Rs. 177.20 Lacs) has been written off during the year.

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



## SCHEDULE FORMING PART OF THE ACCOUNTS

### Schedule - 8 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)

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

The Company has completed construction of the said project in the earlier year. Having regard to the accounting policies followed by the Company the entire expenditure incurred is treated as BOT Project Expenditure and proportionate amount of Rs.320.35 Lacs (P.Y. Rs. 320.35 Lacs) has been written off during the year.

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

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

The Company has completed construction of the said project in the earlier year. Having regard to the accounting policies followed by the Company the entire expenditure incurred is treated as BOT Project Expenditure and proportionate amount of Rs.256.05 Lacs (P.Y. Rs. 256.05 Lacs) has been written off during the year.

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

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

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

Having, regard to the accounting policies followed by the Company the expenditure incurred thereon, is treated as BOT Project Expenditure and proportionate amount of Rs. 356.84 Lacs (P.Y. 355.84 Lacs) has been written off during the year after considering the Cash Subsidy received/receivable from Madhya Pradesh State Road Development Authority.

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

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

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

Having, regard to the accounting policies followed by the Company the expenditure incurred thereon, is treated as BOT Project Expenditure and proportionate amount of Rs.289.08 Lacs (P.Y. 281.01 Lacs) has been written off during the year after considering the Cash Subsidy received/receivable from Madhya Pradesh State Road Development Authority.

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

## SCHEDULE FORMING PART OF THE ACCOUNTS

## Schedule - 8 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)

- 11) During the year, the Company has accounted for deferred tax in accordance with the Accounting Standard 22 - "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

The Break up of deferred tax liabilities & assets :

Rs. in Lacs

Particulars	As On 31-03-2010	As On 31-03-2009
<b>Deferred Tax Liabilities</b>		
Depreciation	649.06	96.50
<b>Deferred Tax Assets</b>		
Retirement Benefits	2.23	0.61
Net Deferred Tax Liabilities	646.83	95.89
Deferred Tax liabilities / (assets) Provided during the year	550.94	(14.77)

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

Rs. in Lacs

Particulars	2009-10	2008-09
Contract Revenue	103,736.42	50,576.51
Contract Cost Incurred	90,402.31	45,475.37
Recognized Profits / Losses	11,836.43	5,101.14
Advances Received	7,390.33	3,104.30
Retention Money	1,160.47	1,612.09
Gross Amount due from Customers for Contract Work	10,101.24	6,740.02

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

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

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

a) **DEFINED CONTRIBUTION PLAN:**

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

Rs. In Lacs

Particulars	
Employer Contribution to Provident Fund	15.43 (10.05)





## SCHEDULE FORMING PART OF THE ACCOUNTS

Schedule - 8 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)

## b) DEFINED BENEFIT PLAN

## Reconciliation of opening and closing balances of Defined Benefit obligation

Rs. in Lacs

Particulars	Gratuity (Funded)	Leave Encashment (Non Funded)
Defined Benefit obligation at the beginning of the year	13.40 (8.61)	3.82 (3.33)
Current Service Cost	7.94 (1.81)	4.43 (1.65)
Interest Cost	1.11 (0.68)	0.32 (0.26)
Actuarial (gain)/loss	4.68 (2.30)	(1.99) (1.43)
Benefits Paid	NIL (NIL)	NIL (NIL)
Defined Benefit obligation at the year end	27.12 (13.40)	6.58 (3.82)

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

Rs. in Lacs

Particulars	Gratuity (Funded)
Fair value of plan assets in the beginning of the year	18.03 (9.93)
Expected return on plan assets	2.29 (0.81)
Actuarial gain/(loss)	0.99 (0.08)
Employer contribution	13.44 (7.21)
Benefits Paid	NIL (NIL)
Fair Value of plan assets at the end of the year	32.77 (18.03)

## Reconciliation of Fair Value of Plan Assets and Benefit Obligation

Rs. in Lacs

Particulars	Gratuity (Funded)	Leave Encashment (Non Funded)
Fair Value of Assets as at 31st March, 2010	32.77 (18.03)	NIL (NIL)
Present Value of obligation as at 31st March, 2010	27.12 (13.40)	6.58 (3.81)
Amount recognized in Profit & Loss Account	12.42 (3.90)	2.76 (0.49)

**SCHEDULE FORMING PART OF THE ACCOUNTS**
**Schedule - 8 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)**
**Expenses recognized during the year (Under the head "Salaries & Bonus" - Refer Schedule 6) Rs. in Lacs**

Particulars	Gratuity (Funded)	Leave Encashment (Non Funded)
Current Service Cost	7.94 (1.81)	4.43 (1.65)
Interest Cost	1.11 (0.68)	0.32 (0.26)
Expected return on Plan Assets	2.28 (0.81)	NIL (NIL)
Actuarial gain/(loss)	4.67 (2.22)	(1.99) (1.43)
Expense Recognized in Profit and Loss Account	12.42 (3.90)	2.76 (0.49)

**Actuarial Assumptions**

Rs. in Lacs

Particulars	Gratuity (Funded)	Leave Encashment (Non Funded)
Discount Rate ( Per Annum)	8.28% (7.93%)	8.28% (7.93%)
Salary Escalation ( Per Annum)	6.00% (6.00%)	6.00% (6.00%)

**14) Transaction with related parties (as certified by the management)**
**A. Subsidiary Companies:**

- Super Infrastructure & Toll Bridge Private Limited
- MSK Projects (Himmatnagar Bypass) Private Limited
- MSK Projects (Kim Mandvi Corridor) Private Limited

**B. Integrated Joint Ventures:**

- Bul MSK Infrastructure Private Limited
- Dewas Bhopal Corridor Limited

**C. Associate Concern:**

- Mansha Textiles Private Limited

**D. Key Management Personnel:**

- Ashok M Khurana-Chairman
- Amit A Khurana-Managing Director
- Manju A Khurana-Director
- C. Mohanan-Director

**E. Relative to Key Management**

- Rashika A Khurana
- Bindiya A Khurana
- Neelakshi A Khurana



## SCHEDULE FORMING PART OF THE ACCOUNTS

Schedule - 8 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)

Rs. In Lacs

Sr	Transaction with Related Parties	Subsidiary Companies	Integrated Joint Venture	Associate Company	Key Management	Relative to Key Management
1.	Civil Construction Receipt	1,461.90 (688.66)	11,906.92 (11,808.22)	— (—)	— (—)	— (—)
2.	Miscellaneous Income	1.22 (—)	13.27 (—)	— (—)	— (—)	— (—)
3.	Loan Received	— (—)	— (288.36)	— (—)	— (—)	— (—)
4.	Repayment of Loan Received	— (21.48)	20.00 (44.00)	— (5.00)	— (—)	— (—)
5.	Loan Given	197.24 (209.88)	1,000.00 (5,933.30)	5.76 (—)	— (—)	— (—)
6.	Repayment of Loan Given	554.63 (—)	— (5880.85)	120.82 (—)	— (—)	— (—)
7.	Guarantee Given	1,345.74 (1,345.74)	34,500 (34,500)	— (—)	— (—)	— (—)
8.	Advance for Commercial Property Purchase	— (—)	— (—)	— (5.00)	— (—)	— (—)
9.	Mobilization advance repaid	— (—)	1,296.86 (1,920.20)	— (5.00)	— (—)	— (—)
10.	Investment in Shares/ Application	— (—)	— (1,485.51)	— (—)	— (—)	— (—)
11.	Remuneration to the Directors	— (—)	— (—)	— (—)	283.00 (204.46)	— (—)
12.	Sales of Properties	— (—)	— (—)	— (—)	28.83 (—)	41.58 (—)
13.	Receivable at the end of the year	2,114.74 (1,282.59)	2,125.26 (—)	— (115.05)	— (—)	— (—)
14.	Payable at the end of the year	— (—)	— (160.44)	— (—)	— (—)	— (—)

- 15) Cash Subsidy of Rs.82.87 Crores (P.Y. 83.80 Crores) received from Madhya Pradesh Rajya Setu Nirman Nigam Limited, against the B.O.T. Project cost, is not reduced from the relevant project cost but the same is shown as "Capital Reserve" in the Balance Sheet.

## 16) Sundry Debtors include

Rs. In Lacs

Particulars	Closing Balance	Maximum amount Outstanding During the Year
<b>Wholly Owned Subsidiary Companies</b>		
MSK Projects (Kim Mandvi Corridor) Private Limited	1,964.38 (680.84)	1,971.80 (848.10)
MSK Projects (Himmatnagar Bypass) Pvt. Ltd.	115.19 (115.19)	115.19 (133.88)
<b>Company Under the Same Management</b>		
Dewas Bhopal Corridor Limited	1,017.34 (NIL)	1,017.34 (5439.80)
Bull MSK Infrastructure Private Limited	71.41 (91.41)	91.41 (91.41)

## SCHEDULE FORMING PART OF THE ACCOUNTS

## Schedule - 8 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)

**17) Disclosure of Loans and advances to subsidiaries, associates and others  
(pursuant to clause 32 of Listing Agreement)**

Loans and Advances Include:

Rs. In Lacs

Particulars	Closing Balance	Maximum amount Outstanding During the Year
<b>Wholly Owned Subdiary Co.</b>		
– MSK Projects (Kim Mandvi Corridor) Pvt. Ltd	26.29 (186.82)	186.82 (186.82)
– Super Infrastructure & Toll Bridge Pvt. Ltd	– (392.42)	405.94 (391.69)
– MSK Projects (Himmatnagar Bypass) Pvt. Ltd	8.74 (–)	8.74 (–)
<b>Company under same management</b>		
– Bull MSK Infrastructure Private Limited	36.51 (36.51)	36.51 (51.76)
– Dewas Bhopal Corridor Limited	1,019.94 (–)	1,019.94 (–)

**18) Earning per share**

		2009-10	2008-09
A.	Net profit after Tax available for equity shareholders. (Rs. In Lacs)	2,874.76	2,369.42
B.	Weighted average number of Equity Shares of Rs.10/- each outstanding during the year (Nos. of Shares)	22,821,112	22,821,112
C.	Basic Earning Per Share (Rs.)	12.60	10.38
D.	Diluted Earning Per Share (Rs.)	12.60	10.38

- 19)** Confirmations of certain parties for amounts due from them as per accounts of the company are not obtained. Amount due from customers include amounts due/with held on account of various claims. The claims will be verified and necessary adjustments, if any, shall be made in the year of settlement. Subject to this, company is confident of recovering the dues and accordingly they have been classified as "debt considered good" and therefore no provision is consider necessary, there against.
- 20)** Under the Micro, Small and Medium Enterprise Development Act, 2006 ("MSMED Act") which came into force effective from 2nd October, 2006, certain disclosures relating to amounts due to micro, small and medium enterprises and remained unpaid after the appointed date etc. of principal and interest amounts are required to be made. The Company is in the process of compiling the relevant information. As the relevant information is not yet readily available and / or not given or confirmed by such enterprises, it is not possible to give required information in the accounts. However, in view of the management, the impact of interest, if any, which may subsequently become payable to such enterprise in accordance with the provisions of the Act, would not be material and the same, if any, would be disclosed in the year of payment of interest.

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



## SCHEDULE FORMING PART OF THE ACCOUNTS

## Schedule - 8 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)

21) In the opinion of the Directors, Current Assets, Loans and Advances have value at which they are stated in the Balance Sheet, if realized in the ordinary course of business. The provision for depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.

## 22) Remuneration to Directors

	Managing Director / Joint Managing Director / Chairman	Director
Salaries	2,00,00,000 (1,44,99,996)	83,00,000 (59,46,000)
Contribution to P.F.	NIL NIL	7,200 (7200)
<b>Total</b>	<b>2,00,00,000</b> <b>(1,44,99,996)</b>	<b>83,07,200</b> <b>(59,53,200)</b>

23) Previous year's figures have been regrouped, rearranged and reclassified wherever necessary.

24) Additional information as required by Para 3, 4 and 4-A to 4-D of Part - II of Schedule VI to the Companies Act, 1956.

## a) TURNOVER

1. Civil Work	Rs. 3,99,22,98,353 (Rs. 3,23,12,79,683)
2. Toll Collection	Rs. 29,84,90,230 (Rs.30,37,14,897)

## b) Value of Indigenous and Imported Material together with percentage of consumption

	Value	Percentage
i. Imported	Nil (Nil)	Nil (Nil)
ii. Indigenous	Rs. 2,00,68,70,435 (Rs. 1,79,23,33,034)	100 (100)

## c) C I F Value of Import

Rs. -Nil-  
(Rs. -Nil-)

## d) Expenditure in Foreign Currency Dividend

Rs. Nil  
(Rs. Nil)

## e) Earning in Foreign Exchange

Rs. -Nil-  
Rs. -Nil-

## f) Remittance in Foreign Currency

Rs. -Nil-  
Rs. -Nil-

(Figures in brackets indicate corresponding figures of previous year)

## As per our report of even date

For Chandrakant & Sevantilal & J. K. Shah & Company  
Chartered Accountants

## For and on behalf of the Board of Directors

H. B. Shah  
Partner  
Membership No.016642

Amit Khurana  
Managing Director

Susheela Maheshwari  
Company Secretary

Ashok Khurana  
Director

Place : Vadodara  
Date : 31-05-2010

Place : Vadodara  
Date : 30-05-2010

## BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

(Pursuant to the provision of Part IV of Schedule VI to the Companies Act, 1956)

### I. Registration Details

Registration No.	<input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="0"/>	State Code	<input type="text" value="0"/> <input type="text" value="4"/>
Balance Sheet Date	<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="0"/>		
	Date      Month      Year		

### II. Capital Raised during the year (Amount Rs. in Thousands)

Public Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Right Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text" value="5"/> <input type="text" value="0"/>
Other (Conversion of FCCB)	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>		

### III. Position of Mobilisation and Deployment of Funds (Amount Rs. in Thousands)

Total Liabilities	<input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="6"/>	Total Assets	<input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="6"/>
<b>Sources Of Fund</b>			
Paid Up Capital	<input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="1"/>	Reserves and Surplus	<input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="8"/>
Share Application Money	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Secured Loans	<input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="3"/>
Unsecured Loan	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Deferred Tax Liability	<input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="3"/>
<b>Application</b>			
Net Fixed Assets	<input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="5"/>	Investment	<input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="0"/>
Net Current Assets	<input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="2"/>	Misc. Expenditure	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Accumulated Losses	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>		

### IV. Performance of Company (Amount Rs. in Thousands)

Turnover	<input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="1"/>	Total Expenditure	<input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="4"/>
Profit / Loss before Tax	<input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="6"/>	Profit/Loss after Tax	<input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="6"/>
Earning per share (Rs.) (Basic)	<input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="·"/> <input type="text" value="6"/> <input type="text" value="0"/>	Dividend Rate (%)	<input type="text" value="1"/> <input type="text" value="0"/>
Earning per share (Rs.) (Diluted)	<input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="·"/> <input type="text" value="6"/> <input type="text" value="0"/>		

### V. Generic Names of The Principal Product of the Company

Item Code	Product Description
Not Applicable	Construction Activity

#### As per our report of even date

For **Chandrakant & Sevantilal & J. K. Shah & Company**  
Chartered Accountants

#### For and on behalf of the Board of Directors

**H. B. Shah**  
Partner  
Membership No.016642

**Amit Khurana**  
Managing Director

**Susheela Maheshwari**  
Company Secretary

**Ashok Khurana**  
Director

Place : Vadodara  
Date : 31-05-2010

Place : Vadodara  
Date : 30-05-2010





## CASH FLOW STATEMENT

	2009-10	2008-09
<b>A. CASH-FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax & Prior Period items	412,096,199	263,646,377
Depreciation	113,530,616	102,181,902
Amortisation of BOT Projects	161,067,878	139,045,519
Interest Paid	314,925,728	272,142,381
Profit on sale of fixed assets	(2,118,510)	—
Bad Debts	4,286,469	2,971,192
Exchange Loss / Gain	—	(1,339,367)
Unclaimed Liability w/back	(3,577,719)	(6,996,414)
Provision for Diminution in value of Investment	74,000	—
Interest Received	(27,534,590)	(32,713,943)
Dividend Received	(46,643)	(400,547)
<b>Operating Profit before Working Capital Changes</b>	<b>972,703,428</b>	<b>738,537,100</b>
Adjustment For :		
Inventories	(98,530,691)	(124,645,062)
Trade & Other Receivables	(246,927,126)	(357,150,925)
Trade Payable & Provisions	(238,090,379)	17,084,481
Cash Subsidy	(9,270,160)	—
	<b>(592,818,356)</b>	<b>(464,711,506)</b>
Cash Generated From Operations Before Tax, & Priod Period Items	379,885,072	273,825,594
Less: Direct Taxes (Including FBT) Paid	75,672,930	19,223,769
Cash Generated From Operations Before Priod Period Items	304,212,142	254,601,825
Less: Prior Period Income / (Expense)	(22,749,605)	(10,238,812)
<b>NET CASH GENERATED/(USED) FROM OPERATING ACTIVITIES</b>	<b>326,961,747</b>	<b>264,840,637</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets	(36,092,420)	(415,713,513)
Sales of Fixed Assets	7,793,082	—
Investment	—	(58,601,000)
BOT Expenditure incurred during the year	(6,479,018)	(124,181,459)
Interest Received	27,534,590	32,713,943
Dividend Received	46,643	400,547
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(7,197,123)</b>	<b>(565,381,482)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings (Net)	104,501,507	591,388,232
Dividend Paid (Including tax thereon)	(26,699,560)	(26,699,560)
Interest Paid	(314,925,728)	(272,142,381)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(237,123,781)</b>	<b>292,546,291</b>
Net Changes In Cash & Cash Equivalants (A+B+C)	82,640,843	(7,994,554)
Cash & Cash Equivalants - Opening Balance	432,479,172	424,484,618
	<b>515,120,015</b>	<b>432,479,172</b>
Cash & Cash Equialants - Closing Balance	515,120,015	432,479,172

## As per our report of even date

For Chandrakant & Sevantilal & J. K. Shah & Company  
Chartered Accountants

## For and on behalf of the Board of Directors

H. B. Shah  
Partner  
Membership No.016642

Amit Khurana  
Managing Director

Susheela Maheshwari  
Company Secretary

Ashok Khurana  
Director

Place : Vadodara  
Date : 31-05-2010

Place : Vadodara  
Date : 30-05-2010

**AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS  
OF MSK PROJECTS (INDIA) LIMITED**

1. We have audited the attached Consolidated Balance Sheet of MSK Projects (India) Limited , its Subsidiaries and Joint Ventures, as at 31st March 2010 and also the consolidated Profit and Loss Accounts and the consolidated Cash Flow Statement for the year ended on that date annexed there to. These financial statements are the responsibilities of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
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, and audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of three Subsidiaries and One Joint Venture whose financial statements reflected total assets of Rs.624.21 Crores (P.Y. 182.06 Crores) as at March 31st 2010 and total revenue of Rs.1.04 Crores (P.Y.1.30 Crores) and net cash inflow/(outflow) from operating activities amounting to Rs. 99.93 Crores (P.Y. Rs.66.29 Crores) for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of the other auditors.
4. The financial statements of Bul MSK Infrastructure Private Limited , a Joint Venture ,unaudited ,reflects total assets of Rs.15.35 Crores (P.Y. Rs.17.62 Crores) as at March 31st 2010 and total revenue of Rs.3.81 Crores (P.Y. Rs. 3.57 Crores) . and net cash outflow from operating activities amounting to Rs.2.07 Crores (P.Y. Rs. 2.47 Crores) for the year then ended
5. Subject to non compliance with the specified accounting standards relating to :-
  - a) *Disclosure of Cash Subsidy amounting to Rs.117.62 Crores received from Madhya Pradesh Rajya Setu Nirman Nigam Limited and Gujarat State Road Development Corporation against BOT Projects under the head 'Reserve & Surplus' instead of deducting the same from the Project Cost as required by the Accounting Standard – 12 "Accounting for Government Grants" (See Note No. 15).*
  - b) *The Company has not provided reimbursement of independent consultants fees of Rs.2.27 Lacs (See notes no.16)*

We report that the consolidated financial statements have been prepared by the MSK Projects (India) Limited managements in accordance with the requirements of Accounting standard (AS) 21 Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interest in Joint Ventures, issued by the Institute of Chartered Accountants of India.

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

*Paragraph 5 relating to Disclosure of Cash Subsidy amounting to Rs.117.62 Crores received from Madhya Pradesh Rajya Setu Nirman Nigam Limited and Gujarat State Road Development Corporation against BOT Projects under the head 'Reserves & Surplus' instead of deducting the same from the Project Cost (See Note No. 15).*

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

- i) In the case of the consolidated Balance Sheet, of the state of affairs of the MSK Projects (India) Limited, as at 31st March 2010.
- ii) In case of the consolidated profit & loss Account, of the profit of the MSK Projects (India) Limited for the year ended on that date and
- iii) In the case of the consolidated Cash Flow statement, of the cash flows for the year ended on that date.

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

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



## CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH 2010

	Schedules	As at March 31, 2010 (Amount in Rs.)	As at March 31, 2009 (Amount in Rs.)
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS' FUNDS</b>			
SHARE CAPITAL	A	228,211,120	228,211,120
RESERVES & SURPLUS	B	3,000,028,871	2,737,127,207
		<b>3,228,239,991</b>	<b>2,965,338,327</b>
<b>LOAN FUNDS</b>			
SECURED LOAN	C	4,096,943,042	3,479,118,025
UN-SECURED LOAN	D	58,313,859	130,000,000
		<b>4,155,256,901</b>	<b>3,609,118,025</b>
DEFERRED TAX LIABILITY		64,683,000	9,589,000
<b>TOTAL (Rs.)</b>		<b>7,448,179,892</b>	<b>6,584,045,352</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
GROSS BLOCK	E	1,271,119,586	1,128,828,923
LESS : DEPRECIATION		412,521,643	307,756,944
<b>NET BLOCK</b>		<b>858,597,943</b>	<b>821,071,979</b>
<b>BUILD, OPERATE AND TRANSFER PROJECTS EXPENDITURE</b>			
	F		
AS PER LAST YEAR BALANCE SHEET		4,338,901,035	3,330,544,075
ADD: COST INCURRED DURING THE YEAR		1,173,209,783	1,162,120,855
		<b>5,512,110,818</b>	<b>4,492,664,930</b>
LESS: UN CLAIMED LIABILITIES WRITTEN BACK		3,783,017	1,419,809
LESS: AMORTISATION DURING THE YEAR		174,077,065	152,344,086
		<b>177,860,082</b>	<b>153,763,895</b>
<b>INVESTMENTS</b>	G	2,130,311	4,204,314
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
INVENTORIES	H	328,030,039	229,499,348
SUNDRY DEBTORS	I	858,877,401	807,998,030
CASH & BANK BALANCES	J	535,534,872	736,727,841
LOANS & ADVANCES	K	323,108,559	605,461,453
		<b>2,045,550,871</b>	<b>2,379,686,673</b>
LESS : CURRENT LIABILITIES & PROVISIONS			
LIABILITIES	L	743,175,125	931,459,254
PROVISION	M	50,168,002	29,178,218
		<b>793,343,127</b>	<b>960,637,472</b>
<b>NET CURRENT ASSETS</b>		<b>1,252,207,744</b>	<b>1,419,049,201</b>
MISCELLANEOUS EXPENDITURE (to the extent not written off)	N	993,157	818,823
<b>TOTAL (Rs.)</b>		<b>7,448,179,892</b>	<b>6,584,045,352</b>
<b>ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>	8		

## As per our report of even date

For Chandrakant & Sevantilal & J. K. Shah & Company  
Chartered Accountants

## For and on behalf of the Board of Directors

H. B. Shah  
Partner  
Membership No.016642

Amit Khurana  
Managing Director

Susheela Maheshwari  
Company Secretary

Ashok Khurana  
Director

Place : Vadodara  
Date : 31-05-2010

Place : Vadodara  
Date : 30-05-2010

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

	Schedules	Year ended March 31, 2010 (Amount in Rs.)	Year ended March 31, 2009 (Amount in Rs.)
<b>INCOME</b>			
CONTRACT RECEIPTS	1	3,288,241,374	2,649,003,480
TOLL COLLECTION	2	327,960,881	334,605,560
OTHER INCOME	3	36,300,532	43,951,558
		<u>3,652,502,786</u>	<u>3,027,560,598</u>
CHANGE IN WORK-IN-PROGRESS	4	41,860,292	81,440,872
<b>TOTAL Rs.</b>		<b><u>3,694,363,077</u></b>	<b><u>3,109,001,470</u></b>
<b>EXPENDITURE</b>			
MATERIALS CONSUMED	5	2,006,893,275	1,792,333,034
SITE COST & OTHER EXPENSES	6	1,281,010,659	1,168,566,253
FINANCE & BANK CHARGES	7	323,177,499	281,896,843
AMORTISATION ON BUILD, OPERATE & TRANSFER CONTRACT PROJECT EXPENSES		174,077,065	152,344,086
PRELIMINARY EXPENSES WRITTEN OFF		4,117	4,117
DEPRECIATION		<u>113,540,997</u>	<u>102,193,961</u>
		<b>3,898,703,612</b>	<b>3,497,338,294</b>
LESS: CAPITAL COST INCURRED FOR OWNED BOT PROJECT TRANSFERRED TO BALANCE SHEET		6,479,018	124,181,460
MATERIAL COST AND SITE EXPENSES ETC.. PERTAINING TO BILLS RAISED TO SUBSIDIARY COMPANIES AND JOINT VENTURES		<u>555,914,643</u>	<u>495,347,391</u>
		-562,393,661	619,528,851
		<b>3,336,309,951</b>	<b>2,877,809,443</b>
PROFIT BEFORE PRIOR PERIOD INCOME / EXPENDITURE		358,053,127	231,192,027
PRIOR PERIOD (INCOME) / EXPENDITURE (NET)		(22,759,604)	(7,882,158)
<b>PROFIT BEFORE TAXATION</b>		<b>380,812,731</b>	<b>239,074,185</b>
<b>PROVISION FOR TAXATION</b>			
CURRENT TAX		92,500,000	38,135,000
FRINGE BENEFIT TAX		(224,094)	421,171
DEFERRED TAX		<u>55,094,000</u>	<u>(1,477,000)</u>
		147,369,906	37,079,171
PROFIT AFTER TAXATION		233,442,825	201,995,014
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		607,428,632	432,133,178
PROFIT AVAILABLE FOR APPROPRIATION		840,871,456	634,128,192
PROPOSED DIVIDEND		40,000,000	22,821,112
TAX ON DIVIDEND		<u>6,798,000</u>	<u>3,878,448</u>
		46,798,000	26,699,560
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b><u>794,073,456</u></b>	<b><u>607,428,632</u></b>
<b>EARNING PER SHARE - (IN RUPEES)</b>			
BASIC & DILUTED		10.23	8.85
<b>ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS</b>	<b>8</b>		

As per our report of even date

For Chandrakant & Sevantilal & J. K. Shah & Company  
Chartered Accountants

For and on behalf of the Board of Directors

H. B. Shah  
Partner  
Membership No.016642

Amit Khurana  
Managing Director

Susheela Maheshwari  
Company Secretary

Ashok Khurana  
Director

Place : Vadodara  
Date : 31-05-2010

Place : Vadodara  
Date : 30-05-2010



## SCHEDULE - A TO N AND 8 FORMING PART OF THE BALANCE SHEET

	As at March 31, 2010 (Amount in Rs.)	As at March 31, 2009 (Amount in Rs.)
<b>Schedule - A SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
2,50,00,000 (PREVIOUS YEAR 2,50,00,000) EQUITY SHARES OF RS. 10/- EACH	250,000,000	250,000,000
<b>ISSUED, SUBSCRIBED, AND PAID UP CAPITAL</b>		
*2,28,21,112 (PREVIOUS YEAR 2,28,21,112) EQUITY SHARES Rs. 10/- EACH FULLY PAID UP	228,211,120	228,211,120
<b>TOTAL</b>	<b>228,211,120</b>	<b>228,211,120</b>

## NOTES

\* OUT OF THE ABOVE SHARES:

- 1,874,331 Shares are allotted as fully paid up without payment being received in cash in earlier year
- 3,411,089 Shares are allotted as fully paid up by way of bonus shares in earlier Year
- 250,000 Shares are issued on preferential basis during the year 2005-06
- 1,399,566 Shares are issued on conversion of foreign currency convertible bonds during the year 2006-07
- 2,353,768 Shares are issued on conversion of foreign currency convertible bonds during the year 2007-08
- 4,450,000 Shares are issued on preferential basis during the year 2007-08

**13,738,754**

	As at March 31, 2010 (Amount in Rs.)			As at March 31, 2009 (Amount in Rs.)		
	Consolidated with Subsidiaries	Shares of Joint Ventures	Total	Consolidated with Subsidiaries	Shares of Joint Ventures	Total
<b>Schedule - B RESERVES &amp; SURPLUS</b>						
<b>CAPITAL RESERVE</b>						
<b>CASH SUBSIDY</b>						
Received from Madhya Pradesh Rajya Setu Nirman Nigam Limited against BOT Projects as per last year Balance sheet	838,000,000	—	838,000,000	838,000,000	—	838,000,000
Less: Written Off during the year	9,270,160	—	9,270,160	—	—	—
	828,729,840	—	828,729,840	838,000,000	—	838,000,000
Received from Madhya Pradesh Rajya Setu Nirman Nigam Limited against BOT Projects as per last year Balance sheet	—	230,373,000	230,373,000	—	230,373,000	230,373,000
Add: Received during the year	—	85,527,000	85,527,000	—	—	—
	—	315,900,000	315,900,000	—	230,373,000	230,373,000
Receieved from Gujarat State Road Development Corporation against BOT Projects as per last year Balance sheet	31,650,000	—	31,650,000	31,650,000	—	31,650,000
<b>TOTAL</b>	<b>860,379,840</b>	<b>315,900,000</b>	<b>1,176,279,840</b>	<b>869,650,000</b>	<b>230,373,000</b>	<b>1,100,023,000</b>
<b>AMALGAMATION RESERVES</b>	52,112,583	—	52,112,583	52,112,583	—	52,112,583
As per last year Balance Sheet						
<b>GENERAL RESERVES</b>						
As per last year Balance Sheet	32,177,549	—	32,177,549	32,177,549	—	32,177,549
<b>SECURITIES PREMIUM</b>						
As per last year Balance Sheet	945,385,442	—	945,385,442	945,385,442	—	945,385,442
<b>PROFIT &amp; LOSS ACCOUNT</b>						
Balance as per annexed account	793,632,130	441,328	794,073,457	607,182,754	245,879	607,428,633
<b>TOTAL (A+B+C+D)</b>	<b>2,683,687,544</b>	<b>316,341,328</b>	<b>3,000,028,871</b>	<b>2,506,508,328</b>	<b>230,618,879</b>	<b>2,737,127,207</b>

**SCHEDULE - A TO N AND 8 FORMING PART OF THE BALANCE SHEET**

	As at March 31, 2010 (Amount in Rs.)			As at March 31, 2009 (Amount in Rs.)		
	Consolidated with Subsidiaries	Shares of Joint Ventures	Total	Consolidated with Subsidiaries	Shares of Joint Ventures	Total
<b>Schedule - C      SECURED LOANS</b>						
<b>TERM LOAN FOR EQUIPMENTS &amp; VEHICLES</b>						
<b>FROM CORPORATION BANK - BARODA</b>	51,905,370	—	51,905,370	71,152,158	—	71,152,158
Secured by hypothecation of the relevant plant & machineries, equipments, vehicles & the personal guarantee by the directors of the Company. (REPAYABLE WITHIN YEAR RS.1,99,24,000/- PREVIOUS YEAR RS. 3,25,04,000/-)						
<b>FROM KOTAK MAHINDRA BANK LIMITED</b>	16,008,922	—	16,008,922	24,376,055	—	24,376,055
Secured by hypothecation of relevant Plant & Machineries & Vehicles & Personal guarantee of the some of the Directors of the Company (REPAYABLE WITHIN YEAR RS.92,52,000/- PREVIOUS YEAR RS.82,31,000/-)						
<b>FROM ABN AMRO BANK</b>	—	—	—	4,915,638	—	4,915,638
Secured by hypothecation of relevant Plant & machineries & personal guarantee of some of the Directors of the Company (REPAYABLE WITHIN YEAR RS. -NIL- PREVIOUS YEAR RS.49,15,638/-)						
<b>FROM HDFC BANK LIMITED</b>	27,240,669	—	27,240,669	34,087,271	—	34,087,271
Secured by hypothecation of relevant Vehicles, Plant & Machineries and personal guarantee of the some of the directors of the Company (REPAYABLE WITHIN YEAR RS.1,47,92,000/- PREVIOUS YEAR RS. 1,65,46,000/-)						
<b>FROM TATA CAPITAL LIMITED</b>	24,059,648	—	24,059,648	40,645,775	—	40,645,775
Secured by hypothecation of relevant Plant & machineries & personal guarantee of some of the Directors of the Company (REPAYABLE WITHIN YEAR RS.1,85,35,000/- PREVIOUS YEAR RS. 1,65,48,000/-)						
<b>FROM AXIS BANK</b>	4,252,221	—	4,252,221	2,946,491	—	2,946,491
Secured by hypothecation of relevant Plant & machineries & personal guarantee of some of the Directors of the Company (REPAYABLE WITHIN YEAR RS.15,79,000/- PREVIOUS YEAR RS.12,17,000/-)						
<b>FROM TATA MOTOR FINANCE LIMITED</b>	11,232,218	—	11,232,218	20,872,154	—	20,872,154
Secured by hypothecation of relevant Plant & machineries & personal guarantee of some of the Directors of the Company (REPAYABLE WITHIN YEAR RS.1,03,37,000/- PREVIOUS YEAR RS.96,40,000/-)						
<b>FROM SREI INFRASTRUCTURE FINANCE LIMITED</b>	53,899,494	—	53,899,494	121,423,856	—	121,423,856
Secured by hypothecation of relevant Plant & machineries & personal guarantee of some of the Directors of the Company (REPAYABLE WITHIN YEAR RS.4,69,98,000/- PREVIOUS YEAR RS.6,37,52,000/-)						
<b>TOTAL (A)</b>	<b>188,598,542</b>	<b>—</b>	<b>188,598,542</b>	<b>320,419,398</b>	<b>—</b>	<b>320,419,398</b>




**SCHEDULE - A TO N AND 8 FORMING PART OF THE BALANCE SHEET**

		As at March 31, 2010 (Amount in Rs.)			As at March 31, 2009 (Amount in Rs.)		
		Consolidated with Subsidiaries	Shares of Joint Ventures	Total	Consolidated with Subsidiaries	Shares of Joint Ventures	Total
<b>Schedule - C</b>	<b>SECURED LOANS (Contd.)</b>						
<b>TERM LOAN FOR PROJECTS</b>							
<b>FROM DENA BANK</b>		305,228,916	—	305,228,916	343,482,195	—	343,482,195
(REPAYABLE WITHIN YEAR RS.4,44,00,000/- PREVIOUS YEAR RS.3,70,00,000/-)							
The above Loans are secured by:							
<ul style="list-style-type: none"> <li>- A first mortgage and charge on all the Company's capital assets, specific &amp; pertaining to the Hoshangabad-Harda-Khandwa Projects only both present and futures.</li> <li>- A first Charge on all the revenues / receivable of Hoshangabad-Harda - Khandwa project account of the Company</li> <li>- A First charge on all the intangible assets of the Company including but no limited to Goodwill of the Company</li> <li>- A first charge on Company's bank accounts including without limitation the trust and retention account (RTA) / Escrow Account and Debt Service Reserve Account to be established by the Company</li> <li>- A First charge/assignment/security on the Company right under the concession agreement, project document, contract and all licence permits approvals consents and insurance policies in respect of the project</li> </ul>							
<b>FROM STATE BANK OF INDIA - COMMERCIAL BRANCH - INDORE</b>		28,207,743	—	28,207,743	33,626,055	—	33,626,055
(REPAYABLE WITHIN YEAR RS.47,00,000/- PREVIOUS YEAR RS.47,00,000/- )							
The above loan is secured by:							
<ul style="list-style-type: none"> <li>- Secured by on the assignment of Project right . Movable and Immovable property, intangible assets for Himmatnagar Bypass projects</li> <li>- First charge on Company's bank account for the Himmatnagar project and revenue and receivable and project account of the Company</li> <li>- Personal guarantee of the some of the directors of the Company</li> </ul>							
<b>FROM STATE BANK OF INDIA - COMMERCIAL BRANCH - INDORE</b>		106,366,749	—	106,366,749	75,044,657	—	75,044,657
(REPAYABLE WITHIN YEAR RS.69,00,000/- PREVIOUS YEAR RS.41,00,000/- )							
The above loan is secured by:							
<ul style="list-style-type: none"> <li>- Secured by on the assignment of Project right. Movable and Immovable property intangible assets for Kim Mandvi Corridor bypass projects</li> <li>- First charge on Company's bank account for the Kim Mandvi project and revenue and receivable and project account of the Company</li> <li>- Personal guarantee of the some of the directors of the Company</li> </ul>							
<b>HDFC BANK LTD</b>		—	83,549	83,549	—	316,821	316,821
Secured by hypothecation of relevant Vehicles, Plant & machineries and personal guarantee of the some of the directors of the Company							
(REPAYABLE WITHIN YEAR RS.1,65,46,000/- PREVIOUS YEAR RS.1,07,37,024/-)							
<b>T/L PUNJAB NATIONAL BANK</b>		—	390,000,000	390,000,000	—	261,300,000	261,300,000
<b>T/L STATE BANK OF BIKANAR AND JAIPUR</b>		—	117,000,000	117,000,000	—	89,704,682	89,704,682
<b>T/L STATE BANK OF INDIA</b>		—	390,000,000	390,000,000	—	312,004,700	312,004,700
<b>T/L STATE BANK OF INDORE</b>		—	58,500,000	58,500,000	—	39,000,000	39,000,000

**SCHEDULE - A TO N AND 8 FORMING PART OF THE BALANCE SHEET**

	As at March 31, 2010 (Amount in Rs.)			As at March 31, 2009 (Amount in Rs.)		
	Consolidated with Subsidiaries	Shares of Joint Ventures	Total	Consolidated with Subsidiaries	Shares of Joint Ventures	Total
<b>Schedule - C SECURED LOANS (Contd.)</b>						
<b>T/L STATE BANK OF TRAVANCOR</b>	—	195,000,000	195,000,000	—	140,401,170	140,401,170
<b>T/L DENA BANK</b>	—	195,000,000	195,000,000	—	144,303,568	144,303,568
INTEREST ACCRUED BUT NOT DUE (Installment due within one Year Rs. 1,15,97,000/- Previous year Rs. Nil)	—	12,839,122	12,839,122	—	8,361,391	8,361,391
<b>FROM STATE BANK OF INDIA - COMMERCIAL BRANCH - INDORE</b>	—	41,803,298	41,803,298	—	47,413,908	47,413,908
The above loan is secured by:						
- Secured by on the assignment of Project right, movable and immovable property intangible assets for Bull MSK Infrastructure Pvt. Ltd						
<b>IN INDIAN CURRENCY</b>						
<b>FROM CORPORATION BANK</b>	300,574,761	—	300,574,761	111,306,443	—	111,306,443
The above Loan is Secured By:						
- First Mortgage & charge on all the movable & immovable properties of the Raisen - Rahathgarh BOT Projects including all receivable both and present and future.						
- Assignment of all rights, title and Interest of the Company in respect of all the assets of the projects, all Projects agreement and Contracts including Concession Agreement.						
- Assignment of contractors guarantees, performance bond and liquidated damages						
- Personal Guarantees of some of the Directors of the Transferor Company.						
(REPAYABLE WITHIN YEAR RS.3,36,00,000/- PREVIOUS YEAR RS.2,16,16,000/-)						
<b>FROM PUNJAB NATIONAL BANK</b>	125,947,741	—	125,947,741	162,546,758	—	162,546,758
(Secured by Ludhiana & Jalandhar Bus Terminal Projects, and Personal guarantee of some of the directors of the Company).						
(Repayable within Year Rs.3,61,80,000/- Previous Year Rs. 3,61,80,000/-)						
<b>FROM INDUSTRIAL DEVELOPMENT FINANCE CO. LIMITED</b>	572,792,654	—	572,792,654	584,527,102	—	584,527,102
<b>INTEREST ACCRUED &amp; DUE</b>	2,442,242	—	2,442,242	2,666,959	—	2,666,959
- Secured by way of mortgage in favour of IDFC of all moveable properties pertaining to the Dewas Water Supply Projects Presents, futures.						
- First charge by ways of the hypothecation of the all movables including movables including movable plant machinery, machinery spares, tools, & accessories, furniture & fixture, vehicles and all other movable assets pertaining to the project present & future.						
- First charge of all the book debts, operating, Cash Flows, revenue, receivables of the Company pertaining to the Dewas Water Supply project, present & Future.						
- Assignment of all rights, title and Interest of the Company in respect of all the assets of the Dewas Water Supply Projects agreement and Contracts including Concession Agreement.						
- First Charge over the Escrow Account. Debt Service Reserve Account and other Reserve and any Other reserves and any other banks account the Company wherever maintained.						
- Personal Guarantee of the Directors of the Company/ (REPAYABLE WITHIN YEAR RS.1,17,00,000/- PREVIOUS YEAR RS.1,17,00,000/-)						
<b>TOTAL (B)</b>	<b>1,441,560,806</b>	<b>1,400,225,969</b>	<b>2,841,786,776</b>	<b>1,313,200,169</b>	<b>1,042,806,240</b>	<b>2,356,006,409</b>



## SCHEDULE - A TO N AND 8 FORMING PART OF THE BALANCE SHEET

	As at March 31, 2010 (Amount in Rs.)			As at March 31, 2009 (Amount in Rs.)		
	Consolidated with Subsidiaries	Shares of Joint Ventures	Total	Consolidated with Subsidiaries	Shares of Joint Ventures	Total
<b>Schedule - C</b>	<b>SECURED LOANS (Contd.)</b>					
<b>OTHER LOAN</b>						
<b>IN INDIAN CURRENCY</b>						
<b>FROM CORPORATION BANK</b>						
<b>SHORT DEMAND LOAN</b> (Secured by fixed deposits of the Company and third Parties)	139,765,340	—	139,765,340	125,061,145	—	125,061,145
<b>OVERDRAFT ACCOUNT</b> (Secured by hypothecation of the entire stocks & book debts of the Company & personal guarantee of some of the directors of the Company).	376,430,627	—	376,430,627	324,779,501	—	324,779,501
<b>FROM IDBI BANK LIMITED</b> Secured by hypothecation of Vehicles and personal guarantee of some of the directors of the Company	341,125,151	—	341,125,151	322,573,209	—	322,573,209
<b>FROM BANK OF INDIA</b> Secured by Specific Plant & machineries and second charge on current assets of the Company and personal guarantee of some of the directors of the Company	201,103,665	—	201,103,665	—	—	—
<b>FROM BANK OF INDIA</b> <b>OVERDRAFT ACCOUNT</b> - Secured by the 10% Cash Margin in the form of TDR - Pledge of the shares of the promoters in favour of the Bank for Rs. 50 Lacs	8,132,941	—	8,132,941	30,278,362	—	30,278,362
<b>TOTAL (C)</b>	<b>1,066,557,724</b>	<b>—</b>	<b>1,066,557,724</b>	<b>802,692,217</b>	<b>-</b>	<b>802,692,217</b>
<b>TOTAL (A) + (B) + (C)</b>	<b>2,696,717,072</b>	<b>1,400,225,969</b>	<b>4,096,943,042</b>	<b>2,436,311,785</b>	<b>1,042,806,240</b>	<b>3,479,118,025</b>
<b>Schedule - D</b>	<b>UN-SECURED LOANS</b>					
<b>FROM COMPANIES</b>	—	39,426,489	39,426,489	130,000,000	—	130,000,000
<b>FROM OTHERS</b>	18,887,370	—	18,887,370	—	—	—
<b>TOTAL</b>	<b>18,887,370</b>	<b>39,426,489</b>	<b>58,313,859</b>	<b>130,000,000</b>	<b>—</b>	<b>130,000,000</b>

# SCHEDULE - A TO N AND 8 FORMING PART OF THE BALANCE SHEET

## Schedule - E FIXED ASSETS

Sr	Fixed Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		As on 1/4/2009	Addition During the Year	Deduction During The Year	As on 31/3/2010	Addition During the Year	Deduction During The Year	As on 31/3/2010	As on 31/3/2009
1	GOOD-WILL CONSOLIDATION	144,129,963	120,777,905	—	264,907,868	—	—	264,907,868	144,129,963
2	GOOD-WILL	1,701,592	—	—	1,701,592	—	—	1,701,592	1,701,592
3	LAND	14,005,077	—	2,058,084	11,946,993	—	—	11,946,993	14,005,077
4	BUILDING	1,708,731	—	—	1,708,731	31,078	—	590,472	621,550
5	PLANT & MACHINERIES	527,474,600	9,210,176	9,563,477	527,121,299	52,170,322	6,113,811	324,341,520	370,751,332
6	CONSTRUCTION EQUIPMENT	208,300,858	15,592,055	—	223,892,913	22,786,222	—	151,755,072	158,949,239
7	AIR-CONDITIONER	976,541	93,800	—	1,070,341	55,044	—	369,144	330,388
8	VEHICLES	213,514,844	8,489,150	2,971,453	219,032,541	36,532,509	2,804,631	95,030,943	123,241,124
9	COMPUTERS	6,455,605	1,534,207	—	7,989,812	1,173,696	—	2,299,021	1,938,510
10	OFFICE EQUIPMENT	4,661,129	707,114	—	5,368,243	431,340	—	3,074,585	2,798,811
11	FURNITURE & FIXTURES	5,899,984	479,269	—	6,379,253	502,931	—	2,580,732	2,604,394
TOTAL		1,128,828,923	156,883,676	14,593,014	1,271,119,586	113,683,141	8,918,442	858,597,943	821,071,980
Less: Depreciation Capitalised during the year							-142,144		
		1,128,828,923	156,883,676	14,593,014	1,271,119,586	113,540,997	8,918,442	858,597,943	821,071,980
PREVIOUS YEAR		710,593,247	418,235,677	—	1,128,828,924	102,193,961	—	821,071,980	—

## SCHEDULE - A TO N AND 8 FORMING PART OF THE BALANCE SHEET

Schedule - F	BUILD, OPERATE & TRANSFER PROJECTS EXPENDITURE						
Particulars	CONSOLIDATED WITH SUBSIDIARIES		SHARES OF JOINT VENTURES			TOTAL	
	As on 1/4/2009	Incurred During the Year	As on 31/3/2010	As on 1/4/2009	Incurred During the Year	As on 31/3/2010	As on 1/4/2009
ON COMPLETED PROJECTS							
BALANCE AS PER LAST YEAR	3,176,246,549	—	3,176,246,549	1,162,654,486	—	1,162,654,486	4,338,901,035
PAYMENT TO EPC CONTRACTORS	—	146,190,236	146,190,236	—	990,114,142	990,114,142	—
SITE COST & OTHER EXPENSE	—	5,979,018	5,979,018	—	18,367,922	18,367,922	—
ADMINISTRATIVE EXPENSE	—	2,034,198	2,034,198	—	-8,172,851	-8,172,851	—
FINANCE CHARGES (NET OF INTEREST RECEIVED)	—	10,352,890	10,352,890	—	131,993,702	131,993,702	—
LESS: TOLL RECEIVED INTEREST AND OTHER INCOME	—	—	—	—	-69,279,766	-69,279,766	—
AUDIT FEES	—	275,438	275,438	—	—	—	—
UNCLAIMED LIABILITY WRITTEN BACK	—	-3,783,017	-3,783,017	—	—	—	—
	3,176,246,549	161,048,764	3,337,295,313	1,162,654,486	1,063,023,149	2,225,677,635	4,338,901,035
LESS: WRITTEN OFF DURING THE YEAR :	—	—	167,089,220	—	—	6,987,845	—
Less: UNREALISED PROFIT	—	13,084,026	13,084,026	—	41,561,120	41,561,120	—
CLOSING BALANCE	3,176,246,549	147,964,738	3,157,122,067	1,162,654,486	1,021,462,029	2,177,128,670	4,338,901,035

**SCHEDULE - A TO N AND 8 FORMING PART OF THE BALANCE SHEET**

	As at March 31, 2010 (Amount in Rs.)			As at March 31, 2009 (Amount in Rs.)		
	Consolidated with Subsidiaries	Shares of Joint Ventures	Total	Consolidated with Subsidiaries	Shares of Joint Ventures	Total
<b>Schedule - G INVESTMENTS</b>						
<b>INVESTMENT IN SHARES (NON TRADE)</b>						
<b>QUOTED, AT COST</b>						
7400 (P.Y. 7400) Equity Sharess in Minar Trading Services Limited of Rs.10/- each fully Paid Up	74,000	—	74,000	74,000	—	74,000
1500 (P.Y. 1500) Equity Sharess in Sarv Shakti Synthetics Limited of Rs. 10/- each fully Paid up	15,000	—	15,000	15,000	—	15,000
1600 (P.Y. 1600) Equity Sharess in Corporation Bank of Rs. 10/- each fully Paid Up	128,000	—	128,000	128,000	—	128,000
30000 (P.Y. 30000) Equity Shares in Myraj Consultancy Limited of Rs. 10/- each fully paid up	300,000	—	300,000	300,000	—	300,000
	<b>517,000</b>	<b>—</b>	<b>517,000</b>	<b>517,000</b>	<b>—</b>	<b>517,000</b>
LESS: DIMINUTION IN VALUE OF INVESTMENT	-74,000	—	-74,000	—	—	—
	<b>443,000</b>	<b>—</b>	<b>443,000</b>	<b>517,000</b>	<b>—</b>	<b>517,000</b>
(Market Value Rs. 7,69,600/- P.Y. Rs. 2,87,780/-)						
<b>OTHERS</b>						
500 (P.Y. 500) Shares in MSK Finance Limited of Rs. 100/- each fully paid up	50,000	—	50,000	50,000	—	50,000
48 (P.Y. 48) Shares in Nutan Nagrik Sahakari Bank Limited of Rs. 100/- each fully paid up	4,800	—	4,800	4,800	—	4,800
37652 (P.Y. 37652) Shares in Baroda Peoples Co-Op. Bank Limited of Rs.10/- each fully paid up	376,521	—	376,521	376,521	—	376,521
63 (P.Y. 63) Shares in Baroda City Co-Op. Bank Limited of Rs. 50/- each fully paid up	3,150	—	3,150	3,150	—	3,150
1000 (P.Y. 1000) Shares in Classic Organisers Private Ltd of Rs. 10/- each fully paid up	10,000	—	10,000	10,000	—	10,000
960 (P.Y. 960) Shares in Sindh Mechantile Co-Op. Bank Ltd of Rs.10/- each fully paid up	9,600	—	9,600	9,600	—	9,600
23274 (P.Y. 23274) Shares in Yash Fin Con Private Limited of Rs. 10/- each fully paid up.	232,740	—	232,740	232,743	—	232,743
Share Application Money With MSK Projects (India) (JV) Limited	—	—	—	—	2,000,000	2,000,000
<b>INVESTMENT IN GOVERNMENT SECURITY</b>						
Indira Vikash Patra	500	—	500	500	—	500
One Bond of Sardar Sarovar Narmada Nigam Limited	1,000,000	—	1,000,000	1,000,000	—	1,000,000
<b>TOTAL</b>	<b>2,130,311</b>	<b>—</b>	<b>2,130,311</b>	<b>2,204,314</b>	<b>2,000,000</b>	<b>4,204,314</b>

<b>Schedule - H CURRENT ASSETS, LOAN &amp; ADVANCES</b>						
<b>INVENTORIES</b> (As taken valued and certified by the Managing Director)						
WORK-IN-PROGRESS	202,063,190	-	202,063,190	160,202,898	-	160,202,898
RAW MATERIAL	125,966,849	-	125,966,849	69,296,450	-	69,296,450
<b>TOTAL</b>	<b>328,030,039</b>	<b>-</b>	<b>328,030,039</b>	<b>229,499,348</b>	<b>-</b>	<b>229,499,348</b>

<b>Schedule - I CURRENT ASSETS LOAN &amp; ADVANCES</b>						
<b>SUNDRY DEBTORS</b> (UNSECURED CONSIDERED GOOD)						
<b>DEBT EXCEEDING SIX MONTHS</b>	7,465,705	—	7,465,705	5,411,314	—	5,411,314
FROM OTHERS	960,287,060	-108,875,365	851,411,696	802,586,716	—	802,586,716
<b>TOTAL</b>	<b>967,752,765</b>	<b>-108,875,365</b>	<b>858,877,401</b>	<b>807,998,030</b>	<b>—</b>	<b>807,998,030</b>



## SCHEDULE - A TO N AND 8 FORMING PART OF THE BALANCE SHEET

		As at March 31, 2010 (Amount in Rs.)			As at March 31, 2009 (Amount in Rs.)		
		Consolidated with Subsidiaries	Shares of Joint Ventures	Total	Consolidated with Subsidiaries	Shares of Joint Ventures	Total
<b>Schedule - J</b>	<b>CASH &amp; BANK BALANCES</b>						
CASH - ON - HAND		7,380,583	363,436	7,744,019	17,260,973	649,087	17,910,060
BALANCES WITH SCHEDULED BANKS							
IN CURRENT ACCOUNTS		224,551,568	13,582,797	238,134,365	130,348,510	74,944,550	205,293,060
IN FIXED DEPOSITS ACCOUNTS		288,856,988	799,500	289,656,488	291,205,220	222,319,500	513,524,720
<b>TOTAL</b>		<b>520,789,140</b>	<b>14,745,733</b>	<b>535,534,872</b>	<b>438,814,703</b>	<b>297,913,137</b>	<b>736,727,840</b>
<b>Schedule - K</b>	<b>LOAN &amp; ADVANCES</b>						
(Unsecured, Considered Good)							
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED		241,022,544	-98,973,579	142,048,965	178,824,553	58,462,212	237,286,765
INTEREST ACCRUED BUT NOT DUE ON FIXED DEPOSITS		2,012,278	94,479	2,106,757	4,782,649	73,826	4,856,475
TAX DEDUCTED AT SOURCE / ADVANCE TAX (Net of Provision for Tax)		31,714,772	646,872	32,361,644	49,660,662	15,073	49,675,735
MOBILISATION ADVANCE TO SUB-CONTRACTORS		-	-	-	650,000	109,671,582	110,321,582
SUNDRY DEPOSITS		146,582,237	8,955	146,591,192	203,296,596	24,300	203,320,896
<b>TOTAL</b>		<b>421,331,832</b>	<b>-98,223,273</b>	<b>323,108,559</b>	<b>437,214,460</b>	<b>168,246,993</b>	<b>605,461,453</b>
<b>Schedule - L</b>	<b>CURRENT LIABILITIES &amp; PROVISION</b>						
<b>CURRENT LIABILITIES</b>							
SUNDRY CREDITORS		420,606,113	18,638,429	439,244,542	396,410,531	983,161	397,393,692
MOBILISATION ADVANCE FROM CUSTOMERS		104,009,538	-	104,009,538	330,520,485	-	330,520,485
OTHER LIABILITIES		177,507,377	22,413,668	199,921,045	196,211,184	7,333,893	203,545,077
<b>TOTAL</b>		<b>702,123,029</b>	<b>41,052,097</b>	<b>743,175,125</b>	<b>923,142,200</b>	<b>8,317,054</b>	<b>931,459,254</b>
<b>Schedule - M</b>	<b>PROVISION</b>						
PROVISION FOR FRINGE BENEFIT TAX		-	-	-	756,943	-	756,943
PROVISION FOR LEAVE ENCASHMENT		657,521	-	657,521	381,970	-	381,970
PROVISION FOR GRATUITY		2,712,481	-	2,712,481	1,339,745	-	1,339,745
PROPOSED DIVIDEND		40,000,000	-	40,000,000	22,821,112	-	22,821,112
TAX ON PROPOSED DIVIDEND		6,798,000	-	6,798,000	3,878,448	-	3,878,448
<b>TOTAL</b>		<b>50,168,002</b>	<b>-</b>	<b>50,168,002</b>	<b>29,178,218</b>	<b>-</b>	<b>29,178,218</b>
<b>Schedule - N</b>	<b>MISCELLANEOUS EXPENDITURE</b>						
(to the extent not written off or adjusted)							
BALANCE AS PER LAST YEAR BALANCE SHEET		789,485	29,338	818,823	795,477	31,863	827,340
ADD: ADDITION DURING THE YEAR		229,300	-589	228,711			
		1,018,785	28,749	1,047,534	795,477	31,863	827,340
LESS: WRITTEN OFF DURING THE YEAR		51,852	2,525	54,377	5,992	2,525	8,517
<b>TOTAL</b>		<b>966,933</b>	<b>26,224</b>	<b>993,157</b>	<b>789,485</b>	<b>29,338</b>	<b>818,823</b>
Includes Rs. 50260/- (P.Y. Rs. 4400/-) transferred to BOT cost							



**SCHEDULE 1 TO 8, FORMING PART OF THE PROFIT & LOSS ACCOUNT**

	For the year March 31, 2010 (Amount in Rs.)			For the year March 31, 2009 (Amount in Rs.)		
	Consolidated with Subsidiaries	Shares of Joint Ventures	Total	Consolidated with Subsidiaries	Shares of Joint Ventures	Total
<b>Schedule - 1 CONSTRUCTION WORK CONTRACTS</b>						
CIVIL CONTRACTS	3,381,738,564	–	3,381,738,564	2,701,892,711	–	2,701,892,711
LESS: SERVICE TAX	93,497,191	–	93,497,191	52,889,231	–	52,889,231
<b>TOTAL</b>	<b>3,288,241,374</b>	<b>–</b>	<b>3,288,241,374</b>	<b>2,649,003,480</b>	<b>–</b>	<b>2,649,003,480</b>
<b>Schedule - 2 TOLL COLLECTION</b>						
TOLL COLLECTION (HOSHANGABAD-HARDA-KHANDWA PROJECTS)	95,306,393	–	95,306,393	119,737,840	–	119,737,840
TOLL COLLECTION (RAISEN-RAHATGARH PROJECTS)	69,821,047	–	69,821,047	67,777,949	–	67,777,949
TOLL COLLECTION (JALANDHAR PROJECTS)	41,419,709	–	41,419,709	42,300,353	–	42,300,353
RENT (JALANDHAR PROJECTS)	11,926,662	–	11,926,662	10,335,937	–	10,335,937
TOLL COLLECTION (LUDHIANA)	39,633,996	–	39,633,996	39,976,254	–	39,976,254
RENT (LUDHIANA PROJECTS)	8,599,939	–	8,599,939	7,000,596	–	7,000,596
WATER CHARGES (DEWAS WATER SUPPLY)	31,782,484	–	31,782,484	16,585,968	–	16,585,968
TOLL COLLECTION (HIMMATNAGAR)	10,416,453	–	10,416,453	13,023,423	–	13,023,423
TOLL COLLECTION (BUL MSK)	–	19,054,198	19,054,198	–	17,867,240	17,867,240
<b>TOTAL</b>	<b>308,906,683</b>	<b>19,054,198</b>	<b>327,960,881</b>	<b>316,738,320</b>	<b>17,867,240</b>	<b>334,605,560</b>
<b>Schedule - 3 OTHER INCOME</b>						
INTEREST	27,534,590	–	27,534,590	32,717,697	–	32,717,697
SALES TAX REFUND	–	–	–	142,407	–	142,407
DIVIDEND ON NON-TRADE INVESTMENT	46,643	–	46,643	400,547	–	400,547
INSURANCE CLAIM	855,921	–	855,921	396,073	–	396,073
UN CLAIMED LIABILITIES WRITTEN BACK	3,577,719	–	3,577,719	6,996,414	–	6,996,414
EXCHANGE GAIN	–	–	–	1,339,367	–	1,339,367
PROFIT ON SALES OF FIXED ASSETS	2,118,510	–	2,118,510	–	–	–
MISCELLANEOUS INCOME	2,167,149	–	2,167,149	1,959,053	–	1,959,053
<b>TOTAL</b>	<b>36,300,532</b>	<b>–</b>	<b>36,300,532</b>	<b>43,951,558</b>	<b>–</b>	<b>43,951,558</b>
<b>Schedule - 4 CHANGE IN STOCK</b>						
(Including Pertaining to Real Estate Projects)						
OPENING STOCK						
- WORK-IN-PROGRESS	160,202,898	–	160,202,898	78,762,026	–	78,762,026
LESS: CLOSING STOCKS						
- WORK-IN-PROGRESS	202,063,190	–	202,063,190	160,202,898	–	160,202,898
<b>TOTAL</b>	<b>41,860,292</b>	<b>–</b>	<b>41,860,892</b>	<b>81,440,872</b>	<b>–</b>	<b>81,440,872</b>
<b>Schedule - 5 MATERIAL CONSUMED</b>						
STOCK AT COMMENCEMENT	69,296,450	–	69,296,450	26,179,260	–	26,179,260
ADD : PURCHASE & EXPENSES (INCLUDING REAL ESTATE PROJECT)	2,063,563,674	–	2,063,563,674	1,835,450,224	–	1,835,450,224
	2,132,860,124	–	2,132,860,124	1,861,629,484	–	1,861,629,484
LESS : STOCK AT CLOSE	125,966,849	–	125,966,849	69,296,450	–	69,296,450
<b>TOTAL</b>	<b>2,006,893,275</b>	<b>–</b>	<b>2,006,893,275</b>	<b>1,792,333,034</b>	<b>–</b>	<b>1,792,333,034</b>



## SCHEDULE 1 TO 8, FORMING PART OF THE PROFIT &amp; LOSS ACCOUNT

	As at March 31, 2010 (Amount in Rs.)			As at March 31, 2009 (Amount in Rs.)		
	Consolidated with Subsidiaries	Shares of Joint Ventures	Total	Consolidated with Subsidiaries	Shares of Joint Ventures	Total
<b>Schedule - 6</b>	<b>SITE COST &amp; OTHER EXPENSE</b>					
SALARIES & BONUS	188,559,664	587,931	189,147,595	164,576,369	554,187	165,130,556
STAFF WELFARE EXPENSE	37,000,328	247,082	37,247,410	26,898,553	165,369	27,063,922
CONTRIBUTION TO PROVIDEND FUND	1,543,054	—	1,543,054	1,390,840	—	1,390,840
ESIC	321,258	—	321,258	—	—	—
RENT	17,785,309	—	17,785,309	10,104,573	47,114	10,151,687
RATE & TAXES	113,283,963	—	113,283,963	72,068,409	—	72,068,409
PAYMENT TO SITE WORKERS	78,700,577	—	78,700,577	57,894,375	—	57,894,375
MACHINERY HIRE CHARGES	47,275,838	—	47,275,838	43,073,837	—	43,073,837
VEHICLE HIRE CHARGES	13,815,869	—	13,815,869	12,718,504	—	12,718,504
SECURITY SERVICE CHARGES	6,574,064	2,575,881	9,149,945	4,381,443	2,560,910	6,942,353
ELECTRIC EXPENSE	36,893,686	79,958	36,973,644	25,032,912	74,864	25,107,776
ELECTRIC POLL SHIFTING	8,462,286	—	8,462,286	—	—	—
TRAVELLING EXPENSE	9,353,048	102,814	9,455,862	7,715,001	79,030	7,794,031
PROJECT MACHINERY ACCOUNT	—	—	—	1,190,505	—	1,190,505
DONATION	481,991	—	481,991	122,175	5,001	127,176
INSURANCE	4,559,272	18,846	4,578,117	6,956,229	—	6,956,229
HUTMATE	1,609,274	—	1,609,274	2,051,321	—	2,051,321
CONSULTANCY CHARGE	23,514,621	—	23,514,621	16,985,868	—	16,985,868
EARTH WORK	167,673,544	—	167,673,544	239,104,645	—	239,104,645
ROAD WORK	66,715,769	—	66,715,769	95,120,180	—	95,120,180
CD WORK	3,591,902	—	3,591,902	17,844,860	—	17,844,860
BRIDGE WORK	13,706,329	—	13,706,329	1,728,967	—	1,728,967
SHUTTERING WORK	25,970,600	—	25,970,600	30,457,503	—	30,457,503
PAINTING WORK	5,149,429	—	5,149,429	8,115,820	—	8,115,820
FLOORING WORK	1,384,144	—	1,384,144	3,664,471	—	3,664,471
BLASTING	11,808,725	—	11,808,725	11,253,893	—	11,253,893
SURVEY EXPENSE	270,006	—	270,006	2,200	—	2,200
PIPE LAYING WORK	2,029,106	—	2,029,106	6,094,346	—	6,094,346
SITE WORK MISCELLANEOUS	60,388,694	—	60,388,694	4,359,025	—	4,359,025
MASONRY WORK	25,553,380	—	25,553,380	22,419,814	—	22,419,814
REINFORCEMENT WORK	40,561,547	—	40,561,547	25,622,372	—	25,622,372
PILING FOUNDATION	400,000	—	400,000	1,034,573	—	1,034,573
SANITARY WORKS	783,864	—	783,864	1,271,146	—	1,271,146
WATER PROOFING WORK	1,568,471	—	1,568,471	3,765,780	—	3,765,780
BOLDER WORK	19,881,212	—	19,881,212	57,770,043	—	57,770,043
TOLL PLAZA	1,189,106	—	1,189,106	6,437,040	—	6,437,040
RCC WORK	—	—	—	11,161,402	—	11,161,402
DOORS & WINDOWS WORK	5,022,845	—	5,022,845	2,488,263	—	2,488,263
FABRICATION WORK	27,002,047	—	27,002,047	27,527,341	—	27,527,341
AIR CONDITION WORK	(532,700)	—	(532,700)	1,781,700	—	1,781,700
CONCRETE WORK	7,500,067	—	7,500,067	8,758,358	—	8,758,358
BITUMANIOUS WORK	18,870	—	18,870	1,719,808	—	1,719,808

**SCHEDULE 1 TO 8, FORMING PART OF THE PROFIT & LOSS ACCOUNT**

	For the year March 31, 2010 (Amount in Rs.)			For the year March 31, 2009 (Amount in Rs.)		
	Consolidated with Subsidiaries	Shares of Joint Ventures	Total	Consolidated with Subsidiaries	Shares of Joint Ventures	Total
<b>Schedule - 6 SITE COST &amp; OTHER EXPENSE (Contd.)</b>						
WBM WORK	334,276	—	334,276	72,001	—	72,001
DESIGN CHARGES	3,200,000	—	3,200,000	—	—	—
CIVIL WORK	614,443	—	614,443	6,474,560	—	6,474,560
BAD DEBTS	4,286,469	—	4,286,469	2,971,192	—	2,971,192
SAFETY EXPENSE	420,709	—	420,709	435,444	—	435,444
CLEARING & FORWARDING CHARGES	433,031	—	433,031	—	—	—
PROVISION FOR DIMINISHED VALUE OF INVESTMENT	74,000	—	74,000	—	—	—
MISCELLANEOUS WORK	62,715,871	—	62,715,871	44,997,659	—	44,997,659
ROAD MAINTENANCE FEES	1,968,721	381,271	2,349,992	—	—	—
<b>REPAIRS &amp; MAINTENANCE FOR</b>						
MACHINERIES	42,222,395	224,994	42,447,389	23,473,164	515,766	23,988,930
VEHICLE, TRUCKS, TRACTORS & OTHERS	43,079,729	—	43,079,729	21,869,634	—	21,869,634
<b>AUDITOR REMUNERATION</b>						
AUDIT FEES	827,575	—	827,575	540,190	10,000	550,190
TAXATION MATTER	100,000	—	100,000	20,000	—	20,000
CERTIFICATION WORK	141,000	—	141,000	—	—	—
SERVICE TAX	104,502	—	104,502	51,500	—	51,500
MISCELLANEOUS EXPENDITURE	36,776,372	2,121,733	38,898,104	20,454,426	529,778	20,984,204
<b>TOTAL</b>	<b>1,274,670,151</b>	<b>6,340,508</b>	<b>1,281,010,659</b>	<b>1,164,024,234</b>	<b>4,542,019</b>	<b>1,168,566,253</b>
<b>Schedule - 7 FINANCIAL EXPENSE</b>						
INTEREST ON TERM LOAN	167,298,208	4,641,269	171,939,477	115,750,303	5,616,178	121,366,481
OTHER INTEREST	77,552,567	—	77,552,567	134,180,447	—	134,180,447
BANK CHARGE & OTHER CHARGE	73,651,186	34,269	73,685,455	26,323,377	26,538	26,349,915
<b>TOTAL</b>	<b>318,501,961</b>	<b>4,675,538</b>	<b>323,177,499</b>	<b>276,254,127</b>	<b>5,642,716</b>	<b>281,896,843</b>

## SCHEDULE FORMING PART OF THE ACCOUNTS

## Schedule - 8 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010

## 1. BASIS OF CONSOLIDATION:

The Consolidated financial Statements relate to MSK Projects (India) Limited, its subsidiary Companies and Joint Ventures Companies are drawn up to the same reporting date as of the Company, i.e. year ended 31st March 2010.

## a) Basis of Accounting:

- i. The Financial Statements of the subsidiary Companies, and Joint Ventures Companies used for consolidation are drawn up to the same reporting date as of the Company i.e. 31st March 2010.
- ii. Financial Statements of the group have been prepared in accordance with the accounting standard issued by the Institute of Chartered Accountants of India and other generally accepted principle.

## b) Principle of Consolidation.

1. The Consolidated financial statements have been prepared by the Company in accordance with the requirement of Accounting Standard (AS) 21 "Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interest in Joint Ventures issued by Institute of Chartered Accountants of India. The consolidated financial statements have been prepared on the following basis.
  - i) The financial statement of the Company and its subsidiary Companies are combined on a line by line basis by adding together the book value of the like item of assets, liabilities, income and expenses after fully eliminating intra group transaction resulting in unrealized profit or losses.
  - ii) The Company's share in each of the assets, liabilities income and expenses of jointly controlled entities are reported as separate item.
  - iii) The difference between the Company's Cost of investments in the subsidiaries over its position of equity at the time of acquisition of the shares is recognized in the consolidated financial statements as goodwill or Capital Reserves as the case may be.
  - iv) The difference between costs of the Company's interest in jointly controlled entities over its shares of net assets in the jointly controlled entities at the date on which interest is acquired, is recognized in the consolidated financial statement as Goodwill or Capital Reserves as the case may be.

## c) The subsidiary Companies considered in the consolidated financial statements are :

Name of the Company	Country Of Incorporation	% of Ownership interest as on 31st March 2010
MSK Projects (Kim Mandvi Corridor) Private Limited	India	100%
MSK Projects (Himmatnagar Bypass) Private Limited	India	100%
Super Infrastructure & Toll Bridge Private Limited	India	100%

## d) The subsidiary Companies considered in the consolidated financial statements are :

Name of the Company	Country Of Incorporation	% of Ownership interest as on 31st March 2010
Bull MSK Infrastructure Private Limited *	India	50%
Dewas Bhopal Corridor Limited	India	39%

\* un-audited accounts (as certified by the management of the Company) as at 31st March 2010 is taken into consideration for consolidated financial statements.

## SCHEDULE FORMING PART OF THE ACCOUNTS

### Schedule - 8 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)

## 2) SIGNIFICANT ACCOUNTING POLICIES

### A-1 REVENUE RECOGNITION ON CONTRACTS

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

### A-2 REVENUE RECOGNITION IN RESPECT OF OWN CONSTRUCTION RESIDENTIAL HOUSES

- a) The revenues and expenses are accounted only upon completion accordingly, the cost of construction, including cost of land and its developments is carried forward as work in progress.
- b) The advance received against proposed sale or agreement to sale are classified as advances and shown under the head "Current Liabilities".
- c) Sale is accounted when legal documents are executed and possession of the flat is given.

### A-3 EXPENDITURE IN RESPECT OF BUILD, OPERATE AND TRANSFER (B.O.T. CONTRACT)

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

## B. ADVANCES AND PROGRESS PAYMENTS AND RETENSION

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



## SCHEDULE FORMING PART OF THE ACCOUNTS

Schedule - 8

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)

### C. FIXED ASSETS

- a) Fixed assets are stated at cost of acquisition as reduced by accumulated depreciation.
- b) All direct expenses attributable to fixed assets are capitalized.

### D. DEPRECIATION

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

### E. BORROWING COST

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

### F. VALUATION OF INVENTORIES

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

### G. INVESTMENTS

Long terms investments are stated at cost. Provision for diminution in the value of investments is made only if such decline is other than temporary in the opinion of the management.

### H. CLAIMS, DEMANDS AND CONTINGENCIES

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

### I. RETIREMENT BENEFITS

#### a) Short Term Employee benefits:

Short Term Employee Benefits are recognized in the period during which the services have been rendered.

#### b) Long Term Employee benefits:

##### i) Provident Fund, Family Pension fund

As Per Provident Fund Act 1952 all employees of the company are entitled to receive benefits under the provident fund and family pension fund which is defined contribution plan. These contributions are made to the plan administered and managed by Government of India.

The Company's contribution to these scheme are recognized as expense in the profit and loss account during the period in which the employee renders the related service. The Company has no further obligation under these plans beyond its monthly contribution

#### c) Leave encashment:

The Company has provided for the liability at year end on account of un-availed earned leave as per the actuarial valuation.

## SCHEDULE FORMING PART OF THE ACCOUNTS

### Schedule - 8 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)

#### d) **Gratuity :**

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

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

#### J. **PROVISION FOR CURRENT AND DEFERRED TAX**

- a) Provision for current tax is made on the basis of estimated taxable income for the current accounting year and in accordance with the provisions of the Income tax Act, 1961.
- b) Deferred tax resulting from "timing difference" between book and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be adjusted in future.

#### K. **FOREIGN CURRENCY TRANSACTION**

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

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

#### L. **LEASE**

##### a) **OPERATING LEASE**

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

##### b) **FINANCE LEASE**

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

#### M. **IMPAIRMENT OF ASSET**

If internal / external indications suggest that an asset of the Company may be impaired, the recoverable amount of asset / cash generating unit is determined on the Balance - Sheet date and if it is less than its carrying amount of the asset / cash generating unit, the carrying amount of asset is reduced to the said





## SCHEDULE FORMING PART OF THE ACCOUNTS

Schedule - 8

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)

recoverable amount. The recoverable amount is measured as the higher of net selling price and value in use of such asset / cash generating unit, which is determined by the present value of carrying amount of the estimated future cash flow.

### N. USE OF ESTIMATES

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

## 2. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF

- a) Guarantees issued by the Company's banker on behalf of the Company amounting to Rs.9,743.76 Lacs (P. Y. Rs. 12,793.20 Lacs)
- b) The Company has given a guarantee to the Bank for facilities granted to its wholly owned subsidiary companies MSK Projects (Himmatnagar Bypass) Private Limited & MSK Projects (Kim Mandvi Corridor) Private Limited for the amounting to Rs. 1,667 Lacs. Outstanding amount as on 31st March, 2010 Rs. 1,345.73 Lacs ( Previous Year 1,086.70 Lacs) and to integrated joint venture Dewas Bhopal Corridor Limited amounting to Rs.34,500/- Lacs (Previous year Rs. 34,500/- Lacs) outstanding amount as on 31st March 2010 Rs. 34,831.35 Lacs (P.Y. Rs. 25,514.75 Lacs).
- c) Letter of credit issued by the Company's bank on behalf of the Company Rs. 1,353.72 Lacs (P.Y.Rs. 837.05 Lacs)
- d) Income Tax Demand of Rs. 282.40 Lacs (Previous Year Rs. 155.51 Lacs) disputed by the company.
- e) Civil Suit filed against the Company Rs. 23.46 Lacs.
- f) Liabilities in respect of Stamp Duty amounting to Rs. 853.28 Lacs (P.Y. -Nil-) under Indian Stamp Act 1899 read with M.P. State Amendment is not provided for in the accounts as the same have been contested by the Company in the Hon'ble Supreme Court of India.
- g) Liability in respect of Labour cess amounting to Rs. 477.84 Lacs (Previous year Rs. 85.91 Lacs) is not provided for in the accounts as the same has been contested by the Company in the Hon'ble High Court of Madhya Pradesh.

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

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

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

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

The Company has commenced the construction of the said project in the earlier year and the same is completed during the year. Having regard to the accounting policies followed by the Company the entire expenditure incurred thereon aggregating to Rs.11113.82 Lacs (Previous Year Rs.11086.86 Lacs) is shown as Build, Operate and Transfer Project Expenditure and proportionate amount of Rs.388.36 Lacs (P.Y. Rs.177.20 Lacs) has been written off during the year.

## SCHEDULE FORMING PART OF THE ACCOUNTS

### Schedule - 8 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)

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

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

The Company has completed construction of the said project in the earlier year. Having regard to the accounting policies followed by the Company the entire expenditure incurred is treated as BOT Project Expenditure and proportionate amount of Rs.320.35 Lacs (P.Y. Rs. 320.35 Lacs) has been written off during the year.

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

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

The Company has completed construction of the said project in the earlier year. Having regard to the accounting policies followed by the Company the entire expenditure incurred is treated as BOT Project Expenditure and proportionate amount of Rs. 256.04 Lacs (P.Y. Rs. 256.05 Lacs) has been written off during the year.

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

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

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

Having, regard to the accounting policies followed by the company the expenditure incurred thereon, is treated as BOT Project Expenditure and proportionate amount of Rs. 356.84 Lacs (P.Y. 355.84 Lacs) has been written off during the year after considering the Cash Subsidy received/receivable from Madhya Pradesh State Road Development Authority.

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

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

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



## SCHEDULE FORMING PART OF THE ACCOUNTS

### Schedule - 8 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)

Having, regard to the accounting policies followed by the Company the expenditure incurred thereon, is treated as BOT Project Expenditure and proportionate amount of Rs. 289.08 Lacs (P.Y. 281.01 Lacs) has been written off during the year after considering the Cash Subsidy received/receivable from Madhya Pradesh State Road Development Authority.

10. a) The MSK Projects (Kim Mandvi Corridor) Private Limited, the Subsidiary, obtained Build, Operate, & Transfer (BOT) Contract from Gujarat State Road Development Corporation for construction of Strengthening and Widening, and maintenance of Kim Mandvi Corridor Projects. In terms of the contract, the company has been entitled to collect toll during the concession period of 20 years (Including the period of Construction).

The Company has started the Construction of Road during the earlier years and the same has not been completed till 31st March 2010. Having regard to the accounting policies followed by the Company the entire expenditure incurred thereon aggregating to Rs. 4063.26 Lacs (Previous year Rs.2491.71 Lacs) is treated as BOT Projects deferred revenue expenditure and shall be written off over a period of contract after completion of construction of Road, after reducing the amount of Cash Subsidy received from Gujarat State Road Development corporation.

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

Having regards to the Accounting Policies followed by the company, the entire expenditure incurred on Construction of Road aggregating to Rs. 844.47 Lacs is treated as BOT Project and shall be written off over a period of concession Agreement up to 31.03.2020 (5112 Days) Accordingly Rs. 60.21 Lacs (Previous year Rs. 60.27 Lacs) is amortized in the current year. The amortization starts from the date of start of Toll Collection i.e. 02.04.2006.

- c) Super Infrastructure & Toll Bridge Private Limited, the subsidiary has obtained Build, Operate & Transfer (BOT Contract) from Public Works Department, Government of Maharashtra, Mumbai for construction of Bridge across ulahas creek on Kalyan Bhiwandi Road with widening of Kalyan Shill Road, Dist. Thane. The Company has started Construction of the Bridge and the same has not been completed till 31st March 2010. Having regard to the accounting policies followed by the Company the entire expenditure incurred there on has reduced by the Income received on loan and advances agreeegating to Rs. 51060419/- treated as a defer revenue expenditure and shall be written of over a period of contract after the completion of construction of bridge.

The project has been terminated and the matter has been referred to the arbitration.

- d) Dewas Bhopal Corridor Limited, the integrated Joint Venture Company has obtained Build, Operate & Transfer (BOT Contract) from Madhya Pradesh Road Development Authority for Construction of four laning Road Projects.

The Company has commenced the operation of Section I and Section - II of the projects based on the provisional completion certificate received from Madhya Pradesh Road Development Corporation on that date. As the project was not fully commissioned hence amortization of BOT cost is not accounted for. Further toll revenue and other income received during the year, has been reduced from the cost of the projects.

11. The Company is operating in a single segment only during the year i.e. Civil Construction Contract
12. During the year, the Company has accounted for deferred tax in accordance with the Accounting Standard 22 - "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

## SCHEDULE FORMING PART OF THE ACCOUNTS

## Schedule - 8 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)

The Break up of deferred tax liabilities & assets into major components at the year end is as follows:

Rs. In Lacs

Particulars	As On 31-03-2010	As On 31-03-2009
<b>Deferred Tax Liabilities :-</b>		
Depreciation	649.06	96.50
<b>Deferred Tax Assets :-</b>		
Retirement Benefits	2.23	0.61
<b>Total</b>	<b>646.83</b>	<b>95.89</b>
Deferred Tax liabilities / (assets) Provided during the year	550.94	(14.77)

**13. Disclosures relating to Employee Benefits - As per Revised AS-15:**

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

**a) DEFINED CONTRIBUTION PLAN:**

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

Rs. In Lacs

Particulars	Amount
Employer Contribution to Provident Fund	15.43 (10.05)

**b) DEFINED BENEFIT PLAN:**

Reconciliation of opening and closing balances of Defined Benefit obligation

Rs. In Lacs

Particulars	Gratuity (Funded)	Leave Encashment (Non Funded)
Defined Benefit obligation at the beginning of the year	13.40 (8.61)	3.82 (3.33)
Current Service Cost	7.94 (1.81)	4.43 (1.65)
Interest Cost	1.11 (0.68)	0.32 (0.26)
Actuarial (gain)/loss	4.68 (2.30)	(1.99) (1.43)
Defined Benefit obligation at the year end	27.12 (13.40)	6.58 (3.82)



## SCHEDULE FORMING PART OF THE ACCOUNTS

## Schedule - 8 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)

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

Rs. In Lacs

Particulars	Gratuity (Funded)
Fair value of plan assets in the beginning of the year	18.03 (9.93)
Expected return on plan assets	2.29 (0.81)
Actuarial gain/(loss)	0.99 (0.08)
Employer contribution	13.44 (7.21)
Fair Value of plan assets at the end of the year	32.77 (18.03)

## Reconciliation of Fair Value of Plan Assets and Benefit Obligation

Rs. In Lacs

Particulars	Gratuity (Funded)	Leave Encashment (Non Funded)
Fair Value of Assets as at 31st March, 2010	32.77 (18.03)	NIL (NIL)
Present Value of obligation as at 31st March, 2010	27.12 (13.40)	6.58 (3.81)
Amount recognized in Profit & Loss Account	12.42 (3.90)	2.76 (0.49)

## Expenses recognized during the year (Under the head "Salaries &amp; Bonus" - Refer Schedule 6)

Rs. In Lacs

Particulars	Gratuity (Funded)	Leave Encashment (Non Funded)
Current Service Cost	7.94 (1.81)	4.43 (1.65)
Interest Cost	1.11 (0.68)	0.32 (0.26)
Expected return on Plan Assets	2.28 (0.81)	NIL (NIL)
Actuarial gain/(loss)	4.67 (2.22)	(1.99) (1.43)
Expense Recognized in Profit and Loss Account	12.42 (3.90)	2.76 (0.49)

## Actuarial Assumptions

Rs. In Lacs

Particulars	Gratuity (Funded)	Leave Encashment (Non Funded)
Discount Rate ( Per Annum)	8.28% (7.93%)	8.28% (7.93%)
Salary Escalation ( Per Annum)	6.00% (6.00%)	6.00% (6.00%)

## SCHEDULE FORMING PART OF THE ACCOUNTS

### Schedule - 8 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)

#### 14. Transaction with related parties (as certified by the management)

##### a) Associate Concern:

- Mansha Textiles Private Limited

##### b) Key Management

Name	Position	Name of the Company
Ashok M Khurana	Chairman	– MSK Projects (India) Limited
	Director	– Super Infrastructure & Toll Bridge Private Ltd
		– Dewas Bhopal Corridor Limited
		– MSK Projects (Himmatnagar Bypass) Private Limited
		– MSK Projects (Kim Mandvi Corridor) Private Limited
		– Bull MSK Infrastructure Private Limited
Amit A Khurana	Managing Director	– MSK Projects (India) Limited
	Director	– Dewas Bhopal Corridor Limited
		– MSK Projects (Himmatnagar Bypass) Private Limited
		– MSK Projects (Kim Mandvi Corridor) Private Limited
		– Bull MSK Infrastructure Private Limited
Manju A Khurana	Director	– MSK Projects (India) Limited
		– MSK Projects (Himmatnagar Bypass) Private Limited
		– MSK Projects (Kim Mandvi Corridor) Private Limited
C. Mohanan	Director	– MSK Projects (India) Limited
Vasudev Talreja	Director	– Super Infrastructure & Toll Bridge Private Limited
Udailal Anjana	Director	– Dewas Bhopal Corridor Limited
Hukumichand Jain	Director	– Dewas Bhopal Corridor Limited
Shreechand Kukreja	Director	– Bull MSK Infrastructure Private Limited
Suraj Kukreja	Director	– Bull MSK Infrastructure Private Limited

##### c. Relative of Key Management.

Neelakshi Khurana  
Rashika Khurana  
Bindiya Khurana



## SCHEDULE FORMING PART OF THE ACCOUNTS

## Schedule - 8 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)

Rs. In Lacs

Sr	Transaction with Related Parties	Associate Company	Key Management	Relative to Key Management
1.	Loan given	5.76 ( - )	- ( - )	- ( - )
2.	Repayment of Loan Received	- ( 5.00)	- ( - )	- ( - )
3.	Repayment of loan given	120.82 ( - )	- ( - )	- ( - )
4.	Sales of Properties	- ( - )	28.83 ( - )	41.58 ( - )
5.	Advance for purchase of commercial Property.	- (5.00)	- ( - )	- ( - )
6.	Remuneration to the Directors	- ( - )	283.00 (204.46)	- ( - )
7.	Receivable at the end of the year	- (115.05)	- ( - )	0.93 (0.93)

15. Cash Subsidy of Rs.11,762.80 Lacs (P.Y. 11,000 Lacs) received from Madhya Pradesh Rajya Setu Nirman Nigam Limited, and Gujarat State Road Development Corporation against the BOT. Project cost, is not reduced from the relevant project cost but the same is shown as "Capital Reserve" in the Balance Sheet.
16. As per the terms of the agreement with MSK Projects (Kim Madvi Corridor) Private Limited, with the Gujarat State Road Corporation Limited. The Company has not accounted independent consultants fees of Rs. 2.27 Lacs (P.Y. Rs. 3.45 Lacs).
17. Loans & Advances includes advances in the nature of loan given to:

## Reconciliation of Fair Value of Plan Assets and Benefit Obligation

(Rs. In Lacs)

Particulars	Closing Balance	Maximum Amount out standing during the year
Other Companies / Parties	Rs. 3.85 Rs. 505.09	Rs. 3.85 Rs. 584.39

18. Earning per share:

	2009-10	2008-09
A. Net profit after Tax available for equity shareholders. (Rs. In Lacs)	2,334.43	2,020.00
B. Weighted average number of Equity Shares of Rs.10/- each outstanding during the year (Nos. of Shares)	22,821,112	22,821,112
C. Basic & Diluted Earning Per Share (Rs.)	10.48	8.85

19. Confirmations of certain parties for amounts due from them as per accounts of the company are not obtained. Amount due from customers include amounts due/with held on account of various claims. The claims will be verified and necessary adjustments, if any, shall be made in the year of settlement. Subject to this, company is confident of recovering the dues and accordingly they have been classified as "debt considered good" and therefore no provision is considered necessary, there against.
20. Under the Micro, Small and Medium Enterprise Development Act, 2006 ("MSMED Act") which came into force effective from 2nd October, 2006, certain disclosures relating to amounts due to micro, small and medium enterprises and remained unpaid after the appointed date etc. of principal and interest amounts are required to be made. The Company is in the process of compiling the relevant information. As the relevant information is not yet



## SCHEDULE FORMING PART OF THE ACCOUNTS

### Schedule - 8 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)

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

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

21. In the opinion of the Directors, Current Assets, Loans and Advances have value at which they are stated in the Balance Sheet, if realized in the ordinary course of business. The provision for depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.

#### 22. Remuneration to Directors:

Amount in Rupees

	Managing Director / Joint Managing Director	Director
Salaries	2,00,00,000 (1,44,99,996)	83,00,000 (59,46,000)
Contribution to P.F.	Nil (Nil)	7,200 (7,200)
<b>Total</b>	<b>2,00,00,000</b> <b>(1,44,99,996)</b>	<b>83,00,000</b> <b>(59,53,200)</b>

23. Previous year's figures have been regrouped, rearranged and reclassified wherever necessary.

24. Additional information as required by Para 3, 4 and 4-A to 4-D of Part - II of Schedule VI to the Companies Act, 1956.

#### a) TURNOVER

1. Civil Work	Rs. 3,28,82,40,874 (Rs. 2,64,90,03,480)
2. Toll Collection	Rs. 32,79,60,881 (Rs.33,46,055,60)

#### b) Value of Indigenous and Imported Material together with percentage of consumption

	Value	Percentage
i. Imported	Nil (Nil)	Nil Nil
ii. Indigenous	Rs. 2,00,68,93,275 (Rs.1,79,23,33,034)	100 100

#### c) C I F Value of Import

Rs. -Nil-  
(Rs. -Nil-)

#### d) Expenditure in Foreign Currency

Rs. Nil  
Rs. (Nil)

#### e) Earning in Foreign Exchange

Rs. -Nil-  
Rs. -Nil-

#### f) Remittance in Foreign Currency

Rs. -Nil-  
(Rs. -Nil-)

(Figures in brackets indicate corresponding figures of previous year)

#### As per our report of even date

For Chandrakant & Sevantilal & J.K. Shah & Company  
Chartered Accountants

#### For and on behalf of the Board of Directors

H. B. Shah  
Partner  
Membership No.016642

Amit Khurana  
Managing Director

Susheela Maheshwari  
Company Secretary

Ashok Khurana  
Director

Place : Vadodara  
Date : 31-05-2010

Place : Vadodara  
Date : 30-05-2010



## CONSOLIDATED CASH FLOW STATEMENT

	2009-10	2008-09
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax & Prior Period items	358,053,127	231,192,026
Depreciation	113,540,997	102,193,961
Preliminary Expenses	4,117	4,117
Amortisation of BOT Projects	174,077,064	152,344,086
Interest Paid	323,177,499	281,896,843
Bad Debts (Net of Unclaimed Liabilities Written Back)	4,286,469	2,971,192
Unclaimed Liabilities written back	(3,577,719)	(6,996,414)
Exchange Loss	—	(1,339,367)
Profit on sales of assets	(2,118,510)	—
Interest Received	(27,534,590)	(32,717,697)
Dividend Received	(46,643)	(400,547)
Provision for Diminution in Value of Investments	74,000	—
<b>Operating Profit before Working Capital Changes</b>	<b>939,935,812</b>	<b>729,148,199</b>
<b>Adjustment For</b>		
Inventories	(98,530,691)	(124,645,062)
Trade & Other Receivables	214,618,402	(222,336,702)
Trade Payable & Provisions	(182,852,825)	(75,021,929)
	<b>(66,765,114)</b>	<b>(422,003,693)</b>
Cash Generated From Operations Before Tax, & Prior Period Items	873,170,698	307,144,506
Less: Direct Taxes (Including FBT) Paid	(76,996,786)	(23,621,460)
Cash Generated From Operations Before Prior Period Items		
Add: Prior Period Income	22,759,604	28,838,339
Cash Generated From Operations after Prior Period Items	818,933,516	312,361,385
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>818,933,516</b>	<b>312,361,385</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets	(156,883,676)	(418,235,677)
Sales of Fixed Assets	7,793,082	—
Investment	2,074,003	133,254,997
Less: BOT Expenditures	(1,173,209,783)	(1,160,701,046)
Cash Subsidy (Net)	76,256,840	262,023,000
Interest Received	27,534,590	32,717,697
Dividend Received	46,643	400,547
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,216,388,301)</b>	<b>(1,150,540,482)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings (Net)	546,138,876	1,265,246,762
Dividend Paid (Including Tax thereon)	(26,699,560)	(26,699,560)
Interest Paid	(323,177,499)	(281,896,843)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>196,261,817</b>	<b>956,650,358</b>
Net Changes In Cash & Cash Equivalents (A+B+C)	(201,192,968)	118,471,261
Cash & Cash Equivalants - Opening Balance	736,727,840	618,256,579
	535,534,872	736,727,840
Cash & Cash Equivalants - Closing Balance	535,534,872	736,727,840

## As per our report of even date

For Chandrakant & Sevantilal & J.K. Shah & Company  
Chartered Accountants

## For and on behalf of the Board of Directors

H. B. Shah  
Partner  
Membership No.016642

Amit Khurana  
Managing Director

Susheela Maheshwari  
Company Secretary

Ashok Khurana  
Director

Place : Vadodara  
Date : 31-05-2010

Place : Vadodara  
Date : 30-05-2010

## SECTION 212

Statement Pursuant to Section 212 of the Companies Act, 1956 related to Subsidiary Companies

Sr	Name of the Subsidiary	Super Infrastructure and Toll Bridge Pvt. Ltd.	MSK Projects (Himmatnagar Bypass) Pvt. Ltd.	MSK Projects (Kim Mandvi Corridor) Pvt. Ltd.
1	Financial Year of Subsidiary ended on	March 31, 2010	March 31, 2010	March 31, 2010
2	Shares of the Subsidiary held by the Company at the end of financial year			
	a) Number	50,000	2,42,000	67,30,000
	b) Face Value	10	10	10
	c) Extent of holding	100%	100%	100%
3	Net Aggregate amount of profit/(losses) of the subsidiary for the above financial year so far as they concern members of the Company			
	a) dealt with in accounts of the holding Company for the year ended on March 31, 2010		(4.25)	
	b) not dealt with in accounts of the holding Company for the year ended on March 31, 2010			
4	Net Aggregate amount of profit/(losses) of the subsidiary Company for the Previous year so far as it concern the members of the holding Company			
	a) dealt with or provided in the accounts of the holding Company		29.79	
	b) not dealt with or provided in the accounts of the holding Company			

For and on behalf of the Board of Directors

Place : Vadodara  
Date : 30-05-2010

Amit Khurana  
Managing Director

Susheela Maheshwari  
Company Secretary

Ashok Khurana  
Director



## DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting their Annual Report together with the Audited Financial Statements alongwith the Report of the Auditors for the year ended on 31st March 2010.

### OPERATION:

Particulars	Amount (Rs. in '000 )
Total Income	10416.45
Total Expenses	10852.62
Profit/Loss Before Taxation	- 435.32
Prior period expenses	- 10.00
Provision for Tax including FBT	-
<b>Profit/(Loss) After Taxes</b>	<b>- 425.32</b>
<b>Balance Carried to Balance Sheet</b>	<b>2553.57</b>

### CONSTITUTION OF BOARD:

In accordance with the requirements of the Companies Act, 1956 and the Article of Association of the Company, Mr. Mayur Parikh who is liable to retire by rotation and being eligible, offers herself for reappointment at the Annual General Meeting.

### PARTICULARS OF EMPLOYEES:

The provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are not applicable as none of the employees draws remuneration more than Rs. 2,00,000/- per month or Rs. 24,00,000/- per annum.

### DEPOSITS:

During the year under review, the company has neither accepted nor renewed any Public Deposits.

### DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of The Companies Act, 1956, the directors confirm that, to the best to their knowledge and belief:

- that in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgments and estimated that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for the period;
- that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing the detecting fraud and other irregularities;
- that the directors had prepared the annual accounts on a going concern basis.

### CONSERVATION OF ENERGY:

The Company is not engaged into manufacturing activities and the company has no particulars to offer under the Companies (Disclosure of particulars in the Report of Board of Director) Rules, 1988.

### AUDITORS:

M/s H. K. Shah & Co., Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting, being eligible for reappointment, you are requested to re-appoint them.

For and on behalf of the Board of Directors  
MSK Projects (Himmatnagar Bypass) Private Limited

## COMPLIANCE CERTIFICATE

CIN : U45200GJ2005PTC045753

Nominal Capital: 25,00,000/-

To,  
The Members,  
**MSK Projects (Himmatnagar Bypass) Private Limited**  
707-708 Sterling Centre, R. C Dutt Road, VADODARA-390005

We have examined the registers, records, books and papers of MSK Projects (Himmatnagar Bypass) Private Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2010**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being private limited Company has the minimum prescribed paid-up capital and its maximum number of members during the said financial year was **THREE** (excluding present and past employees since none of them being a member) and the Company during the year under scrutiny:
  - i) has not invited public to subscribe for its shares or debentures; and
  - ii) has not invited or accepted any deposits from persons other than its members, directors or their relatives.
4. The Board of Directors duly met FIVE times on 18.05.2009, 27.06.2009, 29.07.2009, 19.10.2009 & 27.01.2010, in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company being unlisted was not required to close its Register of Members or Debenture-holders during the financial year.
6. The annual general meeting for the financial year ended on 31st March, 2010 was held on 29.09.2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extraordinary General Meeting was held during the financial year under review.
8. The Company being a Private Company, Section 295 of the Act is not applicable.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there was no instance falling within the purview of Section 314 of the Act, the Company was not required to obtain any approval from the Board of Directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificates during the financial year.
13.
  - i) There was no transfer/transmission/allotment of shares during the financial year.
  - ii) The Company has not deposited any amount in a separate bank account as no dividend was declared during financial year.
  - iii) The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
  - iv) Since there was neither of such unpaid dividend amount, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years, the Company was not required to transfer any amount to Investor Education and Protection Fund;
16. The Company has not appointed any Sole-Selling Agents during the financial year.

17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as may be prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures, or other securities during the financial year.
20. The Company has not bought back its shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year as the Company has issued neither of them.
22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company being private company, provisions of Section 293 (1) (d) of the Act are not applicable.
25. The Company being private company, provisions of Section 372A are not applicable to the company.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year under review.
31. There was no prosecution initiated against or show cause notice received by the Company, during the financial year, for offences under Act.
32. The Company has not received any money as security from its employees during the year.
33. Provisions of Section 418 of the Act are not applicable to the Company as the Company has not constituted separate Provident Fund within the meaning of Section 418 of the Act.

**For D. Pathak & Associates**  
Practising Company Secretaries

**Devesh A. Pathak**  
Proprietor  
C. P. No. 2306

Place: Vadodara

Date: 25th May, 2010

#### ANNEXURE - A

##### Registers as maintained by the Company

1. Register of Members u/s 150
2. Books of Account u/s 209
3. Register of Directors, Managing Director, Manager and Secretary u/s 303.
4. Register of Directors' shareholding u/s 307.
5. Register of Attendance at Board Meeting.
6. Register of Attendance at General Meeting.
7. Minutes Book of Board Meeting u/s 193.
8. Minutes Book of General Meeting u/s 193.

#### ANNEXURE - B

##### Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ended on 31st March, 2010.

- 1) Form 23AC (Balance Sheet) as at 31st March, 2009 and Form 23ACA (Profit & Loss A/c) for the year ended even date filed under Section 220 for on 08.02.2010.
- 2) Form No. 66 (Compliance Certificate) for the year ended 31st March, 2009 filed u/s 383A on 29.01.2010
- 3) Form No. 20B (Annual Return) as at 29.09.2009 filed u/s 159 & 161 on 10.02.2010.

## AUDITOR'S REPORT

To

The Members

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

We have audited the attached Balance-sheet of **MSK PROJECTS (HIMMATNAGAR BYPASS) (P) LIMITED**, as at 31 March 2010, Profit and Loss account and cash flow for the year ended on that date.

These financial statements are the responsibility of the Company's Management; our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms section 227- (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in the above paragraph, 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 our audit.
  - b. In our opinion, proper books of accounts as required by law have been kept by the company as far as appears from our examination of such books.
  - c. The Balance Sheet dealt with by this report is in agreement with the books of account of the Company.
  - d. On the basis of written representations received from the Directors and taken on record by the board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - e. In our opinion, the Balance-sheet dealt with by this report complies with the Accounting Standards as referred to in Sub Section (3C) of Section 211 of the Companies Act.1956.
  - f. In our opinion and to the best to the knowledge and information and explanations received from the company, the cess payable under section 441A is not applicable to the company.
  - g. In our opinion and to the best of our information and according to the explanation given to us, the said 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.
    - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
    - ii) In case of Profit & Loss account, of the loss for the year ended 31st March,2010;and
    - iii) In the case of cash flow statement, of the cash flow for the year ended 31st March, 2010.

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

**G. K. Shah (FCA)**  
Partner  
Membership No.106204

Place: Vadodara  
Date: 29/05/2010



**ANNEXURE TO THE AUDITOR'S REPORT TO THE MEMBER OF M/S. MSK PROJECTS  
(HIMMATNAGAR BYPASS) (P) LIMITED, VADODARA ON THE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

*(referred to in paragraph 1 of the our report of even date)*

1. a) The company has not acquired any fixed assets during the year under review.  
b) As the Company does not have any fixed assets; Physical verification of the same does not arise.  
c) No disposal of a substantial part of fixed assets of the Company has taken place during the year.
2. As explained to us the company have not purchase any materials during the year, the question does not arise for physical verification.
3. a) The Company has not taken any unsecured loan from the parties covered under the register maintained u/s 301 of the companies Act 1956. The Company has not granted any loan secured or unsecured to companies, firms or other parties listed in Register maintain u/s 301 of the companies Act' 1956.  
b) In our opinion, the rate of interest, where applicable and other terms and conditions on which loan have been taken from / granted to the companies and other parties listed in the register maintain u/s 301 of the Companies Act' 1956 are not prime-facie, Prejudicial to the interest of the Company.  
c) The Company is regular repaying the Principal Amount where ever stipulated and has been regular in the payment of Interest where ever stipulated.
4. The Company has adequate internal control procedure commensurate with the size of the Company and the nature of its business of Construction of Road under B.O.T. Scheme and Toll Collection.
5. a) To the best of our knowledge and belief, and according to information and explanation given to us, the transaction that needed to be entered in to the register maintained u/s 301 of the Companies Act 1956 have been so entered.  
b) In our opinion and according to the information and explanation given to us, the transaction made in pursuance of Contract or arrangement entered in the register maintained u/s 301 of the Companies Act 1956 and exceeding value of Rupees Five Lacs in respect of any parties during the year have been made at prices which are reasonable having regards to prevailing market price at the relevant time.
6. During the year company has not accepted deposits from the Public within the meaning of Section 58-A, of the Companies Act. 1956.
7. The Company has internal audit system, which is commensurate with the size of the company.
8. The Central Government has not prescribed the maintenance of Cost records Under Section 209 (1) (d) of the Companies Act 1956 for any of the product of the Company.
9. a) According to the records of the Company, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other Statutory dues with the appropriate authorities  
b) According to information and explanation given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as on 31st March 2010 for a period of more than Six Months and from the day they become payable.  
c) According to the Information and explanation given to us there are no dues of Sales Tax, Custom Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute.
10. The Company has no accumulated losses and has not incurred Cash losses in the current financial year and in the immediate preceding financial year.

11. The Company has not defaulted in repayment of dues to any financial institute or Banks.
12. The Company has not granted loan and advance on the basis of security by way of pledge of Share, Debenture or other securities.
13. The Provision of any Special Statue applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Society are not applicable to the Company.
14. The Company is not dealing in or trading in shares, Securities, Debenture or other Investments and hence, requirement of paragraph 4(xiv) are not applicable to the company.
15. In our opinion and according to information and explanation given to us the company has not given guarantee for loan taken by others from Bank / financial institutions.
16. In our opinion and according to the information and explanations given to us, the term loan has been applied for the purpose for which they were raised.
17. According to the Cash Flow Statement and other records examined by us and on the basis of information and explanation given to us, on over all basis fund raised on Short Term basis have prima facie not being used during the year for Long Term Investment and Vise Versa.
18. In our opinion & according to the information & explanation given to us, the company has not made any preferential allotment of shares to parties & companies covered in register maintained section 301 of the Act, during the year.
19. Since the Company does not have any debenture the question of creation of securities for debenture does not arise.
20. Since the Company has not raised money by Public Issue, this clause is not applicable.
21. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year.

For **Raju Shah Patel & Kotadia Associates**  
Chartered Accountants  
Firm Registration No.: 120242W,

Place: Vadodara  
Date: 29/05/2010

**Raju C. Shah,**  
Partner, Membership No.39024



## BALANCE SHEET AS ON 31 OF MARCH 2010

	Schedules	As at March 31, 2010 (Amount in Rs.)	As at March 31, 2009 (Amount in Rs.)
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS FUNDS</b>			
SHARE CAPITAL	A	2,420,000	2,420,000
RESERVES & SURPLUS	B	23,433,572	23,858,899
		25,853,572	26,278,899
<b>LOAN FUND</b>			
SECURED LOAN	C	28,207,743	33,626,055
		28,207,743	33,626,055
<b>TOTAL</b>		<b>54,061,315</b>	<b>59,904,954</b>
<b>APPLICATION OF FUNDS</b>			
INVESTMENT	D	232,743	232,743
<b>BUILD, OPERATE &amp; TRANSFER PROJECT EXPENDITURE</b>			
ON COMPLETED PROJECTS	E		
BALANCE AS PER LAST YEAR		66,342,137	72,371,738
LESS: WRITTEN OFF DURING THE YEAR		6,021,342	6,029,601
		60,320,796	66,342,137
<b>CURRENT ASSETS, LOAN &amp; ADVANCES</b>			
CASH & BANK BALANCES	F	5,487,133	4,530,327
LOAN & ADVANCES	G	587,754	584,987
		6,074,887	5,115,314
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
LIABILITIES	H	12,568,706	11,653,426
PROVISION	I	—	135,000
		12,568,706	11,788,426
NET CURRENT ASSETS		(6,493,819)	(6,673,112)
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or extended)	J	1,594	3,186
<b>TOTAL</b>		<b>54,061,315</b>	<b>59,904,954</b>
ACCOUNTING POLICIES & NOTES ON ACCOUNTS	5		

## As per our report of even date

For H. K. Shah & Company  
Chartered Accountants

## For and on behalf of the Board of Directors

G. K. Shah  
Partner  
Membership No.106204

Ashok Khurana  
Director

Amit Khurana  
Director

Place : Vadodara  
Date : 29-05-2010

Place : Vadodara  
Date : 29-05-2010

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 OF MARCH 2010**

	Schedules	Year ended March 31, 2010 (Amount in Rs.)	Year ended March 31, 2009 (Amount in Rs.)
<b>INCOME</b>			
TOLL COLLECTION		10,416,453	13,023,423
OTHER INCOME		846	3,754
		<b>10,417,299</b>	<b>13,027,177</b>
<b>EXPENSE</b>			
ADMINISTRATIVE EXPENSE	1	169,373	538,293
EMPLOYEES REMUN. & BENEFITS	2	875,407	872,820
FINANCIAL EXPENSE	3	3,568,233	4,111,746
REPAIRING & MAINTAINANCE	4	216,679	286,849
PRELIMINARY EXPENSE WRITTEN OFF		1,592	1,592
AMORTISATION TO THE BOT PROJECTS		6,021,342	6,029,601
		<b>10,852,626</b>	<b>11,840,901</b>
PROFIT BEFORE TAXATION		(435,327)	1,186,276
PRIOR PERIOD EXPENSE (INCOME)		(10,000)	3,000
PROVISION FOR TAXATION			
PROVISION FOR FRINGE BENEFIT TAX		–	1,041
PROVISION FOR TAXATION		–	135,000
		–	136,041
PROFIT AFTER TAXATION		-425,327	1,047,235
BALANCE BROUGHT FORWARD FROM			
PREVIOUS YEAR		2,978,899	1,931,664
PROFIT AVAILABLE FOR APPROPRIATION		2,553,572	2,978,899
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>2,553,572</b>	<b>2,978,899</b>
ACCOUNTING POLICIES & NOTES ON ACCOUNTS	5		

As per our report of even date

For H. K. Shah & Company  
Chartered Accountants

For and on behalf of the Board of Directors

G. K. Shah  
Partner  
Membership No.106204

Ashok Khurana  
Director

Amit Khurana  
Director

Place : Vadodara  
Date : 29-05-2010

Place : Vadodara  
Date : 29-05-2010



## SCHEDULE - A TO I, AND 5, FORMING PART OF THE BALANCE SHEET

	As at March 31, 2010 (Amount in Rs.)	As at March 31, 2009 (Amount in Rs.)
<b>Schedule - A SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
2,50,000 Previous Year (2,50,000) EQUITY SHARES OF Rs.10/- EACH	2,500,000	2,500,000
<b>ISSUED, SUBSCRIBED, AND PAID-UP CAPITAL</b>		
2,42,000 Previous Year (2,42,000) EQUITY SHARES OF RS. 10/- EACH FULLY PAID UP.	2,420,000	2,420,000
<b>TOTAL</b>	<b>2,420,000</b>	<b>2,420,000</b>
<b>Schedule - B RESERVES &amp; SURPLUS</b>		
<b>SHARE PREMIUM ACCOUNTS</b>		
RECEIVED DURING PREVIOUS YEAR	20,880,000	20,880,000
<b>PROFIT &amp; LOSS ACCOUNTS</b>		
BALANCE AS PER ANNEX ACCOUNT	2,553,572	2,978,899
<b>TOTAL</b>	<b>23,433,572</b>	<b>23,858,899</b>
<b>Schedule - C SECURED LOAN</b>		
<b>PROJECT TERM LOAN</b>		
STATE BANK OF INDIA COMMERCIAL BRANCH, INDORE (Payable Within Year Rs. 47,00,000/- Previous Year Rs. 47,00,000)	28,207,743	33,626,055
- Secured by on the assignment of Project Right / Movable and Immovable Property / Intangible Assets for the Himmatnagar Bypass Project		
- First charge on company's Bank account from the Himmatnagar project and revenue and receivable and project account of the company		
- Personal Guarantee of the Directors		
<b>TOTAL</b>	<b>28,207,743</b>	<b>33,626,055</b>
<b>Schedule - D INVESTMENT</b>		
<b>UN-QUOTED (AT COST)</b>		
23274 SHARES OF YASH FINCON (P) LIMITED OF Rs. 10/- EACH FULLY PAID UP	232,740	232,740
<b>TOTAL</b>	<b>232,740</b>	<b>232,740</b>
<b>Schedule - E BUILD, OPERATE &amp; TRANSFER PROJECT EXPENDITURE</b>		
BALANCE AS PER PREVIOUS YEAR	66,342,137	72,371,738
LESS : AMORTISATION DURING THE YEAR	6,021,342	6,029,601
<b>TOTAL</b>	<b>60,320,796</b>	<b>66,342,137</b>

**SCHEDULE - A TO I, AND 5, FORMING PART OF THE BALANCE SHEET**

	As at March 31, 2010 (Amount in Rs.)	As at March 31, 2009 (Amount in Rs.)
<b>Schedule - F CASH &amp; BANK BALANCES</b>		
CASH - IN - HAND	3,567,076	3,543,447
<b>BALANCES WITH SCHEDULE BANK</b>		
IN CURRENT ACCOUNTS AS PER SCHEDULE	1,820,057	886,880
IN FIXED DEPOSITS ACCOUNTS WITH		
STATE BANK OF INDIA	100,000	100,000
(IN LIEN WITH COMMERCIAL BRANCH, INDORE AGAINST BANK GAURANTEES)		
<b>TOTAL</b>	<b>5,487,133</b>	<b>4,530,327</b>
<b>Schedule - G LOAN &amp; ADVANCES</b>		
(UNSECURED, CONSIDERED GOOD)		
ADVANCE RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	530,660	528,739
INTEREST ACCRUED BUT NOT DUES	10,740	9,894
TAX DEDUCTED AT SOURCE	46,357	46,357
<b>TOTAL</b>	<b>587,757</b>	<b>584,990</b>
<b>Schedule - H CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
SUNDRY CREDITORS	12,565,949	11,648,112
<b>OTHER LIABILITIES</b>		
TDS ON CONSULTANCY	2,757	5,314
<b>TOTAL</b>	<b>12,568,706</b>	<b>11,653,426</b>
<b>Schedule - I PROVISION FOR INCOME TAX</b>		
PROVISION FOR INCOME TAX A.Y. 09-10	—	135,000
<b>TOTAL</b>	<b>—</b>	<b>135,000</b>
<b>Schedule - J MISCELLANEOUS EXPENDITURE</b>		
<b>PRELIMINARY EXPENSES</b>		
BALANCE AS PER PREVIOUS YEAR	3,186	4,778
LESS: WRITTEN OFF DURING YEAR	1,592	1,592
<b>TOTAL</b>	<b>1,594</b>	<b>3,186</b>



## SCHEDULE 1 TO 5, FORMING PART OF THE PROFIT &amp; LOSS ACCOUNT

	For the Year March 31, 2010 (Amount in Rs.)	For the Year March 31, 2009 (Amount in Rs.)
<b>Schedule - 1   ADMINISTRATIVE EXPENSE</b>		
Audit Fees	27,575	25,000
Computer Expense	1,300	285
Consultancy Charge	3,000	405,878
Conveyance Expense	6,260	-
General Expense	8,166	29,125
Post & Telegram Expense	7,727	2,290
Printing & Stationary Expense	87,881	62,084
Telephone Expense	4,805	3,690
Travelling Expense	4,658	9,940
ROC Filling Exp	10,000	-
Interest Exp	8,000	-
Legal Fees (Payable To GSRDC)	1	1
<b>TOTAL</b>	<b>169,373</b>	<b>538,293</b>
<b>Schedule - 2   EMPLOYEES REMUN. &amp; BENEFITS</b>		
Bonus	19,958	88,303
House Rent	38,600	32,100
Medical Expense	1,175	1,644
Mess Expense	204,625	190,698
Salary	595,467	550,932
Staff Welfare Expense	15,582	9,143
<b>TOTAL</b>	<b>875,407</b>	<b>872,820</b>
<b>Schedule - 3   FINANCE CHARGE</b>		
Bank Charge	58,564	26,443
Commission on Bank Guarantee	23,243	146,862
Interest on Term Loan	3,486,426	3,938,441
<b>TOTAL</b>	<b>3,568,233</b>	<b>4,111,746</b>
<b>Schedule - 4   REPAIRING &amp; MAINTAINANCE</b>		
Consumable Store	15,740	2,800
Electric Material	-	420
Paint	-	4,030
Water Supply	-	600
Road Work	-	53,292
Transportation of Road Work	2,600	-
Cement	-	450
Repairing to Other	6,983	-
Repairing to Vehicles	8,511	9,588
Diesel & Oil	4,500	19,374
Electric Power Bill	51,296	53,262
Toll Plaza	24,943	19,184
Wages	71,308	53,599
Centering & Shuttering	160	-
Sigh Board	-	12,600
Insurance	21,800	-
Material Testing	-	36,130
Vehicle Hire Charges	8,838	21,520
<b>TOTAL</b>	<b>216,679</b>	<b>286,849</b>



## SCHEDULE FORMING PART OF THE ACCOUNTS

### Schedule - 5 NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH' 2010

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### A. REVENUE RECOGNITION ON CONTRACTS:

- a) The accounts have been prepared under historical cost convention adopting the accrual basis.
- b) All revenues and expenses are accounted on accrual basis except to the extent stated otherwise.
- c) Liquidated damages payable, if any, as per the terms of the contract, for the delays, if any, are accounted only when such delay is attributable to the company.

##### B. EXPENDITURE IN RESPECT OF BUILD, OPERATE AND TRANSFER (B.O.T. CONTRACT):

One time significant expenditure incurred on Build, Operate and Transfer Project (BOT Project) which does not represent company's own assets is classified as "BOT PROJECT EXPENDITURE" and is amortized / written off over the concession period as per management policies and Agreement with GSRDC.

##### C. FIXED ASSETS:

Fixed assets are -Nil-

##### D. DEPRECIATION:

Depreciation is not provided because of none of the Fixed Assets Purchase during the year.

##### E. BORROWING COST:

Borrowing costs upto the completion of Projects has been added to Expenditure in respect of Build, Operate & Transfer (i.e. Capitalized). Interest pertaining to the period after the completion of the project has been charged to Profit & Loss Account.

##### F. INVESTMENTS:

Investment is quoted at Cost.

##### G. INVENTORIES:

Inventories are -Nil-

##### H. RETIREMENT BENEFITS:

- a) Provision for Gratuity has not been made as none of the Employee have completed the minimum qualified period of service.
- b) Leave encashment liabilities is accounted for as and when paid.

##### I. PROVISION FOR CURRENT AND DEFERRED TAX:

- a) No Provision for current tax is made due to loss occurred during the current accounting year in accordance with the provisions of the Income Tax Act, 1961.
- b) Deferred tax resulting from "timing difference" between book and taxable profit for the year is accounted for using the tax rates and laws that have enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the assets will be adjusted in future.



## SCHEDULE FORMING PART OF THE ACCOUNTS

Schedule - 5

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH' 2010 (Contd.)

**J. CLAIMS, DEMANDS AND CONTINGENCIES:**

Guarantee has been issued by the company's bankers on behalf of the company amounting to Rs.10 Lacs (Previous Year Rs. 10 Lacs) in favour of Gujarat State Road Development Corporation, Gandhinagar.

**K. REVENUE RECOGNITION:**

1) Revenue other than Toll Collection is generally recognized on accrual basis and the same has been adjusted against Build, Operate and Transfer Project Expenditure.

2) Leave Encashment Liability, if any, has not been determined, presently, and would be charged when paid.

**3) Accounting Standard 26 Accounting for Intangible Assets.**

The company obtained Build, Operate, & Transfer (BOT Contract) from Gujarat State Road Development Corporation for construction of Strengthening and Widening, and maintenance of Himmatnagar Bypass. In terms of the contract, the company has been entitled to collect toll during the concession period of 15 years.( 5,112 Days )(Including the period of Construction).

Having regards to the Accounting Policies followed by the company, the entire expenditure incurred on Construction of Road aggregating to Rs.8,44,47,460 is treated as deferred revenue expenditure and shall be written off over a period of concession Agreement upto 31.03.2020 (5,112 Days) Accordingly Rs. 6,021,342/- (Previous Year Rs. 60,26,601/-) is amortised in the current year. The Amortisation starts from the date of start of Toll Collection i.e. 02.04.2006.

4) Segment Information for the Year ended 31st March 2010.

The company is engaged in the business of Construction of Road under Build, Operate and Transfer Scheme, which as per accounting standard AS-17 is consider as the only reportable business segment.

5) The company has been legally advised to compute outstanding dues to S.S.I units after allowing thirty days from the day when the payment gets due as per the terms of payment agreed upon in writing by the company. Based on the information received by the Company from the creditors as regards their S.S.I. status, there are no amounts due to such creditors outstanding for over 30 days as on 31st March 2010.

6) The Company has obtained information from Suppliers in regards to their Small Scale Industrial undertaking status. Based on such information, there is no liability for interest which would be payable under "The Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertaking Act. 1993. Moreover, the company has also not received any claims in respect of interest.

7) The Company has debited Re. 1/- as lease charges towards payments to GSRDC as per agreement with GSRDC.

8) In the opinion of the Directors, Current Assets, Loans and Advances have value at which they are stated in the Balance Sheet, if realized in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

9) Transaction with related parties (As certified by the management)

**A. Name and Relationship of the related parties :****i) Holding Company :-**

- MSK Projects (India) Limited -

**SCHEDULE FORMING PART OF THE ACCOUNTS**

**Schedule - 5 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)**

**ii) Key Management Personnel**

- Ashok M. Khurana - Director
- Manju A. Khurana - Director
- Amit A. Khurana - Director

**iii) Relative of Key Management Personnel**

- Rashika A. Khurana
- Bindiya A. Khurana
- Neelakshi Khurana

Transactions with the related parties during the year ended 31st March 2010.

Sr. No.	Transaction with Related Parties	Holding Companies		Key Management		Relative of Key Management Personnel	
		31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09
1	Construction Expense	—	—	—	—	—	—
2	Loan Received	8.91	22.32	—	—	—	—
3	Repayment of Loan received	0.17	21.48	—	—	—	—
4	Advance Given	—	—	—	—	0.93	0.93
5	Advance Given received	—	—	—	—	—	—
6	Payable as at the end of the year	123.93	115.19	—	—	—	—
7	Receivable as at the end of the year	—	—	—	—	0.93	0.93

**As per our report of even date**

For **H. K. Shah & Company**  
Chartered Accountants

**For and on behalf of the Board of Directors**

**G. K. Shah**  
Partner  
Membership No.106204

**Ashok Khurana**  
Director

**Amit Khurana**  
Director

Place : Vadodara  
Date : 29-05-2010

Place : Vadodara  
Date : 29-05-2010



## BALANCE SHEET ABSTRACT &amp; COMPANY'S GENERAL BUSINESS PROFILE

(Pursuant to the provision of Part IV of Schedule VI to the Companies Act, 1956)

## I. Registration Details

Registration No.

		2	3	9	2	0
--	--	---	---	---	---	---

State Code

				0	4
--	--	--	--	---	---

Balance Sheet Date

3	1	0	3	2	0	1	0
---	---	---	---	---	---	---	---

Date

Month

Year

## II. Capital Raised during the year (Amount Rs. in Thousands)

Public Issue

					N	I	L
					N	I	L
					N	I	L

Bonus Issue

Other (Conversion of FCCB)

Right Issue

Private Placement

					N	I	L
					N	I	L

## III. Position of Mobilisation and Deployment of Funds (Amount Rs. in Thousands)

Total Liabilities

	6	6	6	3	.	0	0
--	---	---	---	---	---	---	---

Total Assets

	6	6	6	3	.	0	0
--	---	---	---	---	---	---	---

## Sources Of Fund

Paid Up Capital

	6	6	6	3	.	0	0
--	---	---	---	---	---	---	---

Reserves and Surplus

2	3	4	3	3	.	5	7
---	---	---	---	---	---	---	---

Share Application Money

					N	I	L
--	--	--	--	--	---	---	---

Secured Loans

2	8	2	0	7	.	7	4
---	---	---	---	---	---	---	---

Unsecured Loan

					N	I	L
--	--	--	--	--	---	---	---

Deferred Tax Liability

					N	I	L
--	--	--	--	--	---	---	---

## Application

Net Fixed Assets

6	0	3	2	0	.	7	9
---	---	---	---	---	---	---	---

Investment

		2	3	2	.	7	4
--	--	---	---	---	---	---	---

Net Current Assets

	(6	4	9	3	.	8	2)
--	----	---	---	---	---	---	----

Misc. Expenditure

				1	.	5	9
--	--	--	--	---	---	---	---

Accumulated Losses

					N	I	L
--	--	--	--	--	---	---	---

## IV. Performance of Company (Amount Rs. in Thousands)

Turnover

1	0	4	1	7	.	2	9
---	---	---	---	---	---	---	---

Total Expenditure

1	0	8	5	2	.	6	2
---	---	---	---	---	---	---	---

Profit / Loss before Tax

(4	3	5	3	.	2	7)
----	---	---	---	---	---	----

Profit/Loss after Tax

		(4	2	5	.	3	2)
--	--	----	---	---	---	---	----

Earning per share (Rs.) (Basic)

				.			
--	--	--	--	---	--	--	--

Dividend Rate (%)

					N	I	L
--	--	--	--	--	---	---	---

Earning per share (Rs.) (Diluted)

				.			
--	--	--	--	---	--	--	--

## V. Generic Names of The Principal Product of the Company

Item Code

Product Description

Not Applicable

Construction Activity

As Per Our Report Of Even Date

For H.K. SHAH & COMPANY  
Chartered Accountants

For and on behalf of the Board of Directors

G.K. SHAH  
Partner  
Membership No.106204ASHOK KHURANA  
DirectorAMIT KHURANA  
DirectorPlace : Vadodara  
Date : 29-05-2010

## CASH FLOW STATEMENT

	2009-10	2008-09
<b>A. CASH-FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extra-ordinary items	(435,327)	1,186,275
Amortisation of BOT Expenditure	6,021,342	6,029,601
Amortisation of Preliminary Expenses	1,592	1,592
Interest Paid	3,568,233	4,111,746
Loss on Fixed Assets	—	—
Profit On Sales of Assets	—	—
Less:		
Interest Received	(10,740)	(9,894)
Dividend Received	—	—
Operating Profit before Working Capital Changes	<b>9,145,099</b>	<b>11,319,320</b>
<b>CHANGES IN WORKING CAPITAL</b>		
Inventories	—	—
Trade & Other Receivables from subsidiary company	(1,726)	93,938
Trade Payable	915,280	(286,083)
	<b>913,554</b>	<b>(192,145)</b>
Extra Ordinary Items		
Preliminary Expenses	—	—
Prior Period Income	—	(3,000)
CASH GENERATED FROM OPERATIONS	10,058,653	11,124,175
Direct Taxes Paid (Including Fringe Benefit Tax)	(126,041)	(293,113)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>9,932,612</b>	<b>10,831,062</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets	—	—
Sales of Fixed Assets	—	—
Investment in Subsidiary Company	—	—
Interest Received	10,740	9,894
Dividend Received	—	—
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>10,740</b>	<b>9,894</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings	(5,418,312)	(4,343,377)
Proceeds From Issuance of Capital	—	—
Preferential / Public Issue Expenses	—	—
Interest Paid	(3,568,233)	(4,111,746)
Dividend Paid (Including Tax thereon)	—	—
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(8,986,545)</b>	<b>(8,455,123)</b>
Net Changes In Cash & Cash Equivalants (A+B+C)	956,807	2,385,833
Cash & Cash Equivalants - Opening Balance	4,530,326	2,144,493
Cash & Cash Equivalants - Closing Balance	<b>5,487,133</b>	<b>4,530,326</b>

As per our report of even date

For H. K. Shah & Company  
Chartered Accountants

For and on behalf of the Board of Directors

G. K. Shah  
Partner  
Membership No.106204

Ashok Khurana  
Director

Amit Khurana  
Director

Place : Vadodara  
Date : 29-05-2010

Place : Vadodara  
Date : 29-05-2010

**DIRECTOR'S REPORT**

Dear Members,

Your Directors have pleasure in presenting herewith their Report together with the Audited Financial Statement as well as the Report of the Auditors for the year ended on 31st March 2010.

**OPERATION:**

As the Company is engaged in the Build, Operate and Transfer Projects Contracts, and the said project is not completed during the year no turnover, income occurred during the year.

**CONSTITUTION OF BOARD:**

The constitution of the Board of Directors is in accordance with the requirements of the Companies Act, 1956 and the Article of Association of the Company. Mrs. Manju Khurana retires at the ensuing Annual General Meeting and being eligible, offers herself for reappointment.

**PARTICULARS OF EMPLOYEES:**

The provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are not applicable as none of the employees draws remuneration more than Rs. 2,00,000/- per month or Rs. 24,00,000/- per annum.

**DEPOSITS:**

During the year under review, the company has neither accepted nor renewed any Public Deposits.

**DIRECTOR'S RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of The Companies Act, 1956, the directors confirm that, to the best to their knowledge and belief:

- that in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgments and estimated that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for the period;
- that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing the detecting fraud and other irregularities;
- that the directors had prepared the annual accounts on a going concern basis.

**CONSERVATION OF ENERGY:**

The Company is not engaged into manufacturing activities and the company has no particulars to offer under the Companies (Disclosure of particulars in the Report of Board of Director) Rules, 1988.

**AUDITORS:**

M/s Raju Shah Patel & Kotadia Associates, Chartered Accountants, Statutory Auditors of the Company retires at the ensuing Annual General Meeting, being eligible for reappointment, you are requested to re-appoint them.

For and on behalf of the Board of Directors  
MSK Projects (Kim Mandvi Corridor) Private Limited

Place : Vadodara  
Date : 30-05-2010

Ashok Khurana  
Director

Manju Khurana  
Director

## COMPLIANCE CERTIFICATE

**CIN : U45203GJ2005PTC047076**

**Nominal Capital: : 6,73,00,000/-**

To,  
The Members,  
**MSK Projects (Kim Mandvi Corridor) Private Limited**  
707-708 Sterling Centre, R. C Dutt Road, VADODARA-390005

We have examined the registers, records, books and papers of MSK Projects (Kim Mandvi Corridor) Private Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2010**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company, being Private Limited Company, has the minimum prescribed paid-up capital and its maximum number of members during the said financial year was **TWO** (with no present and past employees since none of them being member) and the Company during the year under scrutiny:
  - i) has not invited public to subscribe for its shares or debentures; and
  - ii) has not invited or accepted any deposits from persons other than its members, directors or its relatives.
4. The Board of Directors duly met FIVE times on 13th May,2009; 29th June,2009; 29th July,2009; 29th October,2009; & 27th January,2010 , in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company being unlisted was not required to close its Register of Members or Debenture-holders during the financial year.
6. The annual general meeting for the financial year ended on 31st March, 2009 was held on 28.09.2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extraordinary General Meeting was held during the financial year under review.
8. The Company being a Private Company, Section 295 of the Act is not applicable.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there was no instance falling within the purview of Section 314 of the Act, the Company was not required to obtain any approval from the Board of Directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificates during the financial year.
13. i) There was no transfer/transmission/allotment of shares during the financial year.
  - ii) The Company has not deposited any amount in a separate bank account as no dividend was declared during financial year.
  - iii) The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
  - iv) Since there was neither of such unpaid dividend amount, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years, the Company was not required to transfer any amount to Investor Education and Protection Fund;
  - v) The Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of Director, Additional Director, Alternate Director and Director to fill casual vacancy during the financial year.
15. The Company being a Private Company, provisions of the Act with regard to appointment of Managing





Director/Whole-time Director/Manager are not applicable.

16. The Company has not appointed any Sole-Selling Agents during the financial year.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as may be prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures, or other securities during the financial year.
20. The Company has not bought back its shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year as the Company has issued neither of them.
22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company being private company, provisions of Section 293 (1) (d) of the Act are not applicable.
25. The Company being private company, provisions of Section 372A are not applicable to the company.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year under review.
31. There was no prosecution initiated against or show cause notice received by the Company, during the financial year, for offences under Act.
32. The Company has not received any money as security from its employees during the year.
33. Provisions of Section 418 of the Act are not applicable to the Company as the Company has not constituted separate Provident Fund within the meaning of Section 418 of the Act.

**For D. Pathak & Associates**  
Practising Company Secretaries

**CS Devesh A. Pathak**  
Proprietor  
C. P. No. 2306

Place: Vadodara

Date: 30th May, 2010

#### ANNEXURE - A

##### Registers as maintained by the Company

1. Register of Members u/s 150
2. Books of Account u/s 209
3. Register of Directors, Managing Director, Manager and Secretary u/s 303.
4. Register of Directors' shareholding u/s 307.
5. Register of Attendance at Board Meeting.
6. Register of Attendance at General Meeting.
7. Minutes Book of Board Meeting.
8. Minutes Book of General Meeting.

#### ANNEXURE - B

##### Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ended on 31st March, 2010.

- 1) Form 23AC and Form 23ACA (Balance Sheet & Profit & Loss) for the year ended 31.03.2009 filed under Section 220 on 28.01.2010 vide SRN P45252319.
- 2) Form No. 20B (Annual Return) for the year ended 31.03.2009 filed under section 159 & 161 on 10.02.2010 vide SRN P45660396.

## AUDITOR'S REPORT

To

The Members

**MSK PROJECTS (KIM MANDVI CORRIDOR) (P) LIMITED**

We have audited the attached Balance-sheet of **MSK PROJECTS (KIM MANDVI CORRIDOR) (P) LIMITED**, as at 31 March 2010, for the year ended on that date.

These financial statements are the responsibility of the Company's Management; our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As. required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms section 227- (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in the above paragraph, 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 our audit.
  - b. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of such books.
  - c. The Balance Sheet dealt with by this report are in agreement with the books of account of the Company.
  - d. On the basis of written representations received from the Directors and taken on record by the board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - e. In our opinion, the Balance-sheet dealt with by this report comply with the Accounting Standards as referred to in Sub Section (3C) of Section 211 of the Companies Act.1956.
  - f. In our opinion and to the best to the knowledge and information and explanations received from the company, the cess payable under section 441A is not applicable to the company.
  - g. In our opinion and to the best of our information and according to the explanation given to us, the said 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.
    - i) In the case of the Balance Sheet of the state of affair, of the Company as at 31st March, 2010 and,
    - ii) In the case of the Cash flow statement, of the cash flow for the year ended on that date.

For **Raju Shah Patel & Kotadia Associates**  
Firm Registration No.: 120242W  
Chartered Accountants

**Raju C. Shah**  
Partner

Membership No.39024

Place: Ahmedabad

Date: 30/05/2010

**ANNEXURE TO THE AUDITOR'S REPORT TO THE MEMBER OF M/S. MSK PROJECTS  
(KIM MANDVI CORRIDOR ) (P) LIMITED, VADODARA ON THE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

1. a) The company has not acquired any fixed assets during the year under review.  
b) No disposal of a substantial part of fixed assets of the Company has taken place during the year.
2. As explained to us the company have not purchase any materials during the year, the question does not arise for physical verification.
3. a) The Company has not taken any unsecured loan from the parties covered under the register maintained u/s 301 of the companies Act 1956. The Company has not granted any loan secured or unsecured to companies, firms or other parties listed in Register maintain u/s 301 of the companies Act' 1956  
b) In our opinion, the rate of interest, where applicable and other terms and conditions on which loan have been taken from / granted to the companies and other parties listed in the register maintain u/s 301 of the Companies Act' 1956 are not prime-facie, Prejudicial to the interest of the Company.  
c) The Company is regular repaying the Principal Amount where ever stipulated and has been regular in the payment of Interest where ever stipulated.
4. In our opinion and according to the information and explanation give to us, there are adequate internal control procedure commensurate with the size if the company and nature of its business for the financial activities and purchase of equipments and other assets.
5. a) To the best of our knowledge and belief, and according to information and explanation given to us, the transaction that needed to be entered in to the register maintained u/s 301 of the Companies Act 1956 have been so entered.  
b) In our opinion and according to the information and explanation given to us, the transaction made in pursuance of Contract or arrangement entered in the register maintained u/s 301 of the Companies Act 1956 and exceeding value of Rupees Five Lacs in respect of any parties during the year have been made at prices which are reasonable having regards to prevailing market price at the relevant time.
6. During the year company has not accepted deposits from the Public within the meaning of Section 58-A, of the Companies Act. 1956.
7. The Company does not have an Internal Audit System.
8. The Central Government has not prescribed the maintenance of Cost records Under Section 209 (1) (d) of the Companies Act 1956 for any of the product of the Company.
9. a) According to the records of the Company, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other Statutory dues with the appropriate authorities.  
b) According to information and explanation given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as on 31st March 2010 for a period of more than Six Months and from the day they become payable.  
c. According to the Information and explanation given to us there are no dues of Sales Tax, Custom Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute.

10. The Company has no accumulated losses and has not incurred Cash losses in the current financial year and in the immediate preceding financial year.
11. The Company has not defaulted in repayment of dues to any financial institute or Banks.
12. The Company has not granted loan and advance on the basis of security by way of pledge of Share, Debenture or other securities.
13. The Provision of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Society are not applicable to the Company.
14. The Company is not dealing in or trading in shares, Securities, Debenture or other Investments and hence, requirement of paragraph 4(xiv) are not applicable to the company.
15. In our opinion and according to information and explanation given to us the company has not given guarantee for loan taken by other from Bank / financial institutions.
16. In our opinion, the term loan has been applied for the purpose for which they were raised.
17. According to the Cash Flow Statement and other records examined by us and on the basis of information and explanation given to us, on over all basis fund raised on Short Term basis have prima facie not being used during the year for Long Term Investment and Vice Versa.
18. In our opinion and according to information and explanation given to us, the company has not allotted equity on preferential share allotment of share to parties and companies during the year.
19. Since the Company does not have any debenture the question of creation of securities for debenture does not arise.
20. Since the Company does not raised money by Public Issue, this clause is not applicable.
21. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year.

For **Raju Shah Patel & Kotadia Associates**  
Firm Registration No.: 120242W  
Chartered Accountants

Place: Ahmedabad  
Date: 30/05/2010

**Raju C. Shah**  
Partner  
Membership No.39024



## BALANCE SHEET AS AT 31ST MARCH 2010

	Schedules	As at March 31, 2010 (Amount in Rs.)	As at March 31, 2009 (Amount in Rs.)
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDER'S FUNDS</b>			
SHARE CAPITAL	A	67,300,000	67,300,000
RESERVES & SURPLUS	B	31,650,000	31,650,000
		98,950,000	98,950,000
UNSECURED LOAN	C	2,629,054	—
SECURED LOAN			
SBI TERM LOAN	D	106,366,749	75,044,657
<b>TOTAL</b>		<b>207,945,803</b>	<b>173,994,657</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
GROSS BLOCK		1,612,755	1,612,755
DEPRECIATION		—	—
NET BLOCK		1,612,755	1,612,755
BUILD, OPERATE & TRANSFER PROJECT	E		
ON IN-COMPLETED PROJECT			
WORK IN PROGRESS		406,326,413	249,171,285
CURRENT ASSETS, LOAN & ADVANCES			
CASH & BANK BALANCES	F	55,706	1,660,922
LOAN AND ADVANCES	G	51,500	51,500
		107,206	1,712,422
LESS : CURRENT LIABILITIES & PROVISIONS			
LIABILITIES	H	200,882,470	79,283,704
		200,882,470	79,283,704
NET CURRENT ASSETS		(200,775,264)	(77,571,282)
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	I	781,899	781,899
<b>TOTAL</b>		<b>207,945,803</b>	<b>173,994,657</b>
ACCOUNTING POLICIES & NOTES ON ACCOUNTS	1		

As per our report of even date

For H. K. Shah & Company  
Chartered Accountants

For and on behalf of the Board of Directors

G.K. SHAH  
Partner  
Membership No.106204Ashok Khurana  
DirectorAmit Khurana  
DirectorPlace : Ahmedabad  
Date : 30-05-2010Place : Vadodara  
Date : 30-05-2010

**SCHEDULE - A TO I, AND 1, FORMING PART OF THE ACCOUNTS**

	As at March 31, 2010 (Amount in Rs.)	As at March 31, 2009 (Amount in Rs.)
<b>Schedule - A SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
67,30,000 (Previous year 67,30,000) equity Shares Of Rs.10/- Each	67,300,000	67,300,000
<b>ISSUED, SUBSCRIBED, AND PAID-UP CAPITAL</b>		
67,30,000 (Previous Year 67,30,000) equity Shares of Rs. 10/- Each Fully Paid up	67,300,000	67,300,000
<b>TOTAL</b>	<b>67,300,000</b>	<b>67,300,000</b>
<b>Schedule - B RESERVES &amp; SURPLUS</b>		
<b>CAPITAL RESERVES</b>		
SUBSIDY RECEIVED FROM GUJARAT STATE ROAD DEVELOPMENT CORPORATION AGAINST THE BUILD, OPERATE AND TRANSFER PROJECT BOT PROJECTS OF KIM MANDVI PROJECTS	31,650,000	31,650,000
<b>TOTAL</b>	<b>31,650,000</b>	<b>31,650,000</b>
<b>Schedule - C ADVANCE</b>		
<b>ADVANCE- MSK PROJECTS (INDIA) LTD.</b>	2,629,054	—
<b>TOTAL</b>	<b>2,629,054</b>	<b>—</b>
<b>Schedule - D</b>		
<b>FROM STATE BANK OF INDIA</b>	106,366,749	75,044,657
(REPAYABLE WITHIN YEAR RS. 69,00,000/- PREVIOUS YEAR RS.41,00,000/-)		
— SECURED BY ONTHEASSIGNMENT OF PROJECTS RIGHT / MOVABLE AND IMMOVABLE PROPERTY / INTANGIBLE ASSETS FOR THE KIM MANDVI PROJECTS		
— FIRST CHARGE ON COMPANY'S BANK ACCOUNT FROM THE KIM MANDVI PROJECTS AND REVENUE AND RECEIVABLE AND PROJECT ACCOUNT OF THE COMPANY		
— PERSONAL GUARANTEES OF THE DIRECTORS OF THE COMPANY AND CORPORATE GUARANTEE BY THE HOLDING COMPANY		
<b>TOTAL</b>	<b>106,366,749</b>	<b>75,044,657</b>
<b>Schedule - E BUILD, OPERATE &amp; TRANSFER PROJECTS</b>		
<b>IN-COMPLETED PROJECT</b>		
- PAYMENT TO EPC CONTRACTOR	372,475,304	226,285,068
- DEVELOPMENT CHARGES	4,220,000	4,220,000
- UP FRONT FEES	655,000	655,000
- BANK CHARGE	77,799	47,260
- AUDIT FEES	349,446	155,833
- TERM LOAN INTEREST	23,850,112	13,654,514
- SALARY	124,000	124,000
- ROC FILLING FEES	9,100	3,100
- LEGAL EXP	658	658
- INDEPENDENT CONSULTANT FEES	4,347,804	4,002,021
- LEASE EXPENSES TO GSRDC	5	4
- CONSULTANCY CHARGES	83,865	12,784
- INTEREST & FINANCE EXP	11,043	11,043
- INTEREST EXP	122,277	—
<b>TOTAL</b>	<b>406,326,413</b>	<b>249,171,285</b>



## SCHEDULE - A TO N AND 1 FORMING PART OF THE BALANCE SHEET

	As at March 31, 2010 (Amount in Rs.)	As at March 31, 2009 (Amount in Rs.)
<b>Schedule - F CASH &amp; BANK BALANCES</b>		
CASH ON HAND	245	245
<b>BALANCES WITH SCHEDULE BANK</b>		
IN CURRENT ACCOUNTS WITH BANK (as per sub-schedule-1)	55,461	1,660,677
<b>TOTAL</b>	<b>55,706</b>	<b>1,660,922</b>
<b>Schedule - G LOAN &amp; ADVANCES</b>		
TO JAI SINGH CHAUDHARY FOR LAND ADVANCE	51,500	51,500
<b>TOTAL</b>	<b>51,500</b>	<b>51,500</b>
<b>Schedule - H CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
SUNDRY CREDITORS - MSK PROJECTS (INDIA) LIMITED	196,438,874	77,498,091
GSRDC ON A/C OF INDEPENDENT CONSULTANT REIMBURSEMENT	1,466,463	1,600,812
PROVISION FOR EXPENSE	126,326	126,327
RAJU SHAH PATEL & KOTADIA ASSOCIATES	62,579	—
<b>OUT-STANDING LIABILITIES</b>		
TDS ON INTEREST	12,228	—
TDS ON CONTRACTORS	2,521,610	—
TDS ON SUB-CONTRACTORS	227,843	51,288
TDS ON PROFESSION FEES	26,547	7,186
<b>TOTAL</b>	<b>200,882,470</b>	<b>79,283,704</b>
<b>Schedule - I MISCELLANEOUS EXPENDITURE</b>		
<b>PRELIMINARY EXPENSES</b>		
BALANCE AS PER PREVIOUS YEAR	781,899	781,899
EXPENSE INCURRED DURING THE YEAR	—	—
	781,899	781,899
LESS: WRITTEN OFF DURING THE YEAR	—	—
<b>TOTAL</b>	<b>781,899</b>	<b>781,899</b>
<b>Sub-Schedule-1 BALANCE WITH SCHEDULE BANKS</b>		
CORPORATON BANK CBCA A/C NO : 2343	1,708	8,935
SBI CA A/C NO : 30185402592	42,334	1,636,323
SBI ESCROW A/C NO : 30185396803	1,419	5,419
CORPORATON BANK CBCA A/C NO : 2475	10,000	10,000
<b>TOTAL</b>	<b>55,461</b>	<b>1,660,677</b>
<b>Sub-Schedule-2 BREAK UP OF PAYMENT TO EPC CONTRACTOR</b>		
WORK DONE	184,225,144	111,920,229
ESCALATION WORK	39,896,660	24,236,590
UNDER UTILISED OVER HEAD	40,599,919	24,665,108
UNDER UTILISED OVER HEAD OF MACHINERIES	107,753,580	65,463,141
<b>TOTAL</b>	<b>372,475,303</b>	<b>226,285,068</b>



## SCHEDULE FORMING PART OF THE ACCOUNTS

### Schedule - 1 NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH' 2010

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### A-1 REVENUE RECOGNITION ON CONTRACTS:-

- a) The accounts have been prepared under historical cost convention adopting the accrual basis.
- b) All revenues and expenses are accounted on accrual basis except to the extent stated otherwise.
- c) Liquidated damages payable, if any, as per the terms of the contract, for the delays, if any, are accounted only when such delay is attributable to the company.

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

One time significant expenditure incurred on Build, Operate and Transfer Project (BOT Project) which does not represent company's own assets is classified as "BOT PROJECT EXPENDITURE" and is amortized / written off over the concession period as per Agreement with Gujarat State Road Development Corporation Ltd.

##### C. FIXED ASSETS:

Fixed Assets are stated at Cost of acquisition including all direct expenses attributable to fixed Assets.

##### D. DEPRECIATION:

As there are no depreciable assets provision for depreciation is not required.

##### E. BORROWING COST:

Borrowing Costs directly attributable to the Build, Operate & Transfer (BOT) Project are capitalized as part of the cost of the projects under BOT Project Exps.

##### F. INVESTMENTS:

Investment are—Nil-

##### G. INVENTORIES:-

Inventories are—Nil-

##### H. RETIREMENT BENEFIT

In absence of any employees the same is not applicable.

##### I. CLAIMS, DEMANDS AND CONTINGENCIES:

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

##### J. REVENUE RECOGNITION:

###### 1) Revenue Recognition-Nil-

###### 2) Accounting Standard 26 Accounting For Intangible Assets.

The company obtained Build, Operate, & Transfer (BOT Contract) from Gujarat State Road Development Corporation Ltd. for construction of Strengthening and Widening, and maintenance of Kim Mandvi Corridor Projects. In terms of the contract, the company has been entitled to collect toll during the concession period of 20 years (Including the period of Construction).

The Company Has started the Construction of Road During the earlier years and the same has not been completed till 31st March 2010 Having regard to the accounting policies followed by the company the entire expenditure incurred thereon aggregating to Rs.40,63,26,412/-is treated as deferred revenue expenditure and shall be written off over a period of contract after completion of construction of road, after reducing the amount of cash subsidy received from Gujarat State Road Development corporation Ltd. The company has received Rs 3,16,50,000/- As a subsidy during the year 2009-10.

###### 3) Segment Information for the year ended 31st March 2010.

The company is engaged in the business of Development & Collection of Toll of Road under Build, Operate and Transfer Scheme, which as per accounting standard AS-17 is considered as only reportable business segment, hence segment information is not required.



## SCHEDULE FORMING PART OF THE ACCOUNTS

## Schedule - 1 | NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH' 2010 (Contd.)

- 4) The company has been legally advised to compute outstanding dues to Micro, Small & Medium Enterprise after allowing thirty days from the day when the payment gets due as per the terms of payment agreed upon in writing by the company. Based on the information received by the Company from the creditors as regards their Micro, Small & Medium Enterprise status, there are no amounts due to such creditors outstanding for over 30 days as on 31st March 2010. As per the agreement with MSK Projects (India) Ltd. the payment is to be made within 30 days and for the delay in payment interest at the rate of 15% is to be paid for the period beyond 30 days. No provision for such interest is made as the same is waived.
- 5) The Company has not obtained information from Suppliers in regards to their Micro, Small & Medium Enterprise undertaking status. Based on such information, there is no liability for interest which would be payable under "The Interest on Delayed Payments to Micro, Small & Medium Enterprise Development. Moreover, the company has also not received any claims in respect of interest.
- 6) The Company has accounted for Rs. 3,45,783/- towards the fees of the independent consultants for the second and third year without deduction of tax at source.  
As per the terms of agreement the company has not provided for independent consultants fees of Rs. 2,26,771/- for the forth year.
- 7) The Company has debited Re. 5/- as lease charges towards payments to GSRDC Ltd as per agreement with GSRDC Ltd. (Previous Year Rs. 4/-)
- 8) In the opinion of the Directors, Current Assets, Loans and Advances have value at which they are stated in the Balance Sheet, if realized in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
- 9) In the opinion of the management, as there are no employee, the provident fund and E.S.I act, are not yet applicable. Hence, no provision have been made for the same.
- 10) Previous year's figures have been regrouped, rearranged and reclassified wherever necessary.  
Transaction with the related parties during the year ended on 31.03.2010
  - i) Holding Company  
- MSK Projects (India) Limited
  - ii) Key Management Person  
- Ashok M. Khurana - Director  
- Manju A. Khurana – Director  
- Amit A. Khurana - Director

## Transactions with the related parties during the year ended 31st March 2010.

(Rs. in Lakhs)

Sr. No.	Transaction with Related Parties	Holding Companies		Key Management	
		31.03.10	31.03.09	31.03.10	31.03.09
1	Construction Expense	1,461.90	688.66	NIL	NIL
2	Loan Received	150.21	NIL	NIL	NIL
3	Repayment of Loan received	125.02	NIL	NIL	NIL
4	Advance Given	NIL	NIL	NIL	NIL
5	Advance Given received	NIL	NIL	NIL	NIL
6	Payable as at the end of the year	1,964.39	774.98	NIL	NIL
7	Receivable as at the end of the year	NIL	NIL	NIL	NIL
8	Interest Paid	1.22	—	—	—

As Per Our Report Of Even Date

For H. K. Shah & Company  
Chartered AccountantsG. K. Shah  
Partner  
Membership No.106204  
Place : Ahmedabad  
Date : 30-05-2010

For and on behalf of the Board of Directors

Ashok Khurana  
DirectorAmit Khurana  
DirectorPlace : Vadodara  
Date : 30-05-2010

## BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

(Pursuant to the provision of Part IV of Schedule VI to the Companies Act, 1956)

### I. Registration Details

Registration No.	<input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="6"/>	State Code	<input type="text" value="0"/> <input type="text" value="4"/>
Balance Sheet Date	<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="0"/>		
	Date Month Year		

### II. Capital Raised during the year (Amount Rs. in Thousands)

Public Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Right Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Other (Conversion of FCCB)	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>		

### III. Position of Mobilisation and Deployment of Funds (Amount Rs. in Thousands)

Total Liabilities	<input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="."/> <input type="text" value="8"/> <input type="text" value="0"/>	Total Assets	<input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="."/> <input type="text" value="8"/> <input type="text" value="0"/>
<b>Sources Of Fund</b>			
Paid Up Capital	<input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/>	Reserves and Surplus	<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="0"/>
Share Application Money	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Secured Loans	<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="5"/>
Unsecured Loan	<input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="5"/>	Deferred Tax Liability	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
<b>Application</b>			
Net Fixed Assets	<input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="5"/>	Investment	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Net Current Assets	<input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="."/> <input type="text" value="2"/> <input type="text" value="6"/>	Misc. Expenditure	<input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="8"/> <input type="text" value="9"/>
Accumulated Losses	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>		

### IV. Performance of Company (Amount Rs. in Thousands)

Turnover	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Total Expenditure	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Profit / Loss before Tax	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Profit/Loss after Tax	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Earning per share (Rs.) (Basic)	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Divident Rate (%)	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Earning per share (Rs.) (Diluted)	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>		

### V. Generic Names of The Principal Product of the Company

Item Code	Product Description
Not Applicable	Construction Activity

As Per Our Report Of Even Date

For H.K. Shah & Company  
Chartered Accountants

For and on behalf of the Board of Directors

G.K. Shah  
Partner  
Membership No.106204

Ashok Khurana  
Director

Amit Khurana  
Director

Place : Vadodara  
Date : 30-05-2010

Place : Vadodara  
Date : 30-05-2010



## CASH FLOW STATEMENT

	2009-10	2008-09
<b>A. CASH-FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extra-ordinary items	—	—
Depreciation	—	—
Interest Paid	10,305,647	—
Loss on Fixed Assets	—	—
Profit On Sales of Assets	—	—
Interest Received	—	—
Dividend Received	—	—
Operating Profit before Working Capital Changes	10,305,647	—
Inventories	—	—
Trade & Other Receivables	—	—
Trade Payable	121,598,766	56,079,297
	<b>121,930,906</b>	<b>56,079,297</b>
Extra Ordinary Items	—	—
Preliminary Expenses	—	—
Prior Period Income	—	—
CASH GENERATED FROM OPERATIONS	132,236,553	56,079,297
Direct Taxes Paid (Including Fringe Benefit Tax)	—	—
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>132,236,553</b>	<b>56,079,297</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets	—	—
Sales of Fixed Assets	—	—
Investment in BOT Projects	(157,155,128)	(82,279,003)
Interest Received	—	—
Dividend Received	—	—
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(157,155,128)</b>	<b>(82,279,003)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings	38,000,000	—
Repayment of Term Loan	(6,900,000)	(4,139,510)
Preferential / Public Issue	—	31,650,000
Unsecured Loan	15,020,689	—
Repayment of Unsecured Loan	(12,501,684)	(10,505,647)
Interest Paid	—	—
Dividend Paid (Including Tax thereon)	—	—
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>23,313,358</b>	<b>27,510,490</b>
Net Changes In Cash & Cash Equivalents (A-B+C)	(1,605,216)	1,310,784
Cash & Cash Equivalents – Opening Balance	1,660,922	350,138
Cash & Cash Equivalents – Closing Balance	55,706	1,660,922

As per our report of even date

For H. K. Shah & Company  
Chartered Accountants

For and on behalf of the Board of Directors

G. K. Shah  
Partner  
Membership No.106204Ashok Khurana  
DirectorAmit Khurana  
DirectorPlace : Ahmedabad  
Date : 30-05-2010Place : Vadodara  
Date : 30-05-2010

## DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting their Annual Report together with the Audited Financial Statement alongwith the Report of the Auditors for the year ended on 31st March 2010.

### OPERATION:

As the Company is engaged in the Build, Operate and Transfer Projects Contracts, and the said project is not completed during the year no turnover, income occurred during the year.

### CONSTITUTION OF BOARD:

In accordance with the requirements of the Companies Act, 1956 and the Article of Association of the Company, Mr. Vasudev Talreja who is liable to retire by rotation and being eligible, offers herself for reappointment at the Annual General Meeting.

### PARTICULARS OF EMPLOYEES:

The provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are not applicable as none of the employees draws remuneration more than Rs. 2,00,000/- per month or Rs. 24,00,000/- per annum.

### DEPOSITS:

During the year under review, the Company has neither accepted nor renewed any Public Deposits.

### DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of The Companies Act, 1956, the directors confirm that, to the best to their knowledge and belief:

- that in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgments and estimated that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for the period;
- that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing the detecting fraud and other irregularities;
- that the directors had prepared the annual accounts on a going concern basis.

### CONSERVATION OF ENERGY:

The company is not engaged into manufacturing activities and the company has no particulars to offer under the Companies (Disclosure of particulars in the Report of Board of Director) Rules, 1988.

### AUDITORS:

M/s Mahendra P. Shah & Co., Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting, being eligible for reappointment, you are requested to re-appoint them.

For and on behalf of the Board of Directors  
Super Infrastructure & Toll Bridge Private Limited

Place : Vadodara  
Date : 30-05-2010

Ashok Khurana  
Director

Vasudev Talreja  
Director



## AUDITOR'S REPORT

To

The Members

### **SUPER INFRASTRUCTURE & TOLL BRIDGE PRIVATE LIMITED**

We have audited the attached Balance-sheet of **SUPER INFRASTRUCTURE & TOLL BRIDGE PRIVATE LIMITED**, as at 31st March 2010. These financial statements are the responsibility of the Company Management; our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As. required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of section 227- (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in the above paragraph, 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 our audit.
  - b. In our opinion, proper books of accounts as required by law have been kept by the company as far as appears from our examination of such books.
  - c. The Balance Sheet and Cash Flow Statement dealt with by this report are in agreement with the books of accounts of the Company.
  - d. On the basis of written representations received from the Directors and taken on record by the board of Directors, we report that none of the Director is disqualified as on 31st March, 2010 from being appointed as a Director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - e. In our opinion the Balance Sheet dealt with by this report complies with the Accounting Standard as referred to in Section 211 (3C) of the Companies Act 1956.
  - f. In our opinion and to the best of our information and according to the explanation given to us, the said 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.
    - i) In the case of the Balance Sheet of the state of affaire, of the Company as at 31st March, 2010 and,
    - ii) In the case of the Cash flow statement of the Cash flow for the year ended on that date.

For **Mahendra P Shah & Company**  
Chartered Accountants

**M. P. Shah**

Place: Vadodara

Date: 30/05/2010

**ANNEXURE TO THE AUDITOR'S REPORT TO THE MEMBERS OF  
SUPER INFRASTRUCTURE & TOLL BRIDGE PRIVATE LIMITED, MUMBAI.**

*(referred to in paragraph 1 of the our report of even date)*

1.
  - a) The Company has not acquired any fixed assets during the year under review.
  - b) As the Company does not have any fixed assets, physical verification of the same does not arise.
  - c) No disposal of fixed assets of the Company has taken place during the year.
2. As considering the business activity Inventories is Nil and therefore physical verification is not required.
3.
  - a) The Company has not granted any loans, Secured or unsecured to companies, firms or other parties covered in the register maintain u/s 301 of the Companies Act, 1956.
  - b) The Company has taken unsecured loan from 3 Parties covered in the register maintain u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 170.77 Lacs and the year end balance of the loan taken from such company was Rs. 170.77 Lacs.
  - c) In Our opinion the rate of interest where applicable and other terms and condition on which loan have been taken from / granted to the Company listed in the registered maintained u/s 301 of the Companies Act, 1956 are not primie facie, prejudicial to the interest of the Company.
  - d) The Company is regular in repaying the principal amount wherever stipulated and has been regular in payment of interest wherever applicable.
4. In our opinion and according to the information and explanation given to us, there is adequate internal control procedure commensurate with the size of the Company and nature of its business.
5.
  - (a) To the best of our knowledge and belief, and according to the information and explanation given to us, the transaction that need to be entered into the register maintained u/s 301 of the Companies Act, 1956 have been so entered.
  - (b) In our opinion and according to the information and explanation given to us, the transaction made in pursuance of Contract or arrangement entered in the register maintained u/s 301 of the Companies Act, 1956 and exceeding value of Rupees Five Lacs in respect of any party during the year have been made at prices which are reasonable having regards to prevailing market price at the relevant time.
6. In our opinion and according to the information and explanation given to us, the amount received on current account from families and friends of the directors and from themselves are not in the nature of deposits from public within the meaning of Section 58-A of the Companies Act, 1956.
7. In our opinion and according to information and explanation given to us, the Company has not paid up capital and reserve exceeding Rs. 50 Lacs as at the Commencement of the financial year or not having an average annual turnover exceeding Rs. 5 Crores for the period of 3 consecutive financial years immediately preceding the financial year the Company has not required to maintained internal audit System.
8. The Central Government has not prescribed the maintenance of Cost records Under Section 209 (1) (d) of the Companies Act, 1956 for the activity carried out by the Company.
9.
  - (a) According to the records of the Company, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Employees State Insurance, Income





Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other Statutory dues with the appropriate authorities.

- (b) According to information and explanation given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as on 31st March 2010 for a period of more than Six Months from the day they become payable.
- (c) According to the Information and explanation given to us there are no dues of Sales Tax, Income Tax, Service Tax, Custom Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute.
- 10. The company has no accumulated losses and has not incurred Cash losses in the current financial year and in the immediately preceding financial year.
- 11. The Company has not defaulted in repayment of dues to any Financial Institutions or Banks.
- 12. The Company has not granted loan and advance on the basis of security by way of pledge of Share, Debenture and other securities.
- 13. The Provision of any Special Statue applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Society is not applicable to the Company.
- 14. The Company is not dealing in or trading in shares, securities debenture and other Investments. Accordingly, the provisions of Clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 15. In our opinion and according to information and explanation given to us, the company has not given guarantee for loan taken by other from Bank / financial institutions.
- 16. The Company has not taken any term loan during the year under review.
- 17. According to the Cash Flow Statement and other records examined by us and on the basis of the information and explanation given to us, on an over all basis fund raised on Short Term basis have prima facie not being used during the year for Long Term Investment and Vise Versa.
- 18. In our opinion and according to the information and explanation given to us, the company has not made any Preferential Allotment of shares to parties and companies covered in register maintained u/s 301 of the Act, during the year.
- 19. Since the Company does not have any debenture the question of creation of securities for debenture does not arise.
- 20. As the Company has not raised money by Public Issue, this clause is not applicable.
- 21. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year.

For **Mahendra P Shah & Company**  
Chartered Accountants

**M. P. Shah**

Place: Vadodara  
Date: 30/05/2010

**BALANCE SHEET AS ON 31ST MARCH 2010**

	Schedules	As at March 31, 2010 (Amount in Rs.)	As at March 31, 2009 (Amount in Rs.)
<b>SOURCE OF FUNDS</b>			
<b>SHARE HOLDERS FUNDS</b>			
SHARE CAPITAL	A	500,000	500,000
		500,000	500,000
<b>LOAN FUNDS</b>			
UN-SECURED LOAN	B	18,887,370	39,242,742
		18,887,370	39,242,742
<b>TOTAL</b>		<b>19,387,370</b>	<b>39,742,742</b>
<b>APPLICATION OF FUNDS</b>			
BUILD, OPERATE & TRANSFER PROJECT EXPENDITURE	C		
ON IN-COMPLETED PROJECT			
WORK-IN-PROGRESS		52,263,054	51,065,419
		52,263,054	51,065,419
<b>CURRENT ASSETS, LOAN &amp; ADVANCES</b>			
CASH & BANK BALANCES	D	126,286	144,282
LOAN & ADVANCE	E	415,970	2,326,462
		542,256	2,470,744
LESS : CURRENT LIABILITIES & PROVISION			
LIABILITIES	F	33,601,380	13,797,821
		33,601,380	13,797,821
NET CURRENT ASSETS		(33,059,124)	(11,327,077)
MISCELLANEOUS EXPENDITURE (To The Extent Not Written Off Or Adjusted)	G	183,440	4,400
<b>TOTAL</b>		<b>19,387,370</b>	<b>39,742,742</b>
<b>ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS</b>	<b>1</b>		

As per our report of even date

For **Mahendra P. Shah & Company**  
Chartered Accountants

For and on behalf of the Board of Directors

**M. P. Shah**  
Proprietor

**Vasudev Telreja**  
Director

**Ashok Khurana**  
Director

Place : Vadodara  
Date : 30-05-2010

Place : Vadodara  
Date : 30-05-2010



## SCHEDULE - A TO G, AND 1, FORMING PART OF THE ACCOUNTS

	As at March 31, 2010 (Amount in Rs.)	As at March 31, 2009 (Amount in Rs.)
<b>Schedule - A   SHARE CAPITAL</b>		
<b>AUHTORISED CAPITAL</b>		
50,000 (PREVIOUS YEAR 50,000) EQUITY SHARE OF RS. 10/- EACH	500,000	500,000
	500,000	500,000
<b>ISSUED, SUBSCRIBED &amp; PAID-UP CAPITAL</b>		
50,000 (PREVIOUS YEAR 50,000) EQUITY SHARES OF Rs. 10/- EACH FULLY PAID UP.	500,000	500,000
<b>TOTAL</b>	<b>500,000</b>	<b>500,000</b>
<b>Schedule - B   UN-SECURED LOANS</b>		
<b>FROM COMPANIES</b>	—	—
- MSK PROJECTS (INDIA) LIMITED	—	39,242,742
- D.A. FINVEST PRIVATE LIMITED	1,810,000	—
<b>FROM OTHERS</b>		
- AMIT KHURANA	2,500,000	—
- ASHOK KHURANA	13,791,643	—
- MANJU KHURANA	785,727	—
<b>TOTAL</b>	<b>18,887,370</b>	<b>39,242,742</b>
<b>Schedule - C   BUILD, OPERATE &amp; TRANSFER PROJECT EXPENDITURE</b>		
<b>ON IN-COMPLETED PROJECTS</b>		
OPENING BALANCE AS PER LAST BALANCE SHEET	51,065,420	51,109,698
ADD : ADDITION DURING THE YEAR	1,197,634	(44,278)
<b>TOTAL</b>	<b>52,263,054</b>	<b>51,065,420</b>
<b>Schedule - D   CASH &amp; BANK BALANCE</b>		
CASH-ON-HAND	25,352	25,352
WITH SCHEDULE BANK		
IN CURRENT ACCOUNT WITH	100,934	118,930
<b>TOTAL</b>	<b>126,286</b>	<b>144,282</b>
<b>Schedule - E   LOANS AND ADVANCES</b>		
ADVANCE RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	279,508	2,190,000
TAX DEDUCTED AT SOURCE	136,462	136,462
<b>TOTAL</b>	<b>415,970</b>	<b>2,326,462</b>
<b>Schedule - F   CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
SUNDRY CREDITORS	23,573,602	1,609,353
PROVISION FOR EXPENSES	13,500	13,970
OTHER LIABILITIES	10,014,278	12,174,498
<b>TOTAL</b>	<b>33,601,380</b>	<b>13,797,821</b>
<b>Schedule - G   MISCELLANEOUS EXPENDITURE</b>		
AS PER LAST YEAR BALANCE SHEET	4,400	8,800
ADD: EXPENDITURE INCURRED DURING THE YEAR	229,300	—
	233,700	8,800
LESS : WRITTEN OFF DURING THE YEAR	50,260	4,400
<b>TOTAL</b>	<b>183,440</b>	<b>4,400</b>

## SCHEDULE FORMING PART OF THE ACCOUNTS

### Schedule - 1 NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH' 2010

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### A. GENERAL:

- a. The accounts have been prepared under historical cost convention adopting the accrual basis.
- b. All revenue and expenses are accounted on accrual basis except to the extent stated otherwise.
- c. Accounting policies not specifically referred to are consistent with generally accepted accounting principle followed by the Company.

##### d. EXPENDITURE IN RESPECT OF BUILD, OPERATE AND TRANSFER (BOT) CONTRACT

One time significant expenditure incurred pursuant to a Contract or other wise which is likely to have benefit on the future year is treated as deferred revenue expenditure and written off over a period of contract or the period over which, as per management's judgments benefit is likely to accrued.

##### B. FIXED ASSETS:

Fixed Assets—Nil-

##### C. DEPRECIATION:

Depreciation - Nil-

##### D. INVESTMENT:

Investment -Nil-

##### E. INVENTORIES:

Inventories are Nil

##### F. GRATUITY:

Provision for Gratuity has not been made as none of the employee has completed the minimum qualified period of service.

##### G. MISCELLANEOUS EXPENDITURE:

Preliminary Expenses are being written off equally over a period of five year.

##### H. CONTINGENT LIABILITY:

Contingent Liabilities are either provided for disclosed depending on management judgments of the potential outcome.

##### I. NOTES ON ACCOUNTS:

1. The Company obtained a Build, Operate and Transfer (BOT) Contract from Public Works Department, Government of Maharashtra, Mumbai for Construction of Bridge Across Ulhas Creek on Kalyan Bhiwandi Road with widening of Kalyan Shill Road, Dist. Thane.

The company has started the Construction of Bridge, and the same is not completed till 31st March 2010. Having regards to the Accounting Policies followed by the company, the entire expenditure incurred thereon and after reduced by interest income received on loans and advances aggregating to Rs.5,22,63,054/- is treated as deferred revenue expenditure and shall be written off over a period of contract after the completion of Construction of Bridge.



2. The Project has been terminated and matter has been referred to the arbitration.
3. All accounts including unsecured loans, current assets, and current liabilities are as per Books of Accounts and Subject to confirmation.
4. In opinion of the Management, the Provident Fund and ESI Act are not yet applicable. Hence no provision have been made for the same.
5. In opinion of the Directors the Current Assets, Loan and Advances have the value at which they are stated in the Balance sheet, if realized in the ordinary course of business. The Provision for the depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.
6. Previous year's figure has been regrouped, rearranged and reclassified wherever necessary.
7. The Company has not started any commercial activities therefore provision regarding disclosure of information pursuant to the provision of paragraph 3, 4C, and 4D of Part II of schedule VI of the Companies Act, 1956 are not applicable.

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**As per our report of even date**

For **Mahendra P. Shah & Company**  
Chartered Accountants

**M. P. Shah**  
Proprietor

Place : Vadodara  
Date : 30-05-2010

**For and on behalf of the Board of Directors**

**Vasudev Telreja**  
Director

**Ashok Khurana**  
Director

## BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

(Pursuant to the provision of Part IV of Schedule VI to the Companies Act, 1956)

### I. Registration Details

Registration No.

1 2 3 1 0 2

State Code

1 1

Balance Sheet Date

3 1 0 3 2 0 1 0

Date

Month

Year

### II. Capital Raised during the year (Amount Rs. in Thousands)

Public Issue

N I L

Bonus Issue

N I L

Other (Conversion of FCCB)

N I L

Right Issue

N I L

Private Placement

N I L

### III. Position of Mobilisation and Deployment of Funds (Amount Rs. in Thousands)

Total Liabilities

5 2 9 8 8 . 7 5

Total Assets

5 2 9 8 8 . 7 5

#### Sources Of Fund

Paid Up Capital

5 0 0

Reserves and Surplus

N I L

Share Application Money

N I L

Secured Loans

N I L

Unsecured Loan

1 8 8 8 7 . 3 7

Deferred Tax Liability

N I L

#### Application

Net Fixed Assets

5 2 2 6 3 . 0 5

Investment

N I L

Net Current Assets

(3 3 0 5 9 . 1 2)

Misc. Expenditure

1 8 3 . 4 4

Accumulated Losses

N I L

### IV. Performance of Company (Amount Rs. in Thousands)

Turnover

N I L

Total Expenditure

N I L

Profit / Loss before Tax

N I L

Profit/Loss after Tax

N I L

Earning per share (Rs.) (Basic)

N I L

Divident Rate (%)

N I L

Earning per share (Rs.) (Diluted)

N I L

### V. Generic Names of The Principal Product of the Company

Item Code

Product Description

Not Applicable

Construction Activity

As Per Our Report Of Even Date

**FOR MAHENDRA P. SHAH & COMPANY**  
Chartered Accountants

For and on behalf of the Board of Directors

**M. P. SHAH**  
Proprietor

**VASUDEV TELREJA**  
Director

**ASHOK KHURANA**  
Director

Place : Vadodara  
Date : 30-05-2010



## CASH FLOW STATEMENT

	2009-10	2008-09
<b>A. CASH-FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extra-ordinary items	—	—
Depreciation	—	—
Interest Paid	—	—
Loss on Fixed Assets	—	—
Profit On Sales of Assets	—	—
Interest Received	—	—
Dividend Received	—	—
Operating Profit before Working Capital Changes	—	—
Inventories	—	—
Trade Receivable	1,910,492	6,200
Trade Payable	19,803,559	(112,830)
	<b>21,714,051</b>	<b>(106,630)</b>
Extra Ordinary Items		
Preliminary Expenses	(–) 179,040	—
Prior Period Income	—	—
CASH GENERATED FROM OPERATIONS	21,535,011	(106,630)
Direct Taxes Paid (Including Fringe Benefit Tax)	—	—
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>21,535,011</b>	<b>(106,630)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets		
Investment		
Investment in BOT Projects	(1,197,635)	44,278
Interest Received	—	—
Dividend Received	—	—
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,197,635)</b>	<b>44,278</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings	(20,355,372)	73,440
Interest Paid	—	—
Dividend Paid (Including Tax thereon)	—	—
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>—</b>	<b>73,440</b>
Net Changes In Cash & Cash Equivalents (A-B+C)	(17,996)	11,088
Cash & Cash Equivalents - Opening Balance	144,282	133,194
Cash & Cash Equivalents - Closing Balance	126,286	144,282
<b>TOTAL</b>	<b>(17,996)</b>	<b>11,088</b>

As per our report of even date

FOR Mahendra P. Shah & Company  
Chartered Accountants

For and on behalf of the Board of Directors

M. P. Shah  
ProprietorVasudev Telreja  
DirectorAshok Khurana  
DirectorPlace : Vadodara  
Date : 30-05-2010Place : Vadodara  
Date : 30-05-2010





# Sharing Success





**WELSPUN**



Dare to Commit

**MSK PROJECTS (INDIA) LTD.**

(A **WELSPUN** Group Company)

Welspun House, 5<sup>th</sup> Floor, Kamala City, Senapati Bapat Marg,  
Lower Parel (West), Mumbai - 400013, INDIA.