

WEST GUJARAT EXPRESSWAY LIMITED

ANNUAL REPORT

2013-14

DIRECTORS' REPORT

The Shareholders

WEST GUJARAT EXPRESSWAY LIMITED

Your Directors have pleasure in presenting the Ninth Annual Report along with the Audited Statements of Accounts for the year ended March 31, 2014

FINANCIAL RESULTS

The financial results of the Company are as under:

(Amount in ₹)

	Year ended March 31, 2014	Year ended March 31, 2013
Total Income	485,524,924	466,353,990
Total Expenses	(633,908,383)	(532,397,406)
Profit/(Loss) Before Tax	(148,383,459)	(66,043,415)
Less: Provision for Tax	33,000	-
Net Profit/(Loss) After Tax	(148,416,459)	(66,043,415)
Balance carried forward	(797,008,452)	(648,591,993)

OPERATIONS:

Your Company continued to maintain the Jetpur- Gondal- Rajkot road section and Rajkot Bypass project and operate in accordance with the prescribed standards under contractual requirements. During the year under review, the toll revenue earned was ₹47.53 Crores

DIVIDEND:

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 aforementioned Debentures the Company had redeemed 108 debentures and was holding 252 Debentures at the beginning of the year. During the year under review, your Company has redeemed 36 NCDs of ₹10,00,000 each in 4 equated quarterly installments of ₹90,00,000/- each on June 30, 2013 (Tenth installment), September 30, 2013 (Eleventh installment), December 31, 2013 (Twelfth installment) and March 31, 2014 (Thirteenth installment) to IL&FS

DIRECTORS:

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. M. K. P. S. & Associates, Chartered Accountants, Statutory Auditors, retire at the ensuing Annual General Meeting

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 18, 2013, July 18, 2013, October 18, 2013 and January 21, 2014. 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 (Resigned w.e.f July 17, 2013)	2	2
5	Mr. Rajiv Dubey	4	3

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 and Mr George Cherian. The Audit Committee met four times during the year under review on April 18, 2013, July 18, 2013, October 18, 2013 and January 21, 2014. The numbers of meetings attended by the Members are as under:

Sr. No.	Name of Directors	No. of Board Meetings held during tenure	Meetings attended
1	Mr. Pradeep Puri	4	4
2	Mr. George Cherian	4	4
3	Mr. Harish Mathur (Resigned w.e.f July 17, 2013)	1	0

The Chairman of the Audit Committee was present at the AGM

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

Mumbai, April 23, 2014

Sd/-
Director

Sd/-
Director

M K P S & ASSOCIATES

(Formerly DASS MAULIK MAHENDRA K AGRAWALA & Co.)

CHARTERED ACCOUNTANTS

1001, A Wing, 10th Floor,
Rassaz Castle, Gundavli,
Western Express Highway,
Andheri (East), Mumbai - 400 069.
Tel No.: +91 22 6523 6959
Email : mumbai@mkps.in
dmmkamumbai@yahoo.co.in
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INDEPENDENT AUDITOR'S REPORT

To the Members of West Gujarat Expressway Limited

Report on the Financial Statements

We have audited the accompanying financial statements of West Gujarat Expressway Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date;
and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of 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 those books;
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For MKPS & Associates
Chartered Accountants
Firm's Regn. No. 302014E


CA Narendra Khandal
Partner
M No. 065025

Mumbai, April 23, 2014

Annexure to Auditors' report

Referred to in our report on the accounts of
West Gujarat Expressway Ltd.
for the year ended on 31st March 2014

- (i) a) In our opinion and according to the information and explanations given to us, the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b) There is a phased programme for verification of fixed assets, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) In our opinion and according to the information and explanations given to us, the Company has sub-contracted the entire work of construction to Sub-Contractor and therefore does not carry any Inventory. Hence, the provisions of Clause 4(ii) of the Order, 2003 are not Applicable to the Company.
- (iii) a) In our opinion and according to the information and explanations given to us, the company has not granted any loan secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Act. Hence the reporting requirement under sub clause (a), (b), (c) and (d) of clause 4 (iii) of the order are not applicable.
b) In our opinion and according to the information and explanations given to us, the company has not taken any loan secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Act. Hence the reporting requirement under sub clause (e), (f) and (g) of clause 4 (iii) of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for purchase of fixed assets and rendering of services. During the course of our audit, we have not observed nor informed by the management of any continuing failure to correct major weaknesses in internal controls.
- (v) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Hence, the reporting requirements under sub-clause (a) and (b) of Clause 4 (v) of the order are not applicable for the year under audit.

- (vi) In our opinion, and according to the information and explanations given to us, the company has not accepted any deposits from public during the period under audit, consequently, the directives issued by Reserve Bank of India and the provisions of Sections 58A and 58AA of the Act and the rules framed there under are not applicable.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) 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.
- (ix)
 - a) According to the information and explanations given to us and as per the records of the company examined by us, the company has been generally regular in depositing with the appropriate authorities undisputed statutory dues including income tax and other material statutory dues as applicable to it. According to the information and explanations given to us there are no undisputed amounts payable in respect of income tax and sales tax is outstanding, as at the Balance Sheet date for a period of more than six months from the date they became payable.
 - b) According to the information and explanations given to us, there are no statutory dues which have not been deposited on account of any dispute.
- (x) The accumulated losses of the company as at the end of the year are more than 50% of the net worth of the company and the company has incurred cash loss of ₹. 3.46 Crore for the year. However, the company had not incurred cash loss during the immediately preceding financial year.
- (xi) Based upon the audit procedures carried out by us and on the basis of the information and explanations provided by the management we are of the opinion that the company has not defaulted in repayment of dues to bank.
- (xii) In our opinion and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Order are not applicable to the company.
- (xiii) The company is not a chit fund or a nidhi mutual benefit fund / society. Hence, the provisions of clause 4(xiii) of the Order are not applicable to the company.
- (xiv) In our opinion and according to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Hence, the provisions of clause 4(xiv) of the Order are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable to the company.

- (xvi) In our opinion and according to the information and explanations given to us, the term loans had been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that funds raised on short-term basis aggregating to ₹. 73.28 Crore have been used for long-term investment as part financing the cost of the intangible asset which shall be used for the purpose of generating revenue in the long term.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures. Hence, the reporting requirements under clause 4(xix) of the Order are not applicable to the company.
- (xx) The company has not raised any money by public issues. Hence, the reporting requirements under clause 4(xx) of the Order are not applicable to the company.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For MKPS & Associates
Chartered Accountants
Firm's Regn No. 302014E


CA Narendra Khandal
Partner
M. No. 065025

Mumbai, April 23, 2014

WEST GUJARAT EXPRESSWAY LIMITED
Balance Sheet As At March 31, 2014

In ₹

Particulars	Note No.	As At March 31, 2014		As At March 31, 2013	
I EQUITY AND LIABILITIES					
1 SHAREHOLDERS' FUNDS					
(a) Share capital	3	40,00,00,000		40,00,00,000	
(b) Reserves and surplus	4	(61,50,08,452)	(21,50,08,452)	(46,65,91,993)	(6,65,91,993)
2 NON-CURRENT LIABILITIES					
(a) Long-term borrowings	5		1,40,39,70,143		1,33,00,33,000
3 CURRENT LIABILITIES					
(a) Short-term borrowings	6	1,00,00,000		15,00,00,000	
(b) Trade payables	7	80,65,87,537		40,43,71,005	
(c) Other current liabilities	8	35,33,92,556	1,16,99,80,094	33,32,93,929	88,76,64,934
TOTAL			2,35,89,41,784		2,15,11,05,941
II ASSETS					
1 NON CURRENT ASSETS					
(a) Fixed assets					
(i) Tangible assets	9	49,37,780		42,50,169	
(ii) Intangible assets		2,17,12,42,873	2,17,61,80,653	1,99,52,29,329	1,99,94,79,498
(b) Long-term loans and advances	10		2,18,21,486		61,84,424
2 CURRENT ASSETS					
(a) Cash and cash equivalents	11	13,05,50,025		11,75,52,108	
(b) Short-term loans and advances	12	1,85,72,529		2,44,48,487	
(c) Trade Receivable		24,26,878			
(c) Other current assets	13	93,90,213	16,09,39,645	34,41,424	14,54,42,019
TOTAL			2,35,89,41,784		2,15,11,05,941

Notes forming part of the financial statements 1 to 25

In terms of our report attached
For MKPS & Associates
Chartered Accountants
Firm Registration No- 302014E


Narendra Khandal
Partner
Membership Number : 065025

Date: 23rd April, 2014
Place: Mumbai

For and on behalf of the Board


Managing Director


Director


Company Secretary

WEST GUJARAT EXPRESSWAY LIMITED
Statement of Profit and Loss for the Year Ended March 31, 2014

In ₹

	Particulars	Note No.	Year ended March 31, 2014	Year ended March 31, 2013
I	Revenue from operations	14	47,55,39,515	45,68,96,075
II	Other income	15	99,85,409	94,57,915
III	Total revenue (I + II)		48,55,24,924	46,63,53,990
IV	Expenses			
	Operating expenses	16	27,29,57,263	16,94,18,951
	Finance costs	17	23,09,51,808	23,42,31,949
	Depreciation	9	11,37,31,372	11,34,10,639
	Other expenses	18	1,62,67,939	1,53,35,866
	Total expenses		63,39,08,383	53,23,97,406
V	Loss before tax (III-IV)		(14,83,83,459)	(6,60,43,415)
VI	Tax expense:			
	(1) Current tax		-	-
	(2) Excess Provision for Fringe Benefit Tax for an earlier year written		33,000	-
	(3) Deferred tax		-	-
	Total tax expenses (VI)		33,000	-
VII	Loss for the year (V-VI)		(14,84,16,459)	(6,60,43,415)
	Earnings per equity share (of ₹ 10/- each) Basic / Diluted	21	(7.65)	(3.53)

Notes forming part of the financial statements 1 to 25

In terms of our report attached
For MKPS & Associates
Chartered Accountants
Firm Registration No- 302014E


Narendra Khandal
Partner

Membership Number : 065025

Date: 23rd April, 2014
Place: Mumbai

For and on behalf of the Board


Managing Director


Director


Company Secretary

WEST GUJARAT EXPRESSWAY LIMITED
Cash Flow Statement for the Year Ended March 31, 2014

Particulars	As at March 31, 2014	As at March 31, 2013
Cash Flow from Operating Activities		
Loss before tax	(14,83,83,459)	(6,60,43,415)
Adjustments for :-		
Depreciation	11,37,31,372	11,34,10,639
Interest expense on borrowings	21,91,86,972	23,16,70,959
Interest income	(95,57,885)	(93,79,071)
Profit on sale of fixed assets	(1,13,894)	(831)
Excess provision written back	(3,13,630)	-
Operating profit before Working Capital Changes	17,45,49,477	26,96,58,280
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	(24,26,878)	-
Short-term loans and advances	-	(1,77,78,984)
Other current assets	(94,55,522)	1,01,650
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	40,25,30,162	16,73,69,808
Other current liabilities	(4,56,37,381)	5,07,86,883
Cash Generated from Operating Activities	51,95,59,858	47,01,37,637
Net income tax (paid) / refunds	(3,38,582)	(11,406)
Net Cash Flow from Operating Activities (A)	51,92,21,276	47,01,26,231
Cash flow from Investing Activities		
Capital expenditure on fixed assets (after adjustments of increase/(decrease) in paybles for acquisition / construction of fixed assets)	(29,05,88,122)	(15,97,66,193)
Proceeds from sale of fixed assets	2,69,489	6,000
Bank balances not considered as Cash and cash equivalents -		
- Matured (including pre-matured)	(23,25,447)	(72,72,028)
Interest received (Refer footnote 2)	36,09,096	91,01,615
Net Cash from Investing Activities (B)	(28,90,34,984)	(15,79,30,605)
Cash flow from Financing Activities		
Proceeds from long term borrowings	20,00,00,000	-
Repayment of short term borrowings	(14,00,00,000)	(27,50,00,000)
Repayment of long-term borrowings	(3,29,20,000)	18,38,00,000
Redemption / repayment of non-convertible debentures	(3,60,00,000)	(3,60,00,000)
Interest expense on borrowings	(21,05,93,821)	(17,74,75,347)
Net Cash used in Financing Activities (C)	(21,95,13,821)	(30,46,75,347)
Net decrease in Cash & Cash Equivalents (A+B+C)	1,06,72,471	75,20,279
Cash and Cash Equivalents at the beginning of the year (Refer footnote 1)	1,79,01,538	1,03,81,259
Cash and Cash Equivalents at the end of the year (Refer footnote 1)	2,85,74,008	1,79,01,538
Footnotes:		
1 Reconciliation of Cash and Cash Equivalents with the Balance Sheet:		
Cash and Cash equivalents as per Balance Sheet (Refer note 11)	13,05,50,025	11,75,52,108
Less: Bank balances not considered as cash and cash equivalents as defined in AS3 Cash Flow Statements		
Deposits placed for periods exceeding 3 months #	10,19,76,017	9,96,50,570
Cash and Cash Equivalents at the end of the year *	2,85,74,008	1,79,01,538
* Components of Cash & Cash Equivalents		
Cash on hand (including cash at toll plaza ₹24,446/- [Previous year ₹1,240,655/-])	16,61,614	28,70,479
Balances with banks		
- In Current accounts	2,69,12,394	1,50,31,059
	2,85,74,008	1,79,01,538

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.

3. 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 MKPS & Associates
Chartered Accountants
Firm Registration No- 302014E


Narendra Khandal
Partner
Membership Number : 065025

Place: Mumbai
Date: 23rd April, 2014

For and on behalf of the Board


Managing Director


Director


Company Secretary

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 in accordance with the recognition and measurement criteria as given in the Group Referral Instructions for inclusion in the consolidated financial information of IL&FS Transportation Networks Limited (Holding Company). The accounting policy on Accounting for Service Concession Arrangements specified in the Group Referral Instructions is based on the Exposure Draft of Guidance Note on Accounting for Service Concession Arrangements issued by The Institute of Chartered Accountants of India, which is implemented w.e.f. April 01, 2007.

(II) Fixed Assets and Depreciation / Amortisation:

- a. Fixed assets other than project assets are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any.
- b. The acquisition cost includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring the asset to the site and in the working condition for its intended use. Such as, delivery and handling costs, installation, legal services and consultancy services.
- c. Expenses incurred on the Project includes direct and attributable / allocated indirect expenses incurred for the construction of the road and is capitalized when the project is complete in all respects and when the Company receives the final completion certificate from the authority as specified in the Concession Agreement and not on completion of component basis as the intended purpose of the project is to have the complete length of the road available for use. The economics of the project is for the entire length of the road as per the bidding submitted by the Company. The component based certification which is received is an intermediate mechanism provided in the Concession Agreement to provide a right to collect a discounted toll to compensate the Company for cost recovery during construction period and for any delays beyond the control of the Company.
- d. Estimated value of components removed or not reused are reduced from the gross block and the cost of overlay or 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.

- e. For depreciation on fixed assets other than Pune-Sholapur Road, the Company has adopted the Straight Line Method of depreciation so as to depreciate 100% of the cost of the following type of assets at rates higher than those prescribed under Schedule XIV to the Companies Act, 1956, based on the Management's estimate of useful life of such assets:

Asset Type	Useful Life
Computers	4 Years
Specialised Office Equipment	3 Years
Assets Provided to Employees	3 Years
Licensed Software	Over the license period

- f. Depreciation on the components of West-Gujarat Road is charged to the profit and loss statement on a straight line basis over the period over which the respective component is expected to be overlaid or renewed.
- g. Depreciation on fixed assets other than on assets specified in Notes 3(c) and (d) is provided on the Written Down Value method using the rates prescribed by Schedule XIV of the Companies Act, 1956.
- h. 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.
- i. Capital work in progress:

The construction cost includes borrowing cost, administrative and general overhead expenses specifically attributed to the construction project are part of the cost of the project and debited to capital work in progress up to the date when the asset is ready for its intended use, which is when the complete length of the project as specified in the Concession Agreement is complete and on receipt of final completion certificate from the authority as specified in the Concession Agreement and not on component basis certifications received. Discounted Revenue collected on receipt of the component based certification received as an intermediate mechanism provided in the Concession Agreement is reduced from the cost of the Intangible asset as the construction work is still in progress and the entire asset is not ready for its intended purpose.

(III) Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction of the roads are capitalised up to the date of the final completion certificate of the asset / facility received from the authority as specified in Concession Agreement. All borrowing costs subsequent to the final completion certificate of the asset / facility as specified in Concession Agreement are charged to the Statement of Profit and Loss in the period in which such costs are incurred.

(IV) Overlay Expenditure

The Project Highway is expected to be overlaid every five years. Amount of the estimated cost expected to be incurred at the end of each block of five years is allocated in the respective block of five years, based on the estimated traffic count in each year of the block of five years. The traffic count for each year of the CA has been projected by an independent expert based on the traffic data of the Project Highway for the recent past and experience on similar BOT projects.

(V) **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 recognised on accrual basis. Any revenue collection until the capitalization of asset is credited to Intangible Asset. Interest Income is recognised on a time proportion basis.

(VI) **Grant:**

- (i) Grant received as Equity Support from the National Highway Authority of India under the CA entered into with the National Highways Authority of India on March 22, 2005 is treated as Capital Reserve.
- (ii) Grant receivable as Operation and Maintenance Support from National Highways Authority of India under the CA is accounted in the period to which it relates in terms of the CA.
- (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.

(VII) **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.

(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 assets can be realised. Deferred tax assets and liabilities 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) Provisions, Contingent Liabilities and Contingent Assets:

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

(X) 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

(XI) 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.

WEST GUJARAT EXPRESSWAY LIMITED
Notes forming part of the financial statements

Note 3: Share capital

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number	₹	Number	₹
Authorised				
Equity Shares of ₹ 10/- each	2,00,00,000	20,00,00,000	2,00,00,000	20,00,00,000
Redeemable Optionally Convertible Cumulative Participating Preference Shares of ₹ 10/- each	2,00,00,000	20,00,00,000	2,00,00,000	20,00,00,000
	4,00,00,000	40,00,00,000	4,00,00,000	40,00,00,000
Issued, Subscribed and Paid up (Refer footnotes i, ii, and iii)				
Equity shares of ₹ 10/- each fully paid up	2,00,00,000	20,00,00,000	2,00,00,000	20,00,00,000
2 % Redeemable Optionally Convertible Cumulative Participating Preference Shares of ₹ 10/- each fully paid up	2,00,00,000	20,00,00,000	2,00,00,000	20,00,00,000
Total	4,00,00,000	40,00,00,000	4,00,00,000	40,00,00,000

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, 2014		As at March 31, 2013	
	No. of Shares	₹	No. of Shares	₹
Shares outstanding at the beginning of the year	2,00,00,000	20,00,00,000	2,00,00,000	20,00,00,000
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	2,00,00,000	20,00,00,000	2,00,00,000	20,00,00,000

Particulars	Preference Shares		Preference Shares	
	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	₹	No. of Shares	₹
Shares outstanding at the beginning of the year	2,00,00,000	20,00,00,000	2,00,00,000	20,00,00,000
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	2,00,00,000	20,00,00,000	2,00,00,000	20,00,00,000

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, 2014		As at March 31, 2013	
	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)	1,47,99,985	74%	1,47,99,985	74.00%
Infrastructure Leasing and Financial Services Limited (Holding Company as well as Ultimate Holding Company)	52,00,015	26%	52,00,015	26.00%

Particulars	Preference Shares		Preference Shares	
	As at March 31, 2014		As at March 31, 2013	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
IL&FS Transportation Networks Limited (Holding Company)	2,00,00,000	100%	2,00,00,000	100%
Total	2,00,00,000	100%	2,00,00,000	100%

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 ("NHAI") 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.

iv. Rights, preferences and restrictions attached to shares

Equity Shares:

The company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

2 % Redeemable Optionally Convertible Cumulative Participating Preference Shares:

The preference shares are eligible for fixed dividend @ 2% p.a. on cumulative basis. In the event of there being no profits, the same is allowed to be accumulated.

WEST GUJARAT EXPRESSWAY LIMITED
Notes forming part of the financial statements

Note 4: Reserves and surplus

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Capital Reserve				
Grant from National Highways Authority of India				
Opening balance	18,00,00,000		18,00,00,000	
(+) Current year addition	-		-	
(-) Written back in current year	-		-	
Closing Balance		18,00,00,000		18,00,00,000
(b) Debenture Redemption Reserve				
Opening balance	20,00,000		20,00,000	
(+) Created during the year (Refer footnote)	-		-	
(-) Written back in current year	-		-	
Closing Balance		20,00,000		20,00,000
(c) Surplus / (Deficit) in Statement of Profit and Loss				
Opening balance	(64,85,91,993)		(58,25,48,577)	
(+) Loss for the year	(14,84,16,459)		(6,60,43,415)	
Closing Balance		(79,70,08,452)		(64,85,91,993)
Total		(61,50,08,452)		(46,65,91,993)

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.

WEST GUJARAT EXPRESSWAY LIMITED
Notes forming part of the financial statements

Note 5: Long-term borrowings

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Debentures				
(i) Unsecured				
Non-Convertible Debentures (Refer Footnote 1)	21,60,00,000	18,00,00,000	25,20,00,000	21,60,00,000
Less: Current Maturity of Debentures	3,60,00,000		3,60,00,000	
(b) Term Loans				
(i) Secured				
From banks (Refer Footnote 2)	71,40,33,000	53,11,13,000	89,69,53,000	71,40,33,000
Less: Current Maturity of Long term debts	18,29,20,000		18,29,20,000	
(ii) Unsecured				
From banks (Refer Footnote 3)	55,00,00,000	69,28,57,143	40,00,00,000	40,00,00,000
From financial institutions (Refer Footnote 3)	20,00,00,000		-	
Less: Current Maturity of Long term debts	5,71,42,857		-	
Total		1,40,39,70,143		1,33,00,33,000

Footnote:

- 216 (Previous year 252) , 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 24 equated quarterly installments of ₹ 9,000,000 each.)
- (a) Secured by hypothecation of:
 - 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
 - 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
 - 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)

(b) These term loans are repayable in balance structured 28 unequal quarterly installments.

Repayment Schedule (Secured Loan): Payable in half yearly installments

Payable Financial Year ending	As at March 31, 2014	As at March 31, 2013
2013-14	-	18,29,20,000
2014-15	18,29,20,000	18,29,20,000
2015-16	18,29,20,000	18,29,20,000
2016-17	18,29,20,000	18,29,20,000
2017-18	8,31,60,000	8,31,60,000
2018-19	8,21,13,000	8,21,13,000
Total	71,40,33,000	89,69,53,000

- Repayment Schedule (Unsecured Loan)

Payable Financial Year ending	As at March 31, 2014	As at March 31, 2013
2014-15	5,71,42,857	5,71,42,857
2015-16	11,42,85,714	11,42,85,714
2016-17	11,42,85,714	11,42,85,714
2017-18	11,42,85,714	11,42,85,714
Total	40,00,00,000	40,00,00,000

Note 6: Short-term borrowings

Particulars	As at March 31, 2014		As at March 31, 2013	
Loans from related party				
Unsecured		1,00,00,000		15,00,00,000
Total		1,00,00,000		15,00,00,000

WEST GUJARAT EXPRESSWAY LIMITED
Notes forming part of the financial statements

Note 7: Trade payables

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Total outstanding dues to Micro Enterprises and Small Enterprises (Refer footnote)		-		-
(b) Total outstanding dues other than (a) above				
Trade payables				
To related parties	80,61,32,000		40,06,43,898	
To others	4,55,537	80,65,87,537	37,27,107	40,43,71,005
Total		80,65,87,537		40,43,71,005

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

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Current maturities of long-term debts (Refer note 5)				
Debentures				
Unsecured	3,60,00,000		3,60,00,000	
Term Loans				
From Banks				
Secured	18,29,20,000		18,29,20,000	
Unsecured	5,71,42,857	27,60,62,857	-	21,89,20,000
(b) Interest accrued but not due on borrowings		6,66,66,130		5,80,72,979
(c) Other payables				
For Acquisition / construction of fixed assets	-		19,91,520	
Duties & taxes	36,51,889		39,34,903	
Others	70,11,680	1,06,63,569	5,03,74,527	5,63,00,950
Total		35,33,92,556		33,32,93,929

WEST GUJARAT EXPRESSWAY LIMITED
Notes forming part of the financial statements
Note 9: Fixed assets

Particulars	Gross Block					Accumulated Depreciation			Net Block	
	Balance as at April 1, 2013	Additions	Disposals	Balance as at March 31, 2014	Balance as at April 1, 2013	Depreciation charge for the year	Deletions	As at March 31, 2014	Net Block As at March 31, 2014	Net Block As at March 31, 2013
a) Tangible assets										
Office Premises	29,47,555	-	-	29,47,555	3,64,728	48,046	-	4,12,774	25,34,781	25,82,827
Furniture and Fixtures	16,10,311	-	-	16,10,311	12,59,468	63,475	-	13,22,943	2,87,368	3,50,843
Vehicles	49,64,523	16,44,192	16,71,190	49,37,525	41,55,632	6,18,874	15,15,595	32,58,911	16,78,614	8,08,891
Office Equipment	14,93,074	-	-	14,93,074	9,85,466	70,591	-	10,56,057	4,37,017	5,07,608
Data Processing Equipments	8,68,610	-	-	8,68,610	8,68,610	-	-	8,68,610	-	-
Total (A)	1,18,84,073	16,44,192	16,71,190	1,18,57,075	76,33,904	8,00,986	15,15,595	69,19,295	49,37,780	42,50,169
b) Intangible assets										
Rights under service concession arrangements	2,80,26,92,448	28,89,43,930	2,92,41,855	3,06,23,94,523	80,74,63,119	11,29,30,386	2,92,41,855	89,11,51,650	2,17,12,42,873	1,99,52,29,329
Total (B)	2,80,26,92,448	28,89,43,930	2,92,41,855	3,06,23,94,523	80,74,63,119	11,29,30,386	2,92,41,855	89,11,51,650	2,17,12,42,873	1,99,52,29,329
Total (A+B)	2,81,45,76,521	29,05,88,122	3,09,13,045	3,07,42,51,598	81,50,97,023	11,37,31,372	3,07,57,450	89,80,70,945	2,17,61,80,653	1,99,94,79,498
Previous Year	2,77,42,38,789	12,25,95,542	8,22,57,810	2,81,45,76,521	78,39,39,024	11,34,10,639	8,22,52,640	81,50,37,023	1,99,94,79,498	1,99,02,99,765

WEST GUJARAT EXPRESSWAY LIMITED
Notes forming part of the financial statements

Note 10: Long-term loans and advances

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Security Deposits				
Unsecured, considered good		9,10,715		9,10,715
(b) Other Loans & Advances				
Advance payment of taxes (net of provisions ₹ 12,300,000/- [As at March 31, 2013 ₹ 12,300,000/-])		52,73,709		52,73,709
Prepaid Expenses		1,56,37,062		-
Total		2,18,21,486		61,84,424

Note 11: Cash and cash equivalents

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Cash on hand		16,61,614		28,70,479
(including cash at toll plazas ₹24,446 /- [Previous year ₹ 1,240,655])				
(b) Balances with banks				
- In Current accounts	2,69,12,394		1,50,31,059	
- In Deposit accounts (Refer footnotes)	10,19,76,017	12,88,88,411	9,96,50,570	11,46,81,629
Fixed Deposits placed for a period less than 3 months [The banks are having lien on the fixed deposits 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.]				
Total		13,05,50,025		11,75,52,108
Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is		2,85,74,008		1,79,01,538
Footnotes				
i) Balances with banks includes deposits amounting to ₹ Nil (As at March 31, 2013 ₹ Nil) which have an original maturity of more than 12 months. Balances with banks includes deposits amounting to ₹ Nil (As at March 31, 2013 ₹ 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				

Note 12: Short-term loans and advances

Particulars	As at March 31, 2014		As at March 31, 2013	
Other loans and advances				
Unsecured, considered good				
- Advance payment of taxes (net of provisions ₹ 7,725,167 /- [As at March 31, 2013 ₹ 7,725,167])	68,27,756		64,89,174	
- Advance fringe benefit tax (net of provisions ₹ 6,22,000 /- [As at March 31, 2013 ₹ 622,000/-])	-		33,000	
- Prepaid expenses	96,91,558		4,01,339	
- Others	20,53,215	1,85,72,529	1,75,24,974	2,44,48,487
Total		1,85,72,529		2,44,48,487

Note 13: Other current assets

Particulars	As at March 31, 2014		As at March 31, 2013	
(a) Accruals				
Interest accrued but not due on bank deposits		93,90,213		34,41,424
(b) Others				
Net amount receivable from toll collecting agency		-		-
Total		93,90,213		34,41,424

WEST GUJARAT EXPRESSWAY LIMITED
Notes forming part of the financial statements

Note 14: Revenue from operations

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
(a) Toll revenue		47,55,39,515		45,68,96,075
Total		47,55,39,515		45,68,96,075

Note 15: Other income

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
(a) Interest income				
Interest on bank deposits (Tax Deducted at Source ₹ 1,51,308/- [Previous year ended March 31, 2013 ₹ 363,393/-])	95,57,885		89,23,715	
Interest on overdue trade receivables	-		4,55,356	
Interest on income tax / fringe benefit tax refund	-	95,57,885	77,308	94,56,379
(b) Profit on sale of fixed assets		1,13,894		831
(c) Sundry Balances written back		3,13,630		
(d) Miscellaneous income		-		705
Total		99,85,409		94,57,915

WEST GUJARAT EXPRESSWAY LIMITED
Notes forming part of the financial statements

Note 16: Operating expenses

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
Operation and maintenance expenses		7,29,57,262		6,94,18,951
Negative grant to National Highways Authority of India		20,00,00,001		10,00,00,000
Total		27,29,57,263		16,94,18,951

Note 17: Finance costs

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
(a) Interest expense on borrowings		21,91,86,972		23,16,70,959
Interest on loans for fixed period	18,70,43,782		19,73,53,838	
Interest on debentures	3,21,43,190		3,43,17,121	
(b) Other borrowing costs		1,17,64,836		25,60,990
Guarantee commission	15,05,424		1,04,864	
Finance charges	1,02,59,412		24,56,126	
Total		23,09,51,808		23,42,31,949

Note 18: Other expenses

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
Legal and consultation fees		58,56,076		46,84,393
Rates and taxes excluding taxes on income		79,756		78,134
Insurance		56,65,041		56,18,000
Printing and Stationery		11,15,884		29,743
Directors' fees		1,66,124		75,000
Auditors Remuneration (Including service tax)				-
- Audit Fees	4,49,440		3,37,080	-
- Fees for other services	44,714		13,483	-
- Reimbursement of expenses	1,349		-	-
- Tax Audit Fees	1,12,360	6,07,863	1,12,360	4,62,923
Deputed staff cost		17,95,441		29,21,411
Miscellaneous expenses		9,81,754		14,66,262
		1,62,67,939		1,53,35,866

Footnote

Amount paid/Payable to Auditors (including service tax) :

Particulars		As at March 31, 2014	As at March 31, 2013
Sr No	Description		
1	Audit Fees	4,49,440	3,37,080
2	Fees for other services	44,714	13,483
3	Reimbursement of expenses	1,349	-
4	Tax Audit Fees	1,12,360	1,12,360
	TOTAL	6,07,863	4,62,923

WEST GUJARAT EXPRESSWAY LIMITED
Notes forming part of the financial statements

Note 19: Contingent liabilities and capital commitments & Other Information

A) Contingent liabilities :

		₹	
Particulars (Name & Description)		As at March 31, 2014	As at March 31, 2013
1	Arrears of dividend on 2% Redeemable Optionally Convertible Cumulative Participating Preference Shares including dividend tax thereon:	3,14,11,829	2,67,62,929
2	Demand for Assessment Year 2007-08 for which the Company's appeal is pending with the appellate authority	Nil	Nil
3	For Assessment Year 2008-09 for which the Company's appeal is pending with the appellate authority	48,50,383	48,50,383
4	Demand for bank and other charges relating to banks loan	Nil	26,09,687
5	Demand for the period April, 2006 to February, 2008 from the Office of the Deputy Commissioner, Commercial Tax Office, Gujarat	7,82,69,586	7,82,69,586

B) Estimated amount of contracts remaining to be executed on capital and other account :

		₹	
Particulars (Name of party & description)		As at March 31, 2014	As at March 31, 2013
1	Periodic Overlay (upto the end of concession period)	54,44,60,903	69,51,64,507
2	Operation & Maintenance excluding service tax (upto the end of concession period)	60,22,71,963	62,06,31,281
3	Negative Grant to National Highway Authority of India (up to 2019-20)	2,40,00,00,000	2,60,00,00,000

WEST GUJARAT EXPRESSWAY LIMITED
Notes forming part of the financial statements

Note 20: Related Party Statement

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 Current Year

a 1. Name of the related parties and description of relationship:

Nature of Relationship	Name of Entity	Acronym used
Holding Company	Infrastructure Leasing & Financial Services Limited	IL&FS
Holding Company	IL&FS Transportation Networks Limited	ITNL
Fellow Subsidiaries (with whom there have been transactions during the year)	IL&FS Trust Company Limited	ITCL

b Transactions / Balances with related parties as mentioned (a) above

Account head	Name of Entity	Amount Rupees
Balances:		
Loan Taken (Non Convertible Debentures)	IL&FS	21,60,00,000
Loan Taken	ITNL	1,00,00,000
Equity share capital	ITNL	14,79,99,850
Equity share capital	IL&FS	5,20,00,150
Preference share capital	ITNL	20,00,00,000
Trade Payables	ITNL	80,61,32,000
Interest accrued but not due	ITNL	6,66,66,130
Transactions:		
Toll Operation Charges	ITNL	1,21,52,856
Routine Maintenance Charges	ITNL	2,73,71,376
Insurance Charges	ITNL	56,18,000
Independent Auditors & Engineer Fees	ITNL	33,70,800
Overlay expenses charge	ITNL	28,89,43,930
Short Term Loan Taken	ITNL	21,00,00,000
Short Term Loan Repaid	ITNL	35,00,00,000
Bank Guarantee Charges	ITNL	7,10,144
Interest on Non Convertible Debentures	IL&FS	3,21,43,190
Interest On Short Term Loan	ITNL	95,65,616
Security Trusteeship Fees	ITCL	1,12,360
Redemption of NCD	IL&FS	3,60,00,000

III Previous Year

1. Name of the related parties and description of relationship:

Nature of Relationship	Name of Entity	Acronym used
Holding Company	Infrastructure Leasing & Financial Services	IL&FS
Holding Company	IL&FS Transportation Networks Limited	ITNL
Fellow Subsidiaries (with whom there have been transactions during the year)	IL&FS Trust Company Limited	ITCL

Transactions / Balances with related parties as mentioned (c) above

Account head	Name of Entity	Amount Rupees
Balances:		
Loan Taken (Non Convertible Debentures)	IL&FS	25,20,00,000
Loan Taken	ITNL	15,00,00,000
Equity share capital	ITNL	14,79,99,850
Preference share capital	ITNL	20,00,00,000
Creditors payable	ITNL	40,06,43,898
Interest accrued but not due	ITNL	5,80,72,979
OPE Payable	ITNL	3,37,81,206
Syndication Fees Payable	ITNL	1,61,79,840
Transactions:		
Toll Operation Charges	ITNL	1,16,85,444
Routine Maintenance Charges	ITNL	2,63,18,640
Insurance Charges	ITNL	56,18,000
Independent Auditors & Engineer Fees	ITNL	33,70,800
Overlay exepenses charge	ITNL	12,25,95,542
Short Term Loan Taken	ITNL	12,50,00,000
Short Term Loan Repaid	ITNL	40,00,00,000
Interest On Short Term Loan	ITNL	6,02,17,351
Security Trusteeship Fees	ITCL	1,12,360
Redemption of NCD	IL&FS	3,60,00,000

IV Reimbursement of Expenses not included above

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

WEST GUJARAT EXPRESSWAY LIMITED
Notes forming part of the financial statements

Note 21: Earnings per equity share

Particulars	Unit	Year ended March 31, 2014	Year ended March 31, 2013
Profit after tax and minority interest	Rupees	(14,84,16,459)	(6,60,43,415)
Premium on preference shares	Rupees	(40,00,000)	(40,00,000)
Tax on premium on preference shares	Rupees	(6,48,900)	(6,48,900)
Profit available for Equity Shareholders	Rupees	(15,30,65,359)	(7,06,92,315)
Weighted number of Equity Shares of ₹ 10/- each outstanding	Numbers	20000000	20000000
Weighted number of Potential Equity Shares of ₹ 10/- each outstanding	Numbers	20000000	20000000
Weighted average number of equity shares including potential number of equity shares for calculating Diluted EPS	Numbers	40000000	40000000
Per value of shares	Rupees	10	10
Basic Earnings per share	Rupees	(7.65)	(3.53)
Diluted Earnings per share (*)	Rupees	(3.83)	(1.77)

(*) Anti Dilutive

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 22: Directors' Remuneration

The Directors have been paid sitting fees for the Board and Committee meetings attended by them. Further, no remuneration has been paid by the Company to the Manager appointed under section 269 of the Companies Act, 1956.

Note 23: Segment Reporting

The Company is engaged in the business detailed in Note no 1 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 24 :

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 25: Previous period / year

Figures for the previous year have been regrouped, reclassified where necessary, to conform to the classification of the current year.

In terms of our report attached

For MKPS & Associates

Chartered Accountants
 Firm Registration No- 302014E

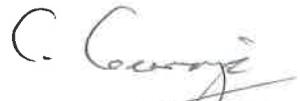


Narendra Khandal
 Partner
 Membership Number : 065025

Place: Mumbai
 Date: 23rd April, 2014

For and on behalf of the Board


 Managing Director


 Director


 Company Secretary