

WEST GUJARAT EXPRESSWAY LIMITED

ANNUAL REPORT

2011-12

DIRECTORS' REPORT

The Shareholders

WEST GUJARAT EXPRESSWAY LIMITED

Your Directors have pleasure in presenting the Seventh Annual Report along with the Audited Statements of Accounts for the year ended March 31, 2012

FINANCIAL RESULTS

The financial results of the Company are as under:

	(Amount in ₹)	
	Year ended March 31, 2012	Year ended March 31, 2011
Total Income	403,633,478	348,974,786
Total Expenses	589,322,037	539,695,742
Profit/(Loss) Before Tax	(185, 688,559)	(190,720,956)
Less: Provision for Tax	NIL	35,222
Net Profit/(Loss) After Tax	(185, 688,559)	(190,685,734)
Balance carried forward	(582,548,577)	(396,860,018)

OPERATIONS:

Your Company continued to maintain the Jetpur- Gondal- Rajkot road section and Rajkot Bypass project road to quality standards and in accordance with the contractual requirements. During the year under review, the toll revenue earned was Rs. 30.0 Crores

DIVIDEND:

Due to inadequacy of profits, your Directors have not recommended any dividend for the financial year under review.

REDEMPTION OF NON – CONVERTIBLE DEBENTURES:

The Company had issued 360 Unsecured Subordinate Non-Convertible Debentures (NCDs) with a face value of ₹10,00,000 each to Infrastructure Leasing & Financial Services Limited (IL&FS), on April 30, 2007. Out of the aforesaid NCDs your Company has redeemed 36 NCDs of ₹10,00,000 each in 4 equated quarterly installments of ₹90,00,000/- each on June 30, 2011 (second installment), September 30, 2011 (third installment), December 31, 2011 (fourth installment) and March 31, 2012 (fifth installment) to IL&FS

DIRECTORS:

During the year under review, Mr. Rajiv Dubey was appointed as Additional Director on the Board of the Company with effect from January 19, 2012. Mr. Dubey was also designated as Managing Director of the Company for a term of 5 years commencing from January 19, 2012. Mr. Dubey being Additional Director hold his office till the date of ensuing Annual General Meeting and is eligible for

being appointed as Directors. The Company has received notices in writing under Section 257 of the Act, along with the requisite deposit from a Member of the Company, proposing his candidature as the Director of the Company.

In terms of the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr Avinash Bagul, Director of the Company is liable to retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offers himself for re-appointment. Your Directors recommend his re-appointment

AUDITORS:

M/s A F Ferguson & Co., Chartered Accountants, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and have expressed their unwillingness to continue as Statutory Auditors of the Company for the Financial Year 2012-13. In view of the foregoing, the Management had approached M/s. M. K. P. S. & Associates, Chartered Accountants, for being appointed as the Statutory Auditors of the Company for the financial year 2012-13.

M/s. M. K. P. S. & Associates, Chartered Accountants, had conveyed their acceptance for being appointed as the Statutory Auditors of the Company for the Financial year 2012-13 and have also confirmed their eligibility under Section 224(1)(b) of the Companies Act, 1956. The Board recommends the appointment of M/s. M. K. P. S. & Associates, Chartered Accountants, as Statutory Auditors of the Company for Financial Year 2012-13

DEPOSITS:

Your Company has not accepted any Fixed Deposits during the year under review

CORPORATE GOVERNANCE:

Four Board Meetings were held during the year under review on April 15, 2011, July 20, 2011, October 18, 2011 and January 19, 2012. The numbers of meetings attended by the Directors are as under:

Sr. No.	Name of Directors	No. of Board Meetings held during tenure	Meetings attended
1	Mr. Pradeep Puri	4	3
2	Mr. George Cherian	4	4
3	Mr. Avinash Bagul	4	4
4	Mr. Harish Mathur	4	3
5	Mr. Rajiv Dubey (from January 19, 2012)	1	1

The Audit Committee was constituted pursuant to the provisions of the Section 292A of the Companies Act, 1956. The Audit Committee is comprised of Mr Pradeep Puri, Mr George Cherian and Mr Harish Mathur. The Audit Committee met four times during the year under review on April 15, 2011, July 20, 2011, October 18, 2011 and January 19, 2012

PARTICULARS OF EMPLOYEES:

There were no employees in respect of whom the information is required to be provided pursuant to Section 217(2A) of the Companies Act, 1956

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 ("the Act") the Directors based on the representations received from the Operating Management, confirm that:

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

FOREIGN EXCHANGE EARNINGS AND OUTGO:

There was no earning or outgo of foreign exchange during the year under review

Since your Company does not have any manufacturing facility, the other particulars in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable and hence not provided

ACKNOWLEDGMENTS:

The Directors place on record their appreciation for the support and co-operation received from various Government Authorities including National Highway Authority of India and other Regulatory Authorities, Banks, Financial Institutions and Shareholders of the Company

By the order of the Board

Sd/-
Managing Director

Sd/-
Director

Date : June 20, 2012
Place : Mumbai

**AUDITORS' REPORT
TO THE MEMBERS OF
WEST GUJARAT EXPRESSWAY LIMITED**

1. We have audited the attached Balance Sheet of **WEST GUJARAT EXPRESSWAY LIMITED** ("the Company") as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion, attention is drawn to Note 20.6. Although the accumulated losses of the Company have exceeded its net worth, the financial statements have been prepared on a going concern basis for the reasons stated in the said Note. The realisation of projections referred to in the Note depends on the projections of the traffic getting materialised.
4. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government 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.
5. Further to our comments in paragraph 3 and in the Annexure referred to in paragraph 4 above, we report as follows;
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Statement Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

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A. F. Ferguson & Co.

- (e) in our opinion and to the best of our information and according to the explanations 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, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
6. On the basis of the written representations received from the Directors as on 31st March, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For A.F.FERGUSON & CO.
Chartered Accountants
(Registration No. 112066W)



U.M. Neogi
Partner
(Membership No. 30235)

MUMBAI, April 19, 2012



A. F. Ferguson & Co.

ANNEXURE TO THE AUDITORS' REPORT (Referred to in paragraph 4 of our report of even date)

- (i) Having regard to the activities of the Company and the nature of the business of the Company, clauses 4(i)(c), 4(ii), 4(iii), 4(v), 4(vi), 4(xii), 4(xiii), 4(xiv), 4(xv), 4(xvi), 4(xviii), 4(xix) and 4(xx) of paragraph 4 of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (iii) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, for purchase of fixed assets and for the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (iv) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (v) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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A. F. Ferguson & Co.

- (vi) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Tax Deducted at Source, Tax Collected at Source, and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts in respect of the material statutory dues referred to above in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2012 on account of disputes.
- (vii) The accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth, however the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to a bank and debenture holders.
- (ix) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that the funds raised on Short Term basis aggregating Rs. 595,879,766 have been used during the year for long term investment.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **A.F.FERGUSON & CO.**
Chartered Accountants
(Registration No. 112066W)



U.M. Neogi
Partner
(Membership No. 30235)

MUMBAI, April 19, 2012



WEST GUJARAT EXPRESSWAY LIMITED
Balance Sheet As At March 31, 2012

In ₹

Particulars		Note No.	As At March 31, 2012		As At March 31, 2011	
I	EQUITY AND LIABILITIES					
1	SHAREHOLDERS' FUNDS					
	(a) Share capital	3	400,000,000		400,000,000	
	(b) Reserves and surplus	4	(400,548,577)	(548,577)	(214,860,018)	185,139,982
2	NON-CURRENT LIABILITIES					
	(a) Long-term borrowings	5	1,148,953,000		1,401,153,000	
	(b) Deferred tax liabilities (Net)	21.4	-	1,148,953,000	-	1,401,153,000
3	CURRENT LIABILITIES					
	(a) Short-term borrowings	6	425,000,000		202,500,000	
	(b) Trade payables	7	237,001,197		186,457,132	
	(c) Other current liabilities	8	298,762,085	960,763,282	416,537,329	805,494,461
	TOTAL			2,109,167,705		2,391,787,443
II	ASSETS					
1	NON CURRENT ASSETS					
	(a) Fixed assets	9		1,990,299,765		2,161,442,036
	Tangible assets			6,184,424		9,934,174
	(b) Long-term loans and advances	10				
2	CURRENT ASSETS					
	(a) Trade receivables	11	-		1,838,143	
	(b) Cash and cash equivalents	12	102,759,801		195,506,275	
	(c) Short-term loans and advances	13	6,658,097		2,373,396	
	(d) Other current assets	14	3,265,618	112,683,516	20,693,419	220,411,233
	TOTAL			2,109,167,705		2,391,787,443

Notes forming part of the financial statements 1 to 22

In terms of our report attached.
For A. F. Ferguson & Co.
Chartered Accountants



Uday Neogi
Partner

For and on behalf of the Board



Managing Director



Director

Place: Mumbai

Date: **19 APR 2012**



Company Secretary

Place : Mumbai

Date : 19/4/2012

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WEST GUJARAT EXPRESSWAY LIMITED
Statement of Profit and Loss for the Year Ended March 31, 2012

In ₹

	Particulars	Note No.	Year ended March 31, 2012	Year ended March 31, 2011
I	Revenue from operations	15	387,180,007	337,516,402
II	Other income	16	16,453,471	11,458,384
III	Total revenue (I + II)		403,633,478	348,974,786
IV	Expenses			
	Operating expenses	17	138,256,143	69,959,974
	Finance costs	18	247,252,585	247,779,217
	Depreciation	9	185,875,806	193,829,728
	Other expenses	19	17,937,503	25,459,292
	Preliminary expenses / share issue expenses written off / amortised		-	2,667,531
	Total expenses		589,322,037	539,695,742
V	Loss before exceptional and extraordinary items and tax (III-IV)		(185,688,559)	(190,720,956)
VI	Add / (Less) : Exceptional items		-	-
VII	Loss before extraordinary items and tax (V-VI)		(185,688,559)	(190,720,956)
VIII	Add / (Less) : Extraordinary items		-	-
IX	Loss before tax (VII-VIII)		(185,688,559)	(190,720,956)
X	Tax expense:			
	(1) Current tax		-	-
	(2) Excess Provision for Fringe Benefit Tax for an earlier year written back		-	(35,222)
	(3) Deferred tax		-	-
	Total tax expenses (X)		-	(35,222)
XI	Loss for the year (IX-X)		(185,688,559)	(190,685,734)
XII	Earnings per equity share (of ₹ 10/- each) Basic / Diluted	21.3	(9.52)	(9.77)

Notes forming part of the financial statements

1 to 22

In terms of our report attached.
For A. F. Ferguson & Co.
Chartered Accountants


Uday Neogi
Partner

Place: Mumbai
Date:

19 APR 2012

For and on behalf of the Board


Managing Director


Director


Company Secretary

Place: Mumbai
Date: 19/4/2012

In ₹

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Cash Flow from Operating Activities		
Loss before tax	(185,688,559)	(190,720,956)
Adjustments for :-		
Depreciation	185,875,806	193,829,728
Interest expense on borrowings	244,549,559	244,378,329
Interest income	(16,453,471)	(11,408,384)
Profit on sale of fixed assets	(106,254)	-
Sundry credit balance written back	(6,408,863)	-
Excess provision written back	-	(50,000)
Preliminary expenses / share issue expenses written off / amortised	-	2,667,531
Operating profit before Working Capital Changes	221,768,218	238,696,248
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	1,838,143	370,723
Short-term loans and advances	24,871	(99,033)
Long-term loans and advances	-	(391,360)
Other current assets	(101,650)	29,810,036
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	50,544,065	80,622,787
Other current liabilities	88,737	(886,319)
Cash Generated from Operating Activities	274,162,384	348,123,062
Net income tax (paid) / refunds	(408,058)	(1,103,757)
Net Cash Flow from Operating Activities (A)	273,754,326	347,019,305
Cash flow from Investing Activities		
Capital expenditure on fixed assets (after adjustments of increase/(decrease) in payables for acquisition / construction of fixed assets)	(93,060,864)	(8,117,493)
Proceeds from sale of fixed assets	417,455	-
Bank balances not considered as Cash and cash equivalents -		
- Placed	(12,511,440)	(139,855,783)
- Matured (including pre-matured)	101,834,437	137,888,093
Interest received (Refer footnote 2)	17,054,482	11,573,591
Net Cash from Investing Activities (B)	13,734,071	1,488,408
Cash flow from Financing Activities		
Proceeds from short term borrowings	222,500,000	202,500,000
Repayment of short term borrowings	-	(35,000,000)
Repayment of long-term borrowings	(268,840,000)	(268,840,000)
Interest expense on borrowings	(244,571,874)	(247,203,974)
Net Cash used in Financing Activities (C)	(290,911,874)	(348,543,974)
Net decrease in Cash & Cash Equivalents (A+B+C)	(3,423,477)	(36,261)
Cash and Cash Equivalents at the beginning of the year (Refer footnote 1)	13,804,736	13,840,997
Cash and Cash Equivalents at the end of the year (Refer footnote 1)	10,381,259	13,804,736

Footnotes:

1 Reconciliation of Cash and Cash Equivalents with the Balance Sheet:

Cash and Cash equivalents as per Balance Sheet (Refer note 12)
Less: Bank balances not considered as cash and cash equivalents as defined in AS3 Cash Flow Statements
Deposits placed for periods exceeding 3 months #
Cash and Cash Equivalents at the end of the year *

*** Components of Cash & Cash Equivalents**

Cash on hand (including cash at toll plazas ₹ 1,240,655/- [previous year ₹ Nil])
Balances with banks
- In Current accounts

In ₹	
As at	As at
March 31, 2012	March 31, 2011
102,759,801	195,506,275
92,378,542	181,701,539
10,381,259	13,804,736
1,244,397	1,525
9,136,862	13,803,211
10,381,259	13,804,736

Not immediately available for use by the Company as the banks are having lien on the deposit accounts which are held under Debt Service Reserve Account. Further, as stated in Note 5 of Notes forming part of the financial statements, balances in Debt Service Reserve Account are hypothecated to the banks as security against the loans.

2. Interest on refund of income tax ₹ 151,764/- [Previous year interest on refund of income tax / fringe benefit tax ₹ 370,818/-] adjusted against the income tax demand, being a non cash item not included above.

3. The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report attached.
For A. F. Ferguson & Co.
Chartered Accountants

Uday Neogi
Partner

For and on behalf of the Board

Managing Director

Director

Place: Mumbai
Date:

19 APR 2012

Company Secretary

Place: Mumbai

Date: 19/4/2012

WEST GUJARAT EXPRESSWAY LIMITED

Notes forming part of the financial statements

Note 1 – Nature of Operations

The Company is a Special Purpose Vehicle promoted by Infrastructure Leasing & Financial Services Limited. The Company has entered into a Concession Agreement (CA) with the National Highways Authority of India on March 22, 2005. Under the terms of CA, the Company has obtained a concession to develop, design, engineer, finance, procure, construct, operate, and maintain the Jetpur– Gondal-Rajkot Project (the Project Highway) for a period of 20 years ending on September 17, 2025. The CA permits the Company to levy, demand, collect and appropriate the Fees from vehicles and persons liable to payment of Fees for using the Project Highway or any part thereof over the period of the CA referred to above.

Note 2 – Significant Accounting Policies

(I) Basis of Accounting:

The Financial Statements have been prepared under the historical cost convention in accordance with the Accounting Standards specified in The Companies (Accounting Standard) Rules, 2006 notified by the Central Government in terms of Section 211(3C) of the Companies Act, 1956. The Company follows the accrual basis of accounting.

(II) Tangible Fixed Assets and Depreciation :

- (i) Fixed assets (including Roads) are stated at cost less accumulated depreciation. The Company capitalises all costs relating to acquisition and installation of fixed assets. Expenses incurred on the Jetpur - Gondal-Rajkot Road include direct and attributable/allocated indirect expenses incurred including for procurement of land / cost of construction of toll plazas, bridges, culverts, equipment and other related expenses incurred prior to the commissioning of the project. Estimated value of components removed or not reused are reduced from the gross block and the cost of overlay and renewal expenses incurred to increase serviceability and throughput or which are in the nature of preservation costs and which extend the original useful life of the road are capitalised on a component basis. Assessment of indication of impairment of an asset is made at the year end and impairment loss, if any, is recognised.

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WEST GUJARAT EXPRESSWAY LIMITED

Notes forming part of the financial statements

(ii) Depreciation:

Depreciation is provided on the straight line method on computers over the management's estimate of its useful life of 4 years and on office premises at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

All categories of assets costing less than ₹ 5,000 each, mobile phones and items of soft furnishing are depreciated fully in the year of capitalization.

Depreciation on the components of the Jetpur-Gondal-Rajkot Road is charged to the Statement of Profit and Loss on a straight-line basis over the period over which the respective component is expected to be overlaid or renewed (5 years). Depreciation on the remaining cost of the Road is provided from the date of commencement of commercial operation over the remaining concession period ending on September 17, 2025.

Depreciation on fixed assets, other than those specified above, has been provided on the Written Down Value method using the rates and the manner specified in Schedule XIV to the Companies Act, 1956

(III) Borrowing Cost:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as finance charges in the income statement in the period in which they are incurred.

(IV) Revenue recognition

Toll Revenue is recognised on collections, which coincides with the usage of the toll roads. Where the toll collection activity is auctioned, the toll revenue is recognized on accrual basis. Interest Income is recognised on a time proportion basis.

(V) Grant:

- (i) Grant received as Equity Support from the National Highway Authority of India under the CA referred to in Note 1 above is treated as Capital Reserve.
- (ii) Grant receivable as Operation and Maintenance Support from National Highways Authority of India under the CA referred to in Note 1 above is accounted in the period to which it relates in terms of the CA.

WEST GUJARAT EXPRESSWAY LIMITED

Notes forming part of the financial statements

- (iii) Grant payable by the Company to National Highways Authority of India in terms of the CA during the 'Operations Period' of the CA will be accounted in the period for which it is payable in the terms of the CA.

(VI) Foreign Currency Transactions :

Foreign Currency transactions during the year are recorded at the rate of exchange prevailing at the date of transaction. All foreign currency monetary items outstanding at the year end are translated at the year end exchange rates. Exchange gains or losses realised and arising due to translation of monetary items outstanding as at the year end are accounted for in the Statement of Profit and Loss. In respect of transactions covered by forward exchange contracts, premium or discounts are amortised as expense or income over the life of the contracts. Exchange differences on such forward contracts are recognised in the Statement of Profit and Loss in the year in which the exchange rate changes. Profit or loss arising on cancellation or renewal of such forward exchange contracts are recognised as income or expense for the year.

(VII) Employee Benefits:

Employee Benefits are dealt with in the following manner:

- (i) Contributions for Provident and Family Pension Fund made to the recognized fund are charged to the Profit and Loss Account.
- (ii) a) In respect of post employment defined benefit plans, the liability is ascertained and accounted for based on independent actuarial valuation done by an independent actuary as at the end of the year
b) Provision for Compensatory absence is made based on independent actuarial valuation as at the end of the year.
c) Actuarial gains and losses determined by the actuary in respect of (ii)(a) and (ii)(b) above are recognized immediately in the Profit and Loss Account as income or expense

(VIII) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

The tax effect of the timing differences between taxable income and accounting income which are capable of reversal in one or more subsequent periods are recorded as deferred tax asset subject to the consideration of prudence or deferred tax liability. Deferred tax assets are recognised on unabsorbed depreciation and carry forward of losses only to the extent that there are timing differences, the reversal of which will result in sufficient income or there is virtual certainty that sufficient future taxable income will be available against which such deferred tax

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WEST GUJARAT EXPRESSWAY LIMITED

Notes forming part of the financial statements

assets can be realised. Deferred tax assets and liability are measured using the substantively enacted tax rates and tax regulations as of the Balance Sheet date.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date.

(IX) Current/Non-Current Assets and Liabilities:

Assets are classified as current when it satisfies any of the following criteria:

- 1) It is expected to be realized within twelve months after the reporting date,
- 2) It is held primarily for the purpose of being traded,
- 3) It is Cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as Non-current

Liabilities are classified as current when it satisfies any of the following criteria:

- 4) It is expected to be settled within twelve months after the reporting date,
- 5) It is held primarily for the purpose of being traded,
- 6) The company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as Non-current

(X) Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which results are known / materialized.

(XI) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes forming part of the financial statements. A contingent asset is neither recognised nor disclosed.

WEST GUJARAT EXPRESSWAY LIMITED
Notes forming part of the financial statements

Note 3: Share capital

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number	In ₹	Number	In ₹
Authorised				
Equity Shares of ₹ 10/- each	20,000,000	200,000,000	20,000,000	200,000,000
Redeemable Optionally Convertible Cumulative Participating Preference Shares of ₹ 10/- each	20,000,000	200,000,000	20,000,000	200,000,000
	40,000,000	400,000,000	40,000,000	400,000,000
Issued, Subscribed and Paid up (Refer footnotes i, ii, and iii)				
Equity shares of ₹ 10/- each fully paid up	20,000,000	200,000,000	20,000,000	200,000,000
2 % Redeemable Optionally Convertible Cumulative Participating Preference Shares of ₹ 10/- each fully paid up	20,000,000	200,000,000	20,000,000	200,000,000
Total	40,000,000	400,000,000	40,000,000	400,000,000

Footnotes:

i. Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Particulars	Equity Shares		Equity Shares	
	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	In ₹	No. of Shares	In ₹
Shares outstanding at the beginning of the year	20,000,000	200,000,000	20,000,000	200,000,000
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	20,000,000	200,000,000	20,000,000	200,000,000

Particulars	Preference Shares		Preference Shares	
	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	In ₹	No. of Shares	In ₹
Shares outstanding at the beginning of the year	20,000,000	200,000,000	20,000,000	200,000,000
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	20,000,000	200,000,000	20,000,000	200,000,000

ii. Shareholders holding more than 5 percent shares / shares held by the Holding Company, the Ultimate Holding Company, their Subsidiaries and Associates:

Particulars	Equity Shares		Equity Shares	
	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
IL&FS Transportation Networks Limited (Holding Company by virtue of the right to control the composition of the board of directors and w.e.f. August 23, 2011 holds more than half of the paid up equity capital)	14,799,985	74.00%	9,800,000	49.00%
Infrastructure Leasing and Financial Services Limited (Holding Company as well as Ultimate Holding Company)	5,200,015	26.00%	10,200,000	51.00%

Particulars	Preference Shares		Preference Shares	
	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
IL&FS Transportation Networks Limited (Holding Company)	20,000,000	100.00%	20,000,000	100.00%

iii. Each preference share shall be convertible at par at the option of the Investors or the registered holder of such Preference shares into one fully paid Equity Share of the Company on September 22, 2025 or, after obtaining permission of National Highways Authority of India ("NHA") to change the shareholding structure of the Company, whichever is earlier. The Preference shares if not converted as stated above, shall be redeemable at par in a single tranche on September 22, 2025.

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WEST GUJARAT EXPRESSWAY LIMITED
Notes forming part of the financial statements

Note 4: Reserves and surplus

In ₹

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Capital Reserve				
Grant from National Highways Authority of India				
Opening balance	180,000,000		180,000,000	
(+) Current year addition	-		-	
(-) Written back in current year	-		-	
Closing Balance		180,000,000		180,000,000
(b) Debenture Redemption Reserve				
Opening balance	2,000,000		2,000,000	
(+) Created during the year (Refer footnote)	-		-	
(-) Written back in current year	-		-	
Closing Balance		2,000,000		2,000,000
(c) Surplus / (Deficit) in Statement of Profit and Loss				
Opening balance	(396,860,018)		(206,174,284)	
(+) Loss for the year	(185,688,559)		(190,685,734)	
Closing Balance		(582,548,577)		(396,860,018)
Total		(400,548,577)		(214,860,018)

Footnote:

In terms of Section 117C of the Companies Act, 1956 the Company being an Infrastructure Company is required to create Debenture Redemption Reserve to the extent of 25% of the value of privately placed Debentures until such debentures are redeemed, to which amount shall be credited from out of its profits every year. Since the Company has not made profit for the year no amount has been transferred to Debenture Redemption Reserve.

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WEST GUJARAT EXPRESSWAY LIMITED
Notes forming part of the financial statements

Note 5: Long-term borrowings

In ₹

Particulars	As at March 31, 2012	As at March 31, 2011
(a) Debentures (Refer note 21.2)		
Unsecured Non-Convertible Debentures - 288 (Previous year 324) , 12.5% Sub-ordinate Non-convertible Debentures of ₹ 1,000,000/- each (These shall be redeemed / repaid as under: The Non-Convertible Debentures are repayable in balance 32 equated quarterly installments of ₹ 9,000,000 each.)	288,000,000	324,000,000
(b) Term Loans From Banks Secured (Secured by hypothecation of: (i) All tangible and intangible moveable assets, both present and future and all right, title, interest, property, claims and demands whatsoever unto and upon the same (ii) All right, title, interest, benefits, claims and demands whatsoever in respect of all moneys including Fees (toll collections), insurance proceeds under Insurance Contracts, Termination payments and investments lying to the credit of or liable to be credited to their Escrow account and other accounts including balances in Debt Service Reserve together with interest thereon (iii) All rights, title and interest pursuant to and in accordance with the Substitution Agreement providing for step in rights of the lenders in accordance with the Concession Agreement) (These term loans are repayable in balance structured 28 unequal quarterly installments: The rate of interest is 12.75% p.a. which will be reset next on December 29, 2014)	1,113,153,000	1,345,993,000
	1,401,153,000	1,669,993,000
Less: Current maturities of long-term debts (Refer note 8)	252,200,000	268,840,000
Total	1,148,953,000	1,401,153,000

Note 6: Short-term borrowings

In ₹

Particulars	As at March 31, 2012	As at March 31, 2011
Loans from related party (Refer note 21.2) Unsecured	425,000,000	202,500,000
Total	425,000,000	202,500,000

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WEST GUJARAT EXPRESSWAY LIMITED
Notes forming part of the financial statements

Note 7: Trade payables

In ₹

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Total outstanding dues to Micro Enterprises and Small Enterprises (Refer footnote)				
(b) Total outstanding dues other than (a) above		237,001,197		186,457,132
Total		237,001,197		186,457,132

Footnote

There is no supplier covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). This information and the information given above has been determined based on the details regarding the status of the suppliers obtained by the Company. This has been relied upon by the auditors.

Note 8: Other current liabilities

In ₹

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Current maturities of long-term debts (Refer note 5)				
Debentures				
Unsecured	36,000,000		36,000,000	
Term Loans				
From Banks				
Secured	216,200,000	252,200,000	232,840,000	268,840,000
(b) Interest accrued but not due on borrowings		3,877,367		3,899,682
(c) Other payables				
For Acquisition / construction of fixed assets	39,162,171		140,363,837	
Tax deducted / collected at source	2,770,816		2,610,830	
Others	751,731	42,684,718	822,980	143,797,647
Total		298,762,085		416,537,329

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WEST GUJARAT EXPRESSWAY LIMITED
Notes forming part of the financial statements

Note 9: Fixed assets

Particulars	Gross Block				Depreciation			Net Block		In ₹
	As at 01-04-2011	Additions	Deletions	As at 31-03-2012	As at 01.04.2011	For the year	Deletions	As at 31-03-2012	As at 31-03-2012	
Tangible assets										
Road	2,759,019,670	15,044,736	11,745,938	2,762,318,468	603,385,452	185,123,693	11,745,938	776,763,207	1,985,555,261	2,155,634,218
Office Premises	2,947,555	-	-	2,947,555	268,768	48,046	-	316,814	2,630,741	2,678,787
Furniture and Fixtures	1,610,311	-	-	1,610,311	1,087,574	94,615	-	1,182,189	428,122	522,737
Vehicles	7,062,269	-	2,061,498	5,000,771	5,219,556	435,797	1,750,297	3,905,056	1,095,715	1,842,713
Office Equipment	1,493,074	-	-	1,493,074	808,482	95,227	-	903,709	589,365	684,592
Data Processing Equipments	868,610	-	-	868,610	789,621	78,428	-	868,049	561	78,989
Total	2,773,001,489	15,044,736	13,807,436	2,774,238,789	611,559,453	185,875,806	13,496,235	783,939,024	1,990,299,765	2,161,442,036
Previous Year	2,765,941,893	7,059,596	-	2,773,001,489	417,729,725	193,829,728	-	611,559,453	-	-

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WEST GUJARAT EXPRESSWAY LIMITED
Notes forming part of the financial statements

Note 10: Long-term loans and advances

In ₹

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Security Deposits Unsecured, considered good		910,715		910,715
(b) Advance payment of taxes (net of provisions ₹ 12,300,000/- [As at March 31, 2011 ₹ 20,025,167/-]) Unsecured, considered good		5,273,709		9,023,459
Total		6,184,424		9,934,174

Note 11: Trade receivables

In ₹

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment		-		-
(b) Other trade receivables Unsecured, considered good		-		1,838,143
Total		-		1,838,143

Note 12: Cash and cash equivalents

In ₹

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Cash on hand (including cash at toll plazas ₹ 1,240,655/- [previous year ₹ Nil])	1,244,397		1,525	
(b) Balances with banks - In Current accounts - In Deposit accounts (Refer footnotes)	9,136,862 92,378,542	102,759,801	13,803,211 181,701,539	195,506,275
Total		102,759,801		195,506,275
Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is		10,381,259		13,804,736
Footnotes i) Balances with banks includes deposits amounting to ₹ Nil (As at March 31, 2011 ₹ Nil) which have an original maturity of more than 12 months. Balances with banks includes deposits amounting to ₹ Nil (As at March 31, 2011 ₹ Nil) which have a maturity of more than 12 months from the Balance Sheet date. ii) The banks are having lien on the deposit accounts which are held under Debt Service Reserve Account. Further, as stated in Note 5, balances in Debt Service Reserve Account are hypothecated to the banks as security against the loans				

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WEST GUJARAT EXPRESSWAY LIMITED
Notes forming part of the financial statements

Note 13: Short-term loans and advances

In ₹

Particulars	As at March 31, 2012		As at March 31, 2011	
Other loans and advances				
Unsecured, considered good				
- Advance payment of taxes (net of provisions ₹ 7,725,167/- [As at March 31, 2011 ₹ Nil])	6,477,768		2,118,196	
- Advance fringe benefit tax (net of provisions ₹ 622,000/- [As at March 31, 2011 ₹ 1,182,153/-])	33,000		83,000	
- Prepaid expenses	37,573		21,654	
- Others	109,756	6,658,097	150,546	2,373,396
Total		6,658,097		2,373,396

Note 14: Other current assets

In ₹

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Accruals				
Interest accrued but not due on bank deposits		3,163,968		3,916,744
(b) Others				
Net amount receivable from toll collecting agency	101,650		-	
Receivable from construction contractor	-	101,650	16,776,675	16,776,675
Total		3,265,618		20,693,419

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WEST GUJARAT EXPRESSWAY LIMITED
Notes forming part of the financial statements

Note 15: Revenue from operations

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
(a) Toll revenue		380,148,357		337,387,681
(b) Other operating revenues				
Sundry credit balance written back	6,408,863		-	
Profit on sale of fixed assets	106,254		-	
Insurance claim	-		108,721	
Miscellaneous income	516,533	7,031,650	20,000	128,721
		387,180,007		337,516,402

Note 16: Other income

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
(a) Interest income				
Interest on bank deposits	15,661,845		11,037,566	
Interest on overdue trade receivables	639,862		-	
Interest on income tax / fringe benefit tax refund	151,764	16,453,471	370,818	11,408,384
(b) Other non-operating income				
Excess provision written back		-		50,000
		16,453,471		11,458,384

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WEST GUJARAT EXPRESSWAY LIMITED
Notes forming part of the financial statements

Note 17: Operating expenses

Particulars	In ₹	
	Year ended March 31, 2012	Year ended March 31, 2011
Operation and maintenance expenses (Refer note 20.4)	38,256,143	69,959,974
Negative grant to National Highways Authority of India	100,000,000	-
	138,256,143	69,959,974

Note 18: Finance costs

Particulars	In ₹	
	Year ended March 31, 2012	Year ended March 31, 2011
(a) Interest expense on borrowings	244,549,559	244,378,329
(b) Other borrowing costs	2,703,026	3,400,888
	247,252,585	247,779,217

Note 19: Other expenses

Particulars	In ₹	
	Year ended March 31, 2012	Year ended March 31, 2011
Legal and consultation fees (Refer note 20.4)	4,387,508	7,483,591
Rates and taxes excluding taxes on income	81,719	82,650
Repairs and maintenance - Road	887,007	974,363
Insurance (Refer note 20.4)	5,515,000	11,030,000
Auditors Remuneration (Including service tax)	-	-
- Audit Fees	842,700	551,500
- Fees for other services	886,829	1,047,850
- Reimbursement of expenses	9,750	18,251
- Tax Audit Fees	112,360	110,300
Deputed staff cost	2,563,029	2,267,702
Miscellaneous expenses	2,651,601	1,893,085
	17,937,503	25,459,292

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WEST GUJARAT EXPRESSWAY LIMITED

Notes forming part of the financial statements

Note 20 – Additional information to the Financial Statements

Note 20.1 Contingent Liabilities and Commitments (to the extent not provided for):

(a) Contingent Liabilities

(I) Claims against the Company not acknowledged as debts:

(a) * In respect of Income tax matters:

- i. Demand for Assessment Year 2007-08 for which the Company's appeal is pending with the appellate authority ₹ 2,255,417/-. As at March 31, 2011: ₹ 3,581,216/-.
- ii. For Assessment Year 2008-09 for which the Company's appeal is pending with the appellate authority ₹ 4,850,383/-. As at March 31, 2011: ₹ 9,665,266/-.

(b) * Other money for which the Company is contingently liable:

Demand for bank and other charges relating to banks loans ₹ 2,609,687-. As at March 31, 2011: ₹ Nil.

* Future ultimate outflow of resources embodying economic benefits in respect of these matters is uncertain as it depends on final outcome of judgments / decisions on the matters involved.

- ##### (II) Arrears of dividend on 2% Redeemable Optionally Convertible Cumulative Participating Preference Shares including dividend tax thereon: ₹ 22,114,029/-; As at March 31, 2011: ₹ 17,465,129/-.

(b) Commitments

- ##### (I) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances):

Tangible assets

Periodic Overlay (upto the end of concession period) - ₹ 999,960,592/-; As at March 31, 2011: ₹ 1,015,005,328/-.

(II) Other Commitments

- i. Operation & Maintenance excluding service tax (upto the end of concession period) - ₹ 610,514,794/-; As at March 31, 2011: ₹ 1,249,835,568/-
- ii. Negative Grant to National Highways Authority of India (upto the 2019-20) - ₹ 2,700,000,000/-; As at March 31, 2011: ₹ 2,800,000,000/-.

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WEST GUJARAT EXPRESSWAY LIMITED

Notes forming part of the financial statements

Note 20.2

The company has not taken any derivative instrument during the year and there is no derivative instrument outstanding as at the year end. Further, at the year end there is no outstanding foreign currency exposure in respect of receivables and payables.

Note 20.3

During the year the Board of Directors has appointed Managing Director for a period of five years with effect from January 19, 2012, subject to the approval of Members of the Company and such other approval, as deemed necessary.

Note 20.4

Pursuant to the request made by the company to IL&FS Transportation Networks Limited (ITNL) for reduction in Toll Operation Fee, Insurance and Independent Engineer & Independent Auditor Fee payable under Project Management, Procurement Cum O&M contract dated 26th April, 2005, ITNL has made downward revision in the amounts payable with effect from 1st April, 2011 which has been accounted in the financial statements.

Note 20.5

During the previous year, on completion of the period of agreement entered into in an earlier year, the Company invited bids from interested toll contractors and accordingly, auctioned/awarded the toll collection activities for the entire project toll road to the highest price bidder (the Agent) from February 15, 2011 under an agreement for a period of one year. Before expiry of the extended period of the contract on February 29, 2012 bids were invited from interested toll contractors. However, as the bids were lower than the Company's reserve price, the Company decided to carry out the toll collections activities from March 1, 2012 and for this purpose appointed toll collecting agent to assist the Company in toll collections.

Note 20.6

The accumulated losses of the Company have exceeded its net worth as at the year end. As stated in Note 1 the Company has entered into a Concession Agreement (CA) with the National Highways Authority of India ending on September 17, 2025 which permits the Company to levy, demand, collect and appropriate the Fees from vehicles and persons liable to payment of Fees for using the Project Highway or any part thereof over the period of the CA. Based on the available projections of traffic during the concession period, revenues, etc., the Company is expected to make sufficient profits in the future years which will wipe off the accumulated losses well before expiry of the CA. Further the continued finance will be made available by the Holding Company as and when required. Accordingly, the financial statements of the Company have been prepared on a going concern basis.

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WEST GUJARAT EXPRESSWAY LIMITED

Notes forming part of the financial statements

Note 21 Disclosures under Accounting Standards

Note 21.1 - Segment Reporting

The Company is engaged in the business detailed in Note 1 above and thus operates in a single business segment. Also it operates in a single geographical segment. In the absence of separate reportable business or geographical segments, the disclosures required under Accounting Standard (AS)-17 on "Segment Reporting" specified by the Central Government are not applicable.

Note 21.2 - Related Party transactions

Related Party disclosures in accordance with Accounting Standard 18 – "Related Party Disclosure" are given below:

I. Name and nature of relationship of the Related Parties where Control exists:

Holding company:

Infrastructure Leasing & Financial Services Limited (ownership directly or indirectly of more than one half of the voting power of the Company)

IL&FS Transportation Networks Limited (by virtue of the right to control the composition of the board of directors and w.e.f. August 23, 2011 holds more than half of the paid up equity capital)

II. Related Parties with whom transactions have taken place:

As at March 31, 2012	As at March 31, 2011
<p><u>Holding Company</u> Infrastructure Leasing & Financial Services Limited (IL&FS) IL&FS Transportation Networks Limited (ITNL)</p> <p><u>Fellow subsidiary companies</u> IL&FS Trust Company Limited (ITCL) Moradabad Bareilly Expressway Limited (MBEL)</p>	<p><u>Holding Company</u> Infrastructure Leasing & Financial Services Limited (IL&FS) IL&FS Transportation Networks Limited (ITNL)</p> <p><u>Fellow subsidiary companies</u> IL&FS Trust Company Limited (ITCL) Gujarat Road And Infrastructure Company (GRICL)</p>

WEST GUJARAT EXPRESSWAY LIMITED

Notes forming part of the financial statements

III. Transactions with Related Parties for the year ended March 31, 2012:

(In ₹)

Nature of Transaction	Holding Company	Fellow Subsidiaries
Toll Operation Charges (ITNL)	11,596,855 (45,626,914)	
Routine Maintenance Charges (ITNL)	25,306,380 (24,333,060)	
Insurance Charges (ITNL)	5,515,000 (11,030,000)	
Independent Auditors & Engineer Fees (ITNL)	3,309,000 (6,618,000)	
Overlay Cost (Capitalised) (ITNL)	15,044,736 (-)	
Short Term Loan Taken (ITNL)	222,500,000 (202,500,000)	
Refund of Short Term Loan Taken (ITNL)	- (35,000,000)	
Security Trusteeship Fees (ITCL)		110,300 (110,300)
Redemption of NCD (IL&FS)	36,000,000 (36,000,000)	
Interest Expenses on NCD (IL&FS)	38,918,835 (45,000,001)	
Interest On Short Term Loan (ITNL)	38,896,370 (9,179,280)	
Deputed Staff Cost (ITNL)	2,563,029 (2,267,702)	
Payments made by related party on behalf of the Company - GRICL		- (130,478)
- ITNL	6,446,255 (14,794)	
- IL&FS	81,643 (-)	
Credit note in respect of expenses reimbursed in an earlier year (IL&FS)	558 (223)	
Sale of Fixed Asset – (MBEL)		180,455 (-)

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WEST GUJARAT EXPRESSWAY LIMITED

Notes forming part of the financial statements

Footnotes:

- i. Short term loan of ₹ 142,500,000/- taken from ITNL and outstanding as at 1st April, 2011 has been extended for a further period of six months on 30th June, 2011 and on 29th December, 2011.
- ii. Short term loan of ₹ 60,000,000/- taken from ITNL and outstanding as at 1st April, 2011 has been extended for a further period of six months on 28th September, 2011 and on 28th March 2012.
- iii. Short term loan of ₹ 35,000,000/- taken from ITNL on September 28th 2011 for six months, has been extended for a further period of six months on 28th March 2012
- iv. Figures in Brackets represent figures for the year ended March 31, 2011.

IV. Balances outstanding as at March 31, 2012

	(In ₹)	
	Holding Company	Fellow subsidiaries
Loan taken		
- IL&FS	288,000,000 (324,000,000)	
-ITNL	425,000,000 (202,500,000)	
Preference Share Capital		
-ITNL	200,000,000 (200,000,000)	
Creditors		
- ITNL *	274,839,974 (298,426,563)	
Receivable		
-IL&FS		(223)

Footnotes:

- (1) * Includes interest accrued but not due of Rs. 3,877,367/- (March 31, 2011; Rs. 3,899,682/-)
- (2) Figures in Brackets represent figures as at March 31, 2011.

V. No amounts have been written off / provided for or written back in respect of amounts receivable from or payable to the related party.

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WEST GUJARAT EXPRESSWAY LIMITED

Notes forming part of the financial statements

Note 21.3 – Earnings per share as disclosed in statement of Profit and Loss is computed based on the following figures:

	Unit	Year ended March 31, 2012	Year ended March 31, 2011
Net loss for the year	₹	(185,688,559)	(190,685,734)
Less: Preference Dividend on 2% Redeemable Optionally Convertible Cumulative Participating Preference Shares (including tax on distributed profits ₹ 648,900 ; previous year ₹ 648,900)	₹	4,648,900	4,648,900
Net loss attributable to equity shareholders for the year	₹	(190,337,459)	(195,334,634)
Weighted average number of equity shares of ₹ 10 each outstanding as at the year end	Nos.	20,000,000	20,000,000
Par value of share	₹	10/-	10/-
Earnings per share (Basic and diluted)	₹	(9.52)	(9.77)

Footnote:

Potential Equity Shares are anti-dilutive as the conversion of Redeemable Optionally Convertible Cumulative Participating Preference Shares to Equity Shares would decrease loss per share. Accordingly the effect of anti-dilutive potential Equity Shares is ignored in calculation of Diluted Earning per Share.

Note 21.4 Deferred tax (liability) / asset:

In ₹

	Year Ended March 31, 2012	Year Ended March 31, 2011
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	(174,700,382)	(154,854,578)
Tax effect of items constituting deferred tax liability	(174,700,382)	(154,854,578)
Tax effect of items constituting deferred tax assets		
Unabsorbed Depreciation carried forwards (Refer footnote)	174,700,382	154,854,578
Tax effect of items constituting deferred tax assets	174,700,382	154,854,578
Net Deferred Tax (liability) / asset	-	-

Footnote :

In the absence of virtual certainty regarding availability of sufficient future taxable income, the recognition of Deferred Tax Assets on carry forward of unabsorbed depreciation is restricted to the amount of closing Deferred Tax Liability.

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WEST GUJARAT EXPRESSWAY LIMITED

Notes forming part of the financial statements


Note 22

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and behalf of the Board


Managing Director


Director


Company Secretary
Mumbai:
Date: 19/4/2012

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