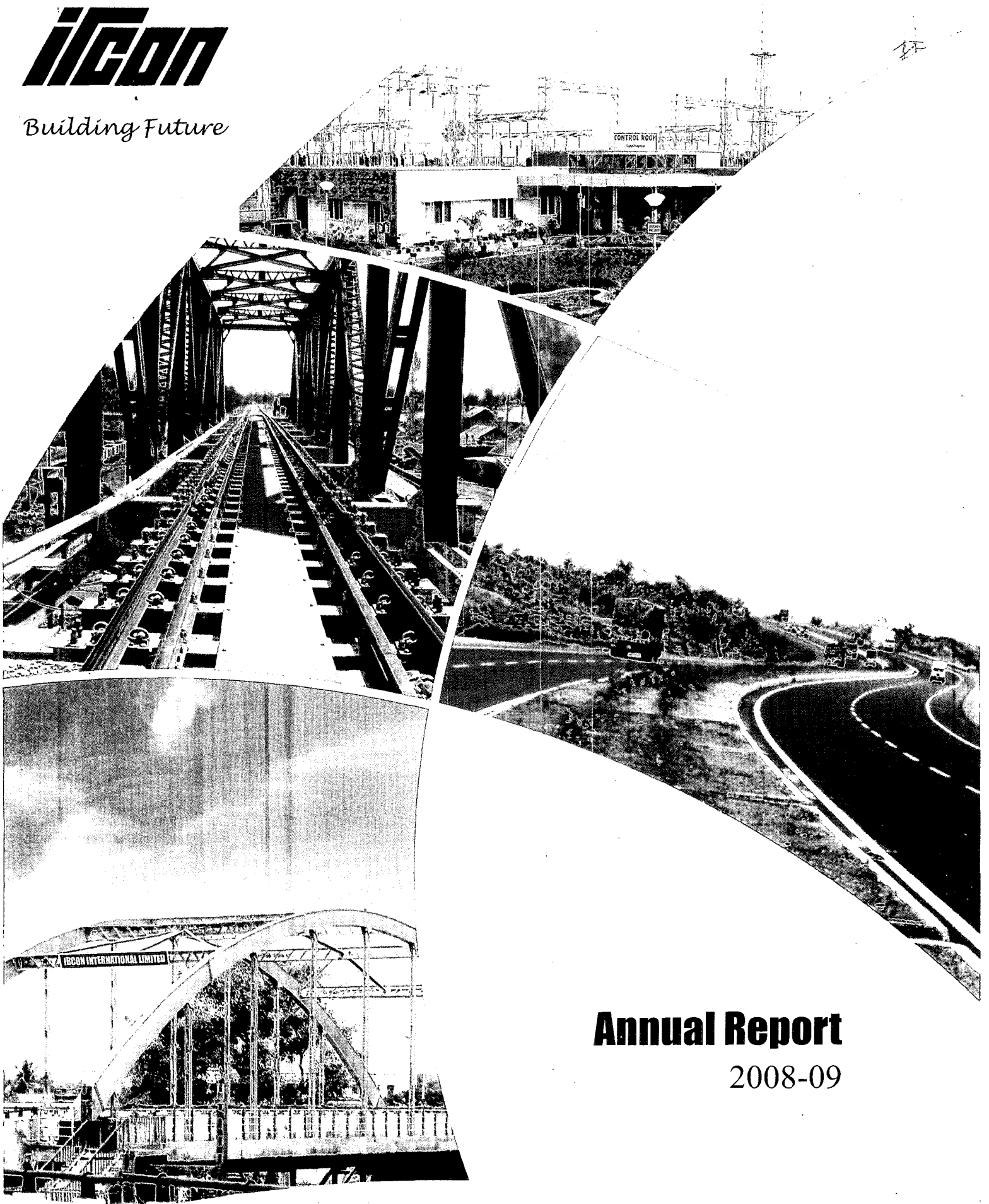




Building Future



Annual Report

2008-09

IRCON INTERNATIONAL LIMITED

AWARDS AND CERTIFICATES

From Institution/Authority	Nature of Award	Years
Ministry of Commerce Government of India	National Export Award *(Received from the President of India)	1982-83,1983-84 1990-91 and 1992-93*
Ministry of Programme Implementation, Department of Public Enterprises	"Award for Excellence" in performance as leading international railway and road construction company	1987-88
Engineering Export Promotion Council (EEPC) (22 Awards in all since inception)	i. All India Top Exporters shield for Export Excellence ii. Regional Top Exporters Shield-civil engg. contractors iii. All India Special Shield in the field of export iv. All India Trophy for Highest Exports (Turnkey Industrial Project Exporters- NON-SSI) v. All India Trophy for Top Exporters in the category of "Merchant Exporters" vi. All India Shield for Star performer as Large Enterprise in the field of Project Exports vii. Silver Trophy for Top Exporters as Medium Enterprises in recognition of outstanding contribution to Engineering Exports	1985-86 to 1992-93, 1994-95 and 1995-96 1993-94, 1996-97 1996-97 1997-98 1998-99 to 2001-02, 2003-04 and 2006-07 2004-05 2005-06
Project Export Promotion Council of India (PEPC) (previously known as Overseas Construction Council of India (OCCI) (45 awards in all since inception)	i. Maximum foreign exchange earned and repatriated to India from overseas construction contracts ii. Second best performance in maximum foreign exchange earned and repatriated to India from overseas construction projects iii. Maximum turnover in overseas Construction Projects iv. Second best performance in turnover from overseas projects v. Maximum foreign works secured in new areas in construction contracts vi. Maximum foreign business attempted vii. Maximum foreign exchange earned and repatriated from overseas service contracts viii. Second Best in the category of Maximum Foreign Exchange earned and repatriated to India from Overseas Construction and Engineering projects	1984-85, 1988-89 to 1992-93, 1994-95, 1996-97, 1999-2000, 2001-02 and 2003-04 1993-94, 2000-01, 2002-03 and 2004-05 1984-85 to 1988-89, 1991-92 to 1993-94, 1995-96, 1998-99, 2000-01 and 2001-02 1989-90,1990-91,1994-95 and 1999-2000 1994-95, 1995-96, 1999-2000 and 2000-01 1994-95 to 1997-98, 2001-02 and 2003-04 2000-01 and 2002-03 2005-06 and 2006-07
Construction World	"One of India's most admired construction companies"	2008-09
Essar Steel and E-18 and CNBC-TV 18	"Infrastructure Excellence Award" in Railway Category	2008-09
TUV Management Service Gmbh, Munich, Germany	ISO 9001:2000 Certificate for quality system of Iron for construction of railway track, highways, bridges, tunnels, workshops, aircraft hangar, MS buildings railway electrification, S&T works and project management and servicing.	2008-11

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Registered Office

Plot No. C-4, District Centre,
Saket, New Delhi-110 017
Website: www.ircon.org

Statutory Auditors

Gianender & Associates,
Chartered Accountants,
21/6, Gita Mandir Marg,
New Rajinder Nagar,
New Delhi-110 060

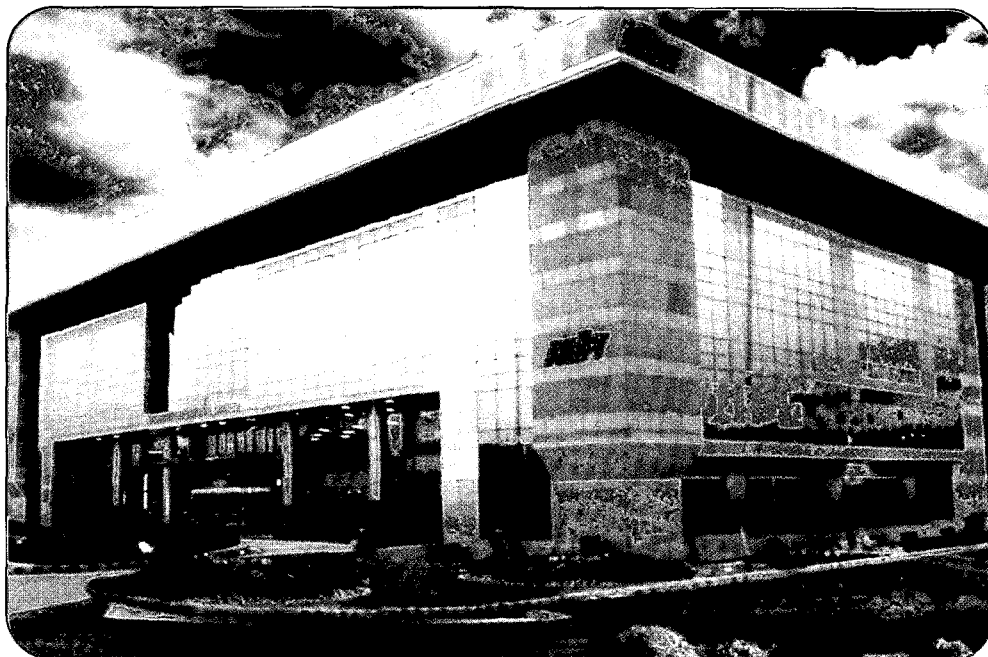
Main Bankers

State Bank of India,
Indian Overseas Bank,
J&K Bank

Stock Exchange where Shares Listed

Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai-400 001

Delhi Stock Exchange Limited,
DSE House,
3/1, Asaf Ali Road,
New Delhi-110 002



Corporate Office Building of Ircon at Saket, New Delhi

Board Of Directors

(As on 30.07.2009)

Chairman



S.S. Khurana
Part-time Director (Official)

Whole-Time Directors



Mohan Tiwari
Managing Director



Madan Lal
Director Works

Non-Executive Directors



A. K. Tiwari
Part-time Director (Official)



R. Subramanian
Independent Director



N. Parthasarathy
Independent Director

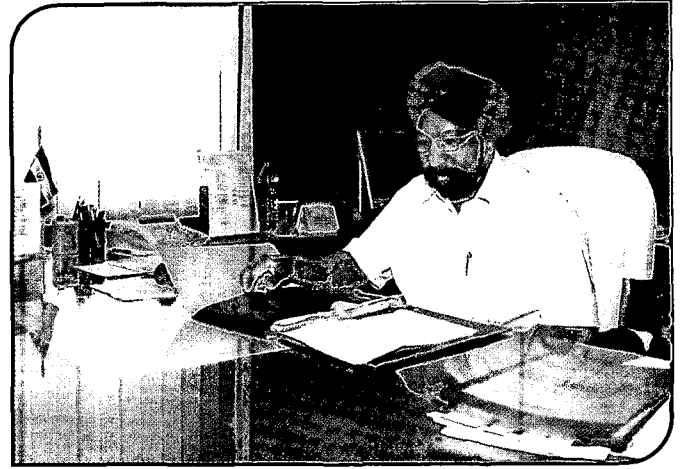


Lalitha Gupta
Company Secretary

Chairman's Address

Distinguished Shareholders,

It is a great pleasure and privilege for me to welcome you all on the occasion of 33rd Annual General Meeting of Ircon. Overall performance of your Company in 2008-09 has been significantly better than that of the previous year which can be gauged from the audited annual accounts and other related reports for the year ended 31st March 2009 which are before you. I am sure you would have gone through the reports. I would like to highlight some salient features and also the emerging scenario.



Landmark Projects:

It is a matter of pride for me as a Chairman to convey that your company is contributing in a big way in the Nation Building projects. Ircon completed in July 2009 the 119 Km of Qazigund-Anantnag-Rajwansher-Baramulla section of Udhampur-Srinagar-Baramulla Rail Link Project in Jammu and Kashmir followed by a trial run and inspection by Commissioner of Railway Safety. This line is expected to be opened to public shortly. The total value of this project was Rs. 18,900 million. This project along with a large value double tracking project in Malaysia have contributed to more than 40% of the total turnover of the Company for the year 2008-09.

Upcoming Projects:

Though the global melt down has had its impact on the Indian economy, Ircon plans to tide over by concentrating more on Government Infrastructure projects. You will be glad to know that your company has on 21st August 2009 signed a Memorandum of Understanding with Rail Land Development Authority (RLDA) for construction of Multi Functional Complexes (MFCs) at identified station premises of Railway system for providing facilities to rail users as envisaged in the Railway Budget of Hon'ble Minister for Railways.

Ircon is making all efforts to secure large sized Railway and Highway projects through competitive bidding. The Company also plans to bid for and secure Dedicated Freight Corridor projects either on its own or through joint ventures.

Financial Highlights:

Ircon crossed the landmark of Rs. 25,000 million during 2008-09 in terms of turnover by registering an all time high turnover of Rs. 27876 million which is 33% more than that achieved in 2007-08. After securing a large value project in Malaysia in December 2007, income from foreign projects has reached 30% of total turnover during 2008-09 from 10% in 2004-05 and this upward trend is likely to continue.

In view of good performance of your company during 2008-09, the Board of Directors has recommended a dividend @ Rs. 9.70 per share for declaration at this meeting. The Company had already paid an interim dividend @ Rs. 20.30 per share in February 2009 with the approval of the Board of Directors. This would take the total dividend for 2008-09 to Rs. 296.94 million @ 300% of the paid-up share capital (Rs. 30 for every Rs. 10/- share) which also works out to 21% of the post-tax profits.

Works Highlights:

Your company has been able to complete three projects abroad during the year, two in Malaysia and one in Afghanistan. On 30th June 2009, Ircon completed and handed over the pavement strengthening project worth Rs. 495 million on East-West Highway in Nepal against all odds, despite serious law and order problems, insurgency, acute shortage of diesel, etc. Ircon is

actively working in Ethiopia, Malaysia, Mozambique, Afghanistan, Sharjah and Sri Lanka. Ircon faced a lot of constraints while executing the concession project for Mozambican Railways through a joint venture company in which Ircon has 25% equity stake. A portion of track rehabilitation work was completed during the year and opened to traffic on 29th November 2008 which has been a source of happiness to the people in that area.

As you are aware Railways and Highways are primarily the core sectors of interest for the Company. In the last five to six years, the percentage share of railway works somewhat declined from 66% in 2002-03 to 55% in 2008-09 whereas highway works which accounted for 20% in 2002-03 has increased to 35% in 2008-09. Income from electrical projects has also shown a consistent increase in the last five to six years and it has made a quantum jump of 83% in the last two years from Rs. 968 million in 2006-07 to Rs. 1772 million in 2008-09. The ratio between these segments -- Railways, Highways, and "Others" -- would keep varying depending upon the opportunities and contracts the Company gets.

Strengths:

In India, the Company is increasingly getting opportunities for participating in BOT and annuity projects which call for investment of funds by the Company in those projects. Ircon as a public sector company faces some constraints which are not applicable to private sector companies. But, Ircon has been making every effort to further strengthen its strengths like healthy balance sheet, established credentials, competent manpower, association with Indian Railways, rich overseas experience of quality performance in time to the satisfaction of customers, and increasing credibility in fulfilling Nation Building projects in risky areas.

The Company has also a Risk Management Framework supported by a Risk Management Committee and a Rapid Action Group to make a risk analysis to offset the impact of constraints and risks, including the effect of global economic melt down, which is periodically reviewed by the Audit Committee. The Company has sound policies for Quality, Safety, Health, and Environment. The Company is also taking initiatives to introduce ISO 14000 for Environment Management.

Acknowledgement:

Before I conclude, I must express my sincere thanks to our esteemed shareholders, my colleagues on the Board of Directors, and to the Members and Officers of the Railway Board, for their valuable support, advice, and cooperation. I also place on record my appreciation of the good work done by all the employees of the Company. I must also place on record our gratitude to our esteemed clients both in India and abroad for the trust and confidence reposed in us. I wish the Company greater success in the years to come.

S.S. Khurana
Chairman

New Delhi

Dated: 4th September 2009

DIRECTORS' REPORT

Distinguished Shareholders of Irrcon,

The Directors of your Company have pleasure in presenting their 33rd Report of the Company for the financial year 2008-09.

PERFORMANCE HIGHLIGHTS

Your Company has recorded an all around improvement in the performance with its highest turnover of Rs. 27876 million and a gross margin of Rs. 2319 million during 2008-09. Though there is still some pressure on the margins due to execution of some low margin nation building projects and provision on account of arrears of pay, your Company has been able to earn Rs. 1877 million as profit before tax, 17% more compared to 2007-08.

The Company has registered an operating income of Rs. 26543 million. This is attributable to expeditious execution of projects on the domestic front, as well as significant income earned from foreign projects in 2008-09.

Most of the targets under the Memorandum of Understanding between Irrcon and Ministry of Railways have been achieved which would bring your Company under “**Excellent MoU rating.**” The total dividend to the shareholders for 2008-09 works out to Rs.30 for every Rs. 10 share and amounts to Rs. 296.94 million.

Your Company completed a major portion (101 Kms of Anantnag-Rajwansher-Baramulla Section out of 119 Kms) of Qazigund- Baramulla section of Udhampur- Srinagar- Baramulla Rail Link Project in J&K which was opened for passenger train services in the valley of J&K. The balance 18 Km stretch on Qazigund - Anantnag section has also been completed. Out of 50 infrastructure development companies, Irrcon was recently (March 2009) declared by CNBC - TV18 as a winner of Infrastructure Excellence Award in Railway category for execution of Qazigund-Baramulla Rail Link Project in J&K and its impact on the Economy.

FINANCIAL HIGHLIGHTS

Some important indicators of financial performance of the Company for the year 2008-09 vis-à-vis 2007-08 are given below:

Financial Performance Indicators

		(Rupees million)		
		2008-09	2007-08	%age increase
1.	Total income/Gross sales	27876	20931	33%
2.	Total Operating income *	26543	19682	35%
3.	Operating income from Foreign Projects	8027	2331	244%
4.	Profit before tax	1877	1605	17%
5.	PBT from Foreign Projects	1021	(15.27)	Turn around from losses
6.	Gross margin	2319	2016	15%
7.	Net worth	10747	9489	13%
8.	Earnings per share (in Rupees)	141.63	114.97	23%
9.	Total Foreign Exchange Earnings	8083	2215	265%
10.	Foreign Exchange Outgo	7127	1841	287%
11.	Net Foreign Exchange Earnings	956	374	156%

* Includes unallocable operating income of Rs. 39 million in 2008-09 and Rs. Nil in 2007-08 (Refer para 7 of Notes to Accounts in Schedule 'R')

The performance of the Company on domestic front has improved in terms of operating income by 6% from Rs.17351 million in 2007-08 to Rs. 18477 million in 2008-09, but profit before tax from domestic projects has however decreased by 7% from Rs. 1596 million in 2007-08 to Rs. 1488 million in 2008-09. On the international front, performance of the Company has improved substantially both in terms of operating income and profit before tax as the figures specified above reveal. Overall, the ratio of net profit to net worth has improved to 13.04% from 11.99%, though the ratio of PBT to turnover has declined to 6.73% from 7.67% in 2007-08. The margins are expected to improve in the forthcoming years.

Foreign Exchange Earnings

There is substantial increase in Net Foreign Exchange earnings due to good progress of Malaysia project.

Dividend

The Company had paid an interim dividend of Rs. 200.93 million @ Rs. 20.30 per share i.e. 203% on the paid-up share capital of Rs. 98.98 million in February 2009 to the shareholders, with the approval of the Board of Directors. The Board of Directors has now recommended a final dividend @ Rs. 9.70 per share i.e. 97% on the paid-up share capital which would amount to Rs. 96.01 million for consideration by the shareholders. The total dividend for the year 2008-09 is the same as last year at the same rate of Rs.30 per Rs.10 share which works out to about 21.18% of the post-tax profits of Rs.1401.82 million for the year 2008-09. After approval and payment of the proposed dividend, the cumulative dividend to shareholders up to 2008-09 will then stand at Rs. 2464 million approximately.

Appropriations / Tax Provisions/ Reserves

1. An amount of Rs. 25 million has been re-appropriated to the Profit & Loss Account for the year ended 31st March 2009, in terms of section 80HHB of the Income-tax Act, 1961, taking the closing balance in Foreign Projects Reserve to Rs. 279 million.
2. An amount of Rs. 5 million has been re-appropriated to the Profit & Loss Account for the year ended 31st March 2009, in terms of section 80HHBA of the Income-tax Act, 1961, taking the closing balance in Housing Projects Reserve to Rs.49.50 million.
3. As per Accounting Standard-11, a Foreign Exchange Fluctuation Reserve had been created to reflect the exchange difference arising from translation of financial statements of non-integral foreign operation. During the year 2008-09, due to depreciation of rupee vis-à-vis USD there is a gain of Rs. 203.70 million resulting in a positive balance of Rs. 203.70 million in the said reserve.
4. As per sub section (1) of section 115-O of the Income-tax Act, 1961, a tax provision of Rs. 16.32 million has been made on the proposed dividend. The tax paid on the interim dividend disbursed during the year amounts to Rs. 34.15 million.
5. After the aforementioned appropriations, an amount of Rs. 1084.41 million has been transferred to General Reserve from the profits of the Company, taking the General Reserve as on 31st March 2009 to Rs. 10116.24 million.

OPERATIONAL PERFORMANCE

The Company secured works worth Rs. 27021 million during the year 2008-09 and works worth Rs. 280 million thereafter. The work load as on 31.3.2009 is Rs. 84551 million which excludes Algeria project secured in June 2008 but now directed by the client to be closed.

A. Foreign Projects Completed:

Your Company completed three projects abroad **during 2008-09**, two projects in Malaysia, namely, rehabilitation of about 128 km track in five sections of Malaysian Railway (KTMB), valued at around Rs. 650 million, in association with four Malaysian local contractors, and Supply and maintenance of 27 locomotives valued at Rs. 174 million; and one project for supply and erection of equipment and material at Kabul International Airport in Afghanistan, valued at USD 5.97 million (Rs. 260 million approx.).

After the close of the year, Irrcon completed a road project for pavement strengthening of about 130 Km length on East-West Highway from Belbari to Chauharawa in Nepal, originally valued at Rs. 609 million against all odds. It was scheduled to be completed by June 2007, but due to serious law and order problems, strikes, insurgency and civil commotion as well as acute shortage of diesel in the project region of Nepal, completion of the project got delayed. Accordingly Irrcon preferred claims with the Government of Nepal. Finally, in order to prevent erosion of profit already achieved, to ensure safety of Irrcon's employees, and as advised by Indian Embassy, Irrcon had applied for foreclosure of contract. The Government of Nepal agreed for reduction in the scope of work to approx. Rs. 495 million in view of the problems being faced by Irrcon. Irrcon has completed the project on 30th June 2009 and handed it over to the client.

B. New/ On-going Foreign projects:

Eight projects, including the new ones secured, are in progress -- two in Ethiopia, two in Malaysia, and one each in Mozambique, Afghanistan, Sharjah, and Sri Lanka.

Ethiopia

1. A 100 km Dera-Mechara road upgrading project funded by World Bank valued at Rs. 679 million has been substantially completed (95.61%) on 10th July 2009 and handed over to the client, Ethiopian Roads Authority. The remaining works will be completed well before the expiry of defect liability period of 12 months.
2. Irrcon secured a project, in August 2008, for procurement of sub-station equipment for Ethiopian Electric Power Corporation (EPEPCO), to be completed within a scheduled period of 18 months, at a value of Rs. 663 million, which is in progress.

Malaysia

3. Ircon continued to operate 20 meter gauge diesel locomotives on Malaysian Railway System (KTMB) during 2008-09 as per the lease and maintenance contract.
4. Ircon was awarded a double tracking project (about 94 km length between Seremban and Gemas on design and build basis including all electrification, signaling and communication works) in Malaysia by KTMB, (Ministry of Railways), Government of Malaysia, at a value of Rs. 40840 million (1 billion USD). The work is scheduled to be completed by January 2012. Physical works have started after detailed design in July 2008 as per schedule. Overall financial progress up to March 2009 was RM 680 million (i.e. 20% of the contract value), though some initial delays took place due to non-availability of encumbrance free land at some locations.

Mozambique

5. Ircon is executing works worth USD 68 million under the Beira Rail Concession Project in Mozambique awarded by Ministry of Transport (CFM), Government of Mozambique, to Companhia Dos Caminhos De Ferro Da Beira (CCFB), a joint venture company in Mozambique, in which Ircon has 25% equity stake, RITES has 26%, and CFM, a railway undertaking of Mozambique, has 49%.

The concession project has made substantial progress despite constraints. The track rehabilitation work on Dondo-Inhamitanga-Marromeu section was completed on 30th September 2008. The newly rehabilitated section from Dondo to Inhamitanga and Branch line from Inhamitanga to Marromeu was opened to traffic from 29th November 2008 with the flagging off of the first passenger train at Marromeu by the President of Mozambique. Regular passenger trains between Marromeu and Beira have started running on weekends along with some goods trains carrying lime stone from Muanza to Dondo cement factory. The people of this area have seen a passenger train running between Marromeu and Beira after a gap of 25 years. The balance works are likely to be completed by November 2009.

Financial Commitment of Ircon in this JVC is comprised of:

	Total Commitment (USD million)
Equity	1.25
Shareholders' Loans	26.75
Total	28.00

An amount of USD 1.25 million towards equity and USD 18.185 million towards shareholders' loan has already been paid. All the aforesaid commitments and payments have been made after they were approved by the Board of Directors unanimously as required by section 372A of the Companies Act, 1956.

Afghanistan

6. Ircon has secured a project on 28th December 2008 for supply and installation of 220/20 KV new Aybak sub-station, and bay expansion work at an existing Mazar-e-Sharif sub-station(220/20 KV) in Afghanistan from Ministry of Energy & Water, Afghanistan, to be completed within 18 months, at a value of Rs. 456 million, which is in progress.

Sharjah

7. Ircon had entered into an agreement in 2000-01 with WS Atkins for providing them design support for re-signalling of railway system on West Coast main line of British Railways for a year. The operating team for this project is based at Sharjah. Considering the good quality of work done by Ircon's personnel, the contract has been further extended up to December 2010.

Sri Lanka

8. Ircon has been awarded a contract by Ministry of Transport, Sri Lanka, for upgradation of Colombo-Matara coastal railway line, under Indian Line of Credit, at a value of USD 78 million (Rs. 3367 million). Out of the total work, work of USD 36.24 million has been taken up for execution in Phase I. The work is expected to be completed in July 2010.

Algeria

9. Ircon had secured as a consortium (Ircon-Aska) a double tracking project in Algeria in June 2008 from National Company for Railway Transport (SNTF), Infrastructure Section, Algeria. Ircon's share of work was 70% valued at Rs. 7805 million. The work involved laying of double track of about of 93 km between OUEDSLY and YELLELL on Algiers- Oran line by October 2010. After the issue of 'order to start the work' by client, mobilisation for the project was completed. Meanwhile, as per instructions from the client, Ircon's consortium partner was removed from the consortium and Ircon took up the work on its own. Survey and design work has also been almost completed and part consignment of rails have been procured. Physical work at site was also started. However, suddenly now client has issued 'order to stop the work' followed by a recent communication to close the contract.

C. Likely Foreign projects

Concerted efforts are being made to secure contracts in **Middle East Countries, Bangladesh, and African Countries.**

D. Projects Completed in India

During the year seven projects were completed in India, three projects pertained to construction of sub-stations for Power Grid Corporation of India Limited (PGCIL); **two** were upgradation of roads -- Bhognipur-Choudgra Road (UPSRP-04) and Katra-Bilhour Road (UPSRP-01), **one** was construction of additional works for College of Veterinary Science and Animal Husbandry at Mizoram, and **one** project was for Metro Railway Kolkata.

E. New / On-going Indian Projects:

During 2008-09 your Company secured four projects in India, namely, Ganga Bridge (railway works), Construction of RoBs in Tamil Nadu (road/ highway projects), Track work of Phase-II corridor (contract BT-2) (Delhi Metro Track works) and New University Complex of Central Institute of Fisheries Education (CIFE), Versova, Mumbai, (Phase III) (Building Works). Some new/ on-going projects in India are given at **Annexure-"A"**.

BOT project through JVC

A joint venture company (JVC) called "Ircon-Soma Tollway Private Limited" (ISTPL) incorporated on 19th April 2005, with 50% equity participation of both Ircon and Soma Enterprise Limited (a construction company) is executing a BOT project for four laning of Pimpalgaon-Dhule section of NH-3 from km 380 to km 265 in Maharashtra for National Highways Authority of India (NHAI). It is expected toll operation for Phase-I may commence in August 2009 and for the remaining portion of the road by December 2009.

Ircon has committed an amount of Rs. 640 million (its 50% share in the equity of ISTPL) by way of equity, Rs. 100 million as unsecured loan, and a corporate guarantee, if required, for an amount not exceeding Rs. 2000 million in ISTPL. So far Ircon has invested Rs. 638.70 million by way of equity in ISTPL but no corporate guarantee has been extended. However, Ircon has pledged its present shareholding and has committed pledging of future shareholding in ISTPL in connection with a term loan of Rs. 4500 million being taken by ISTPL from 8 banks, State Bank of India being the lead bank lender. All the commitments have been made after they were approved by the Board of Directors unanimously as required by section 372A of the Companies Act, 1956.

Soon after the close of the year, the Company secured a project, in April 2009, for planning, design, and construction of College of Veterinary Sciences and Animal Husbandry at Selesih, Aizwal, in Mizoram for Central Agricultural University, Imphal, at a value of Rs. 280 million.

F. Status of settlement of outstanding dues of closed foreign project, Iraq.

The Company had executed four projects in Iraq before 1990 out of which three projects (Samawa rail and signaling and Al-muthana) were covered under Deferred Payment Agreement (DPA) protocol and one project named Baiji project awarded to Ircon in 1989 was not covered under the said DPA protocol.

Due to gulf war when payments from clients were not forthcoming, Government of India (GOI) had bailed out project exporters in Iraq including Ircon under the DPA protocol.

The outstanding dues, under DPA protocol, as certified by Central Bank of Iraq (CBI) to Exim Bank up to September 1995, were settled by GOI by issuing bonds in two phases. Subsequent to 2nd phase, CBI had further certified (confirmed by Exim Bank in May 2000) the balance amount of USD 8.89 million (equivalent to Rs. 318.21 million converted at the last settlement rate of 1USD = Rs. 35.802) to Exim Bank, still awaiting settlement by GOI, for which Company had conveyed its consent to Ministry of Railways vide its letter dated 26.05.2005. Corresponding to these dues, interest payable to sub-contractors on back-to-back basis amounting to USD 4.20 million (equivalent to Rs. 150.37 million converted at the last settlement rate of 1USD= Rs 35.802) had been provided in the books of account which is still continuing.

Out of the dues (including claims) under Non-DPA protocol for USD 5.55 million, the Company has received an amount of Rs 227.20 million in 2008-09 which includes full amount towards outstanding principal of USD 3.356 million (Rs. 160.6 million @1 USD = Rs. 47.86) and interest thereon Rs 66.6 million in respect of the said Baiji Project. The balance claim of USD 2.19 million is being pursued. However, the same has not been accounted for in the books of accounts in terms of Accounting Policy No. 21(b), which will be done as and when the amount is received.

The accrued interest on DPA dues and provision for interest to sub-contractors on back-to-back basis have been translated at the last settlement rate with the Government of India, based on prudence as in previous year. Had the dues been translated at the closing exchange rate as on 31.03.2009 as per AS-11, "Other Current Assets" would have increased by Rs.130.90 million and stood at Rs.839.05 million, "Provisions" would have increased by Rs 61.86 million and stood at Rs. 4254.89 million, and "Profit before Tax" would have increased by Rs. 69.04 million and stood at Rs. 1945.70 million. (Refer para 14 of Notes to Accounts in Schedule 'R').

TECHNOLOGY UPGRADATION, ABSORPTION, AND R & D

The Company has an "Engineering Control and Audit Cell" to constantly upgrade technology and construction techniques, and to look into the aspects of appropriate designing and value engineering. The cell reviews the design and drawings for various projects and provides engineering solution, including standardization of design data to help in marketing efforts and conceptualisation of new projects with technical back up in alignment design, geo-technical analysis, etc. Ircon is using latest technology and state of the art equipments in execution of infrastructure projects.

PERSONNEL DEVELOPMENT

Cordial and harmonious industrial relations prevailed in the Company. The Company has been continuously tuning its training programmes to meet the organisational needs -- present and future -- through a systematic training need analysis. Due to boom in infrastructure development, there is a serious threat of poaching and a number of officers are leaving.

The total manpower strength as on 31st March 2009 stands at 1964 which includes 187 deputationists, majority of whom (128) are deployed on foreign projects. Out of 1575 regular employees, 1458 are employed on Indian projects. The total number of women employees is 89, out of which 40 are executives. 60% of the employees of the Company are engineers.

The Company has various schemes of staff welfare in place like educational scholarships, one time educational grants for admission to professional degrees and diploma courses, educational awards, etc. to meritorious children of employees, marriage assistance for daughters and dependant sisters of group 'C' and 'D' employees, etc. Educational assistance is also given to the wards of deceased employees. The Company has a tie-up with resorts to provide resort facilities to employees at concessional rates.

The Company has been taking up various welfare measures at its project sites both in India and abroad, like running an HIV awareness campaign in the vicinity of the project site in Ethiopia with the help of a local NGO including testing facilities for employees, workers etc. on the site.

The Company aims to provide congenial and safe working atmosphere to women employees. The Company has a complaint committee for prevention of sexual harassment at work place which immediately attends to any complaint, even informal, so that problems are nipped in the bud. The Company encourages its women employees to tap their potential by participating in various forums like Women in Public Sector (WIPS) under the aegis of SCOPE for development of women, self defense training for women organized by Delhi Police, etc.

The Company has been encouraging sports amongst its employees. Ircon Cricket team participated in DDCA (Delhi and District Cricket Association) league matches. The 33rd Annual Day was celebrated on 28th April 2009 with traditional gaiety. On this occasion, excellent work done by Ircon employees and select projects was appreciated and rewarded.

COMPLIANCES

Presidential Directive

Presidential approval was received during the year for implementation of revised pay scales and DA under both CDA and IDA pay patterns w.e.f. 1st January 2006 and 1st January 2007 respectively.

Official language

Ircon's office has been notified under Rule 10(4) of the Official Language Rules 1976 as its staff have acquired a working knowledge of Hindi. The documents specified in section 3(3) of the Official Language Act, 1963, are being issued bilingually. Company's bilingual website is being regularly updated. All the computers have bilingual facility. All the quarterly meetings of Official Language Implementation Committee, workshops, etc. are being held regularly. Progressive use of Hindi is encouraged through various incentive schemes.

Right to Information Act, 2005

As per the requirements of the Act, necessary updated information including names of Central Public Information Officer and Assistant Public Information Officer as well as State Level Public Information Officer in each of the four Regional offices of Ircon are posted on the website of the Company. Queries received are replied within the stipulated time.

Particulars of employees

No employee has drawn a remuneration of Rs. 24 lakhs or more per annum or Rs. 2 lakhs or more per month during the year 2008-09.

Conservation of Energy and environmental concerns

The Company has an 'Environmental and Health Policy' since April 2006. This Policy of the Company envisages establishment and maintenance of environmental system in all construction activities. It seeks to follow best environmental management practices in addition to compliance with the relevant environmental laws. Regular internal training and awareness programmes on Environmental Management System are conducted at project sites and offices of the Company. The Company is making a study with an intention to introduce Environmental Management System as per ISO-14001.

Within the scope available for saving energy in construction contracts, every effort is being made for conserving energy and reducing its consumption. All the Plants have pollution control and dust mitigation systems. The camp sites, workshops, etc. have necessary devices like oil traps and other measures so that air and water bodies are not contaminated. Environment Management Plan has been implemented in World Bank funded

road and other projects.

Various state of the art systems have been installed and environment friendly technology has been adopted in the Corporate Office building to conserve energy.

Vigilance activities

Vigilance cell of Ircon is headed by a full time Chief Vigilance Officer (CVO) on deputation from the Government. The CVO oversees both preventive as well as punitive vigilance.

Briefly the vigilance activities included settlement of various complaint cases; issue of various circulars based on guidelines issued by CVC and Railway Board for system improvement and compliance from vigilance angle; time-bound settlement of punitive vigilance cases; accelerating the process of preventive vigilance; enforcement of rotational transfers, specially sensitive posts; induction of better transparency in tenders/ contracts; circulation of Do's & Don'ts for all works and also for officers working in projects; vigilance training for executives and putting in place the complaint handling & grievance redressal system etc. The vigilance set up in the organization has been suitably strengthened and trained to discharge the above functions effectively. A number of measures has been initiated in respect of thrust areas identified for focused attention such as "Leveraging of technology for improving vigilance administration"; system improvement and e-tendering/payment etc. As a result of concerted efforts made by the vigilance set up in the sphere of preventive vigilance, the number of punitive cases has been minimized.

QUALITY MANAGEMENT

Quality Management System (QMS) has been successfully sustained and continually improved since 1996 when the Company as a whole was first certified for ISO-9002 by TUV Suddeutschland Private Limited (TUV). Ircon has also been re-certified by TUV as per latest revised code ISO-9001-2000 in 2003, which has been revalidated after every three years. During August-September 2008, recertification audit was conducted wherein the certification was validated for a further period of 3 years up to 28.09.2011.

INFORMATION TECHNOLOGY AND DEVELOPMENT OF ERP

Ircon is maintaining state of the art data center facilities with dedicated leased line circuits for data communication between projects and corporate office. Data center is equipped with network and internet security appliances for secured high speed LAN and WAN connectivity. Ircon is using environment friendly Linux based thin-client solution for effective management of user's data centrally, and in a secured manner.

Primavera based Project Management Information System is being used to monitor plans and progress of projects in Malaysia and Jammu and Kashmir. Specialized softwares for creation of designs of International Standard, Online Progress Reporting (OPR) System for monitoring the progress of projects periodically, and Knowledge Management Portal for maintaining organization wide knowledge are also being used.

SAP ERP based Integrated Information System (IIS) is in use for effective management of Finance and Human Resources. ERP modules developed so far are being used on stand alone mode. The process of implementation of ERP in Ircon has been adversely affected as these modules could not be integrated and customized so far to suit the requirements of the Company. The ERP system developed in Ircon has been audited by the principal software vendor, and further options are being evaluated.

AWARDS

The Company secured an award titled "one of India's most admired construction companies" from Construction World, a construction business magazine, which was presented by Mr. Anil Deshmukh, the then Minister for Public Works, Government of Maharashtra, to Mr. Ankush Krishan, the then Managing Director, Ircon, at a function held in Mumbai on 24th October 2008.

Ircon received 'Infrastructure Excellence Award' in Railway Category on 25th March 2009 for execution of Qazigund - Baramulla Rail Link Project and its impact on the economy from Essar Steel and E-18 in association with CNBC - TV18.



Mr. Mohan Tiwari, MD, IRCON receiving Infrastructure Excellence Award

INTEGRAL REPORTS

A "Management Discussion and Analysis Report" and a "Corporate Governance Report" form an integral part of this Directors' Report as per the requirement of clause 49 of listing agreement and have been placed as its **Annexures "B" & "C"** respectively.

The Management Discussion and Analysis Report provides an overview of the affairs of the Company, its business environment, mission & objectives, outlook, operational performance, its resources & systems, strengths, opportunities, constraints, risks & concerns, strategies, prospects, etc.

The Corporate Governance Report highlights the philosophy of Corporate Governance and Key Values of the Company, composition of Board of Directors and its Committees, their details including profile of directors who joined the Board during 2008-09 and thereafter, attendance and remuneration of directors etc., other relevant disclosures, CEO/ CFO Certification, and general information for shareholders. It is supplemented by following compliance certificates:

- (i) Certificate signed by the Managing Director affirming receipt of compliance with the Code of Conduct from all Board members and Senior Management personnel during the year 2008-09 (**placed at Annexure "C-1"**) as per clause 49 (I) (D) (ii) of the Listing Agreement;
- (ii) Certificate from Managing Director and Director Finance about due compliance of sub-clauses (a) to (d) of clause 49 (V) of the Listing Agreement (**placed at Annexure "C-2"**); and
- (iii) Certificate of compliance of Corporate Governance provisions of clause 49 signed by a practising company secretary (**placed at Annexure "C-3"**) as per clause 49 (VII) of the Listing Agreement.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure except as otherwise stated in the annual accounts.
- ii) that such accounting policies were selected and applied consistently and such judgements and estimates were made that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended on 31st March 2009 and of the profit of the Company for the year 2008-09.
- iii) that proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the annual accounts have been prepared on a going concern basis.

BOARD OF DIRECTORS

During April 2008 to March 2009, six meetings of the Board of Directors were held with three meetings in the quarter ended September 2008, one meeting each in the quarters ended June 2008, December 2008, and March 2009.

The following Directors ceased to hold office during 2008-09:-

1	Mr. K.C. Jena Part-time Chairman (official)	Ceased to be Director due to superannuation on 31.01.2009 (AN). Held office from 19.09.2007 (FN) to 31.01.2009 (AN).
2	Mr. Ankush Krishan Managing Director	Ceased to be Director due to superannuation on 31.01.2009 (AN). Held office from 01.09.2006 (FN) to 31.01.2009 (AN).
3	Mr. Mohan Tiwari Director Projects	Relinquished the post of Director Projects, on 01.02.2009 (FN), due to appointment as Managing Director. Held office from 08.08.2003 (AN) to 01.02.2009 (FN).
4	Mr. R.K. Goyal Part-time (official) Director	Ceased to be Director due to superannuation on 30.11.2008 (AN). Held office from 10.04.2008 (FN) to 30.11.2008 (AN)

The following Director ceased to hold office after 31st March 2009:-

1	Mr. Sudhir Mathur Director Finance	Ceased to be Director due to superannuation on 30.06.2009 (AN). Held office from 01.11.2005 (FN) to 30.06.2009 (AN).
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The following Directors are holding office as on date:-

1	Mr. S.S. Khurana, Part-time Chairman (official)	From 16.03.2009 (FN) onwards
2	Mr. Mohan Tiwari, Managing Director	From 01.02.2009 (FN) assumed the charge of the post of Managing Director. Earlier he was working as Director Projects from 08.08.2003 (AN).
3	Mr. Madan Lal, Director Works	From 23.04.2007 (FN) onwards
4	Mr. R. Subramanian, Part-time Director (non-official)	From 29.06.2007 (FN) onwards
5	Mr. N. Parthasarathy, Part-time Director (non-official)	From 01.10.2007 (FN) onwards
6	Mr. A. K. Tiwari, Part-time Director (official)	From 19.01.2009 (FN) onwards

AUDITORS

The auditors of the Company appointed by the Government of India for 2008-09 are:-

Statutory Auditors:

Gianender & Associates, New Delhi	For Company as a whole
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Branch Auditors for projects in India:

Gianender & Associates, New Delhi	All projects under Northern Region
Prem Gupta & Co., New Delhi	All projects in Jammu & Kashmir and Punjab (Designated as Srinagar Region)
Prakash & Santosh, Kanpur (Uttar Pradesh)	UP-01, UP-04, UP-05, Allahabad Projects, Gwalior, MAP Jhansi, Lucknow, Mughalsarai, etc. (Designated as Kanpur Region)
A. Kayes & Co., Kolkata (West Bengal)	All projects under Eastern Region
Mittal & Associates, Mumbai (Maharashtra)	All projects under Western Region
A.R. Viswanathan & Co., Bengaluru (Karnataka)	All projects under Southern Region

Branch Auditors for projects Abroad:

Gianender & Associates, New Delhi	All projects in Malaysia
N. Krishnaswamy & Co., Nepal	Nepal
HST & Co., Ethiopia	Ethiopia
SCA Consultores, Mozambique	Mozambique
S.N. Nanda & Co., Afghanistan	Afghanistan
Fiduciaire D'expertise Comptable Fidexa	Algeria

ACKNOWLEDGEMENT

We record our appreciation and thanks to the Ministry of Railways, Ministry of External Affairs and other Ministries, Reserve Bank of India, EXIM Bank, State Bank of India, Export Credit and Guarantee Corporation, various banks, Embassies, Protector of Immigration, Passport Authority, Doordarshan, All India Radio, and our esteemed clients both in India and abroad for their continued interest in and support to the Company. We place our appreciation on record for all our predecessors for their invaluable contribution to the growth of the Company.

We take this opportunity to reaffirm our trust in the competence and sincerity of purpose of the employees of this Company and record our grateful thanks to them for their tireless work to achieve the cherished goals of the Company and their dedication to quality which keeps the flag of Ircon high and strong at all times.

For and on behalf of the Board of Directors

S.S. Khurana
Chairman

New Delhi
Dated: 30.07.2009

BOARD OF DIRECTORS

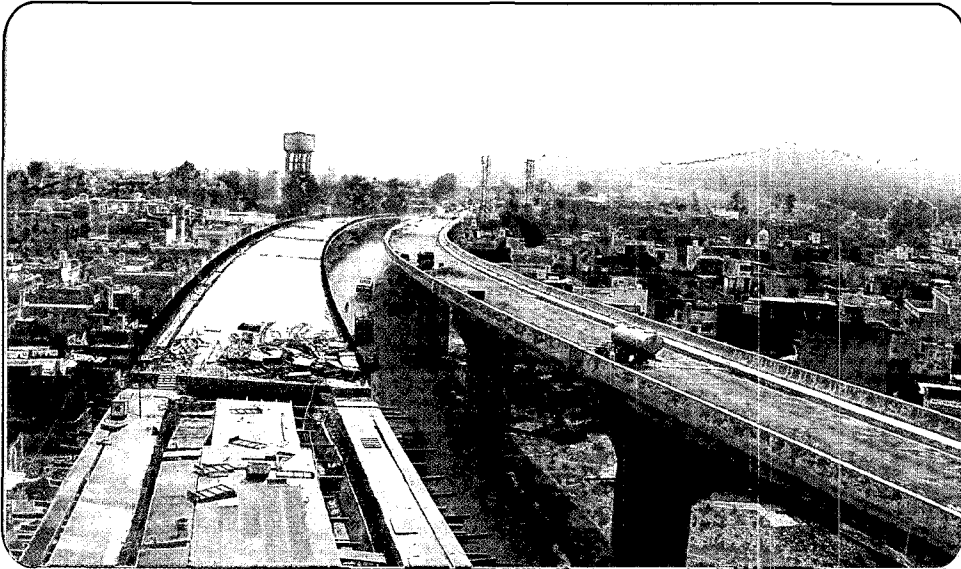
(From left to right) N. Parthasarathy, Madan Lal, S.S. Khurana, Mohan Tiwari, A.K. Tiwari, R. Subramanian

Annexure - "A"

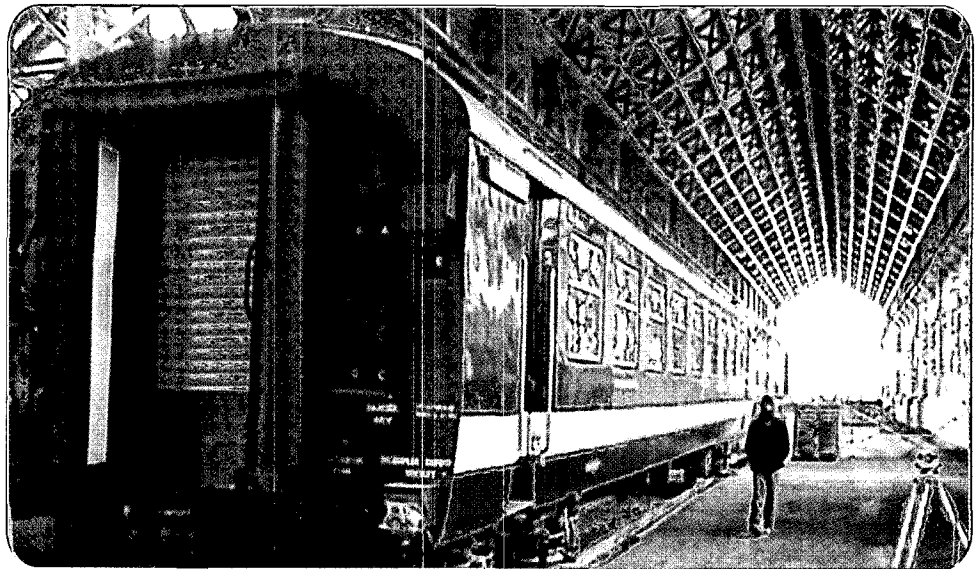
New / On-going Indian Projects

		(Rupees million)
	Name of the Project	Project Value
	Railway works:	
1.	Qazigund-Srinagar-Baramulla New BG Rail Link Project in J&K (Main work completed).	18900
2.	Laole-Qazigund New BG Rail Link Project in J&K.	17390
3.	Construction of steel superstructure and other ancillary works of rail- cum-road bridge across river Ganga at Patna.	11913
4.	Construction of Road Over Bridges (ROBs) in the State of Bihar.	3386.5
5.	Enhancement of coach production capacity and setting up a wheel shop at Rail Coach Factory, Kapurthala.	1075.46
	Railways –RVNL (Rail Vikas Nigam Limited) works:	
6.	Gauge conversion including electrical works on Rewari-Ajmer section of North Western Railway. Expected to be completed by December 2009. This is one of the biggest single Gauge conversion projects on Indian Railways.	1577
7.	Construction of roadbed, bridges, facilities, installation of track and electrification in connection with provision of 3rd line of Aligargh-Ghaziabad section (106 Kms.) in the State of Uttar Pradesh (in JV with Gannon Dunkerley & Co. Ltd.).	1245 (Ircon's share)
	Road/Highway projects:	
8.	Implementation of Pradhan Mantri Gram Sadak Yojana (PMGSY) for taking up execution of rural roads in 8 districts in the State of Bihar.	9717
9.	Development of State Highways in five districts of Darbhanga, Madhubani, Vaishali, Muzaffarpur and Samastipur under Rashtriya Sam Vikas Yojana (RSVY) in Bihar.	6514
10.	Rehabilitation and upgradation of NH-25 (Km. 170.00 to Km. 220.00) to 4-lane configuration on the East-West Corridor in Uttar Pradesh (UP-5). Progress achieved up to 30.06.2009 is only 54% due to delay in land acquisition, and serious law and order problem.	3030
11.	Widening and Strengthening of existing NH-31 from 2-lane to 4-lane (Km 526.00 to Km 507.00 of Siliguri-Islampur section and Islampur Bypass of 10.31 Km length in West Bengal) on the East-West Corridor under Phase II Programme of NHDP. Progress of the project is affected seriously as client failed to hand over substantial land even after scheduled date of completion. Work has however been completed on the stretch where land was handed over by the client.	2580.58
12.	New Mangalore Port Road Connectivity Project – four laning and strengthening of NH-17, NH-48 and Mangalore Bypass in Karnataka. Progress of project got affected seriously on account of non-availability of required land and delay in shifting of utility services by the client. Entire stretch of land is yet to be handed over by the client. The work is almost complete in the encumbrance free land.	1708
13.	Construction of road over bridges in Madurai - Kanyakumari section of NH-7 including approaches and culverts in the state of Tamil Nadu. Progress achieved up to 30.06.2009 is 75.25%.	1444.5
14.	Six-laning of National Highway (NH-1) in the State of Haryana (Km. 66.000 to Km. 86.000 of Panchi Gujran to Panipat section). Progress achieved up to 30.06.2009 is 94.76%.	1216
15.	Construction of Road Over Bridges in Northern Region (Punjab and Jammu & Kashmir).	950

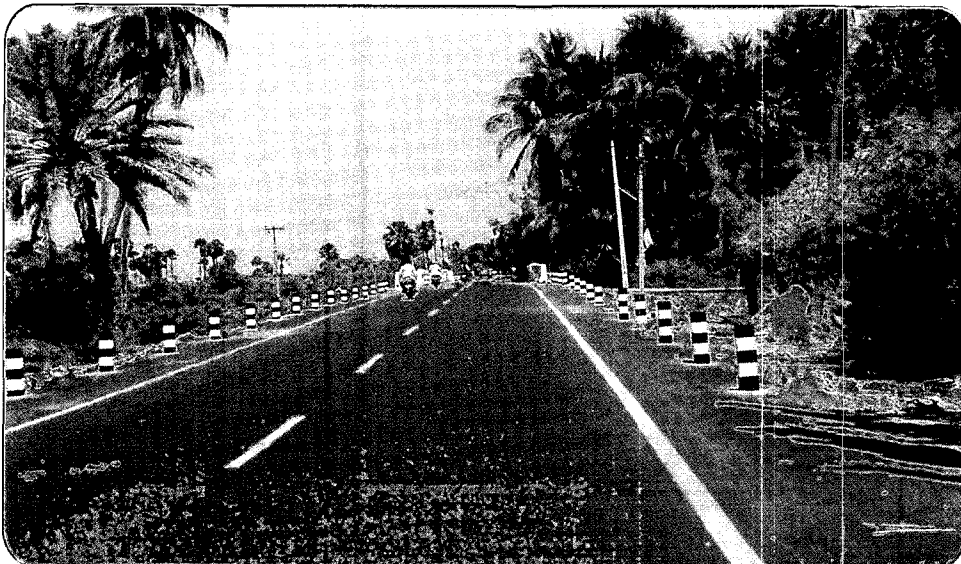
16.	Upgradation of Roads from Nagapattinam to Kattumavadi and New bypass at Nagapattinam, Tituthuraipundi and Muthupet (TNRSP-02) (in JV with SMJ, Indonesia) in Tamil Nadu. Progress achieved up to 30.06.2009 is about 93%.	1137 (Ircon's share)
17.	Construction of six ROBs in bypasses of Polur, Tirvannamalai, Vridhachalam and Ariyalur in Tamil Nadu. This work is as a supplementary agreement to TNRSP-02.	231
Metro Rail works:		
18.	Delhi MRTS Project Phase-II Project (Contract BE-8) — Supply, installation, testing, commissioning of receiving cum traction cum auxiliary main substations at Jahangirpuri, Mundka, Ambedkar colony (Japan Bank for International Co-operation (JBIC) funded), and Botanical garden (Noida) and Sushant Lok (Gurgaon) (Non JBIC funded).	1450
19.	Supply, installation, testing, and commissioning of track work of Phase-II Corridor (Central Secretariat to Gurgaon) (Contract BT-2).	763
20.	Delhi MRTS Project Phase-II (Contract BC-18). Contract was awarded to a consortium (called "Metro Tunneling Group"(MTG)), of five companies namely, (a) Dywidag (29%); (b) L&T (26%); (c) Samsung (26%); (d) Ircon (9.5%);and (e) Shimizu (9.5%).	501 (Ircon's participating interest)
21.	Supply, erection, testing and commissioning of traction and auxiliary sub-stations in Tollygunj-Garia section.	475
Electrification works:		
22.	Railway electrification and associated civil and S&T works for Mughalsarai-Utaratia section (Gr. 136 and 137 under RE Project Lucknow).	3272
23.	11 KV distribution network of Kerala State Electricity Board at Thiruvananthapuram city and Kochi city.	1996
24.	Design, supply, erection, testing and commissioning of 220 KV sub-station and double circuit line at Cuncolim.	740
Building Projects:		
25.	Three Married Accommodation Projects (MAP) in Allahabad, Bhopal, and Jhansi. MAP at Allahabad is substantially complete with 99.91% progress.	3625
26.	New University Complex of Central Institute of Fisheries Education (CIFE), Versova, Mumbai, (Phase III).	380



ROB - Pathankot Project



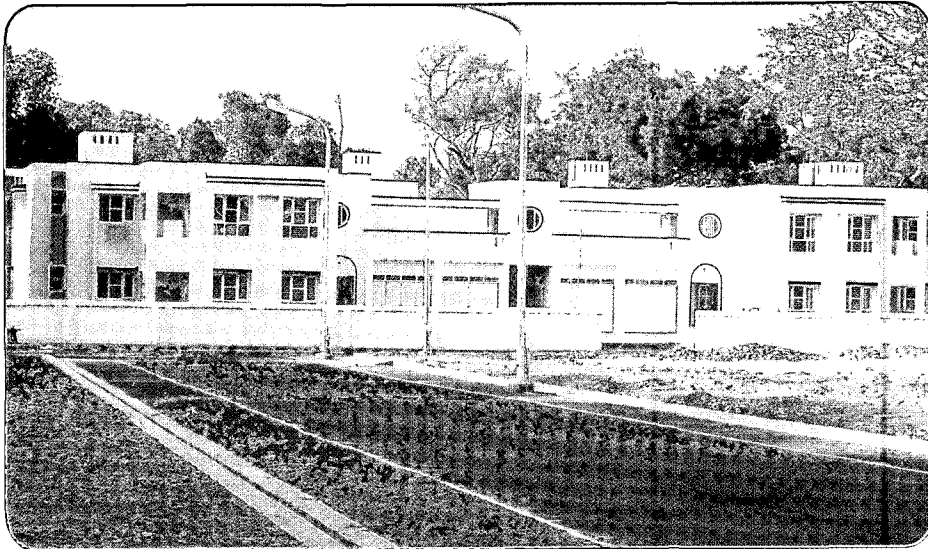
Construction and Completion of DMU Shed - J&K Project



Completed Road - TNRSP-02 Project



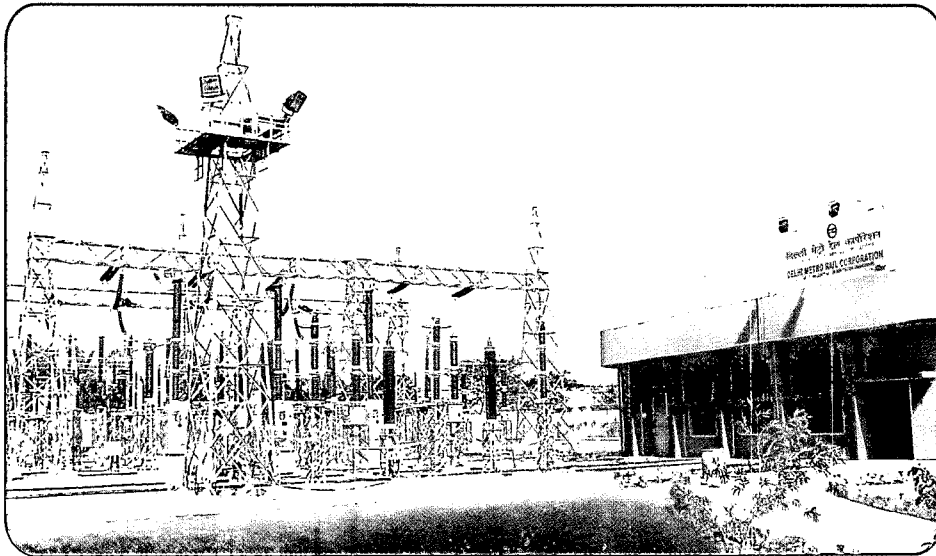
Inauguration of Phase-III Mazhom to Baramulla - J&K Project by the Prime Minister of India



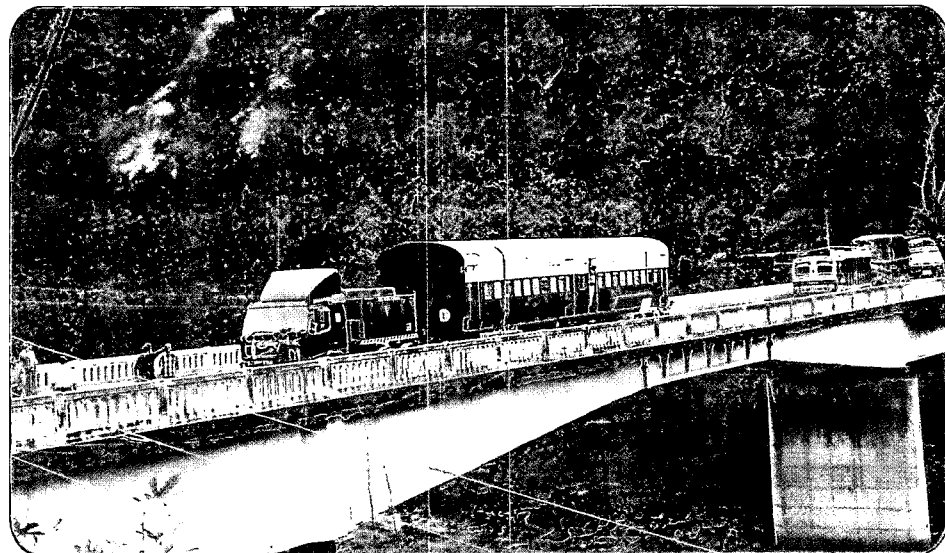
Married Accommodation Project, Allahabad



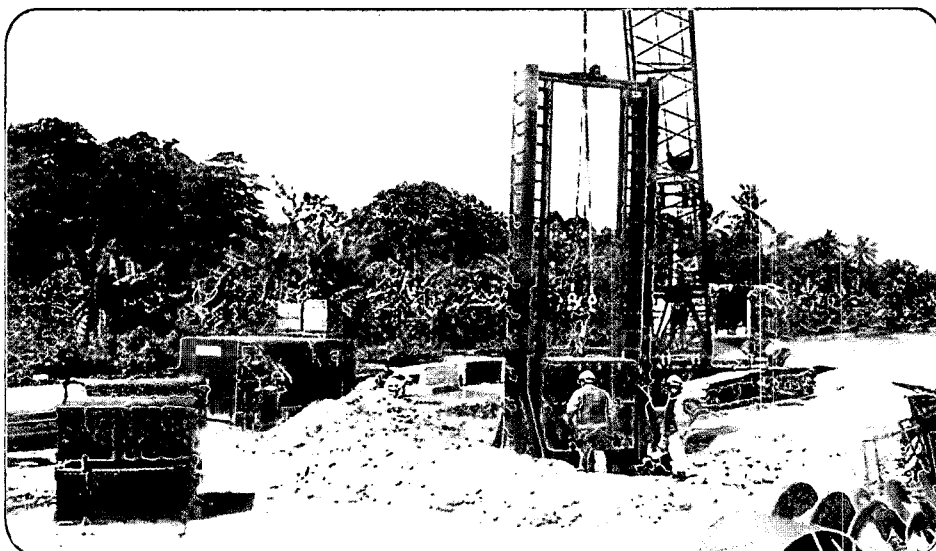
T-80 Tunnel - J&K Project



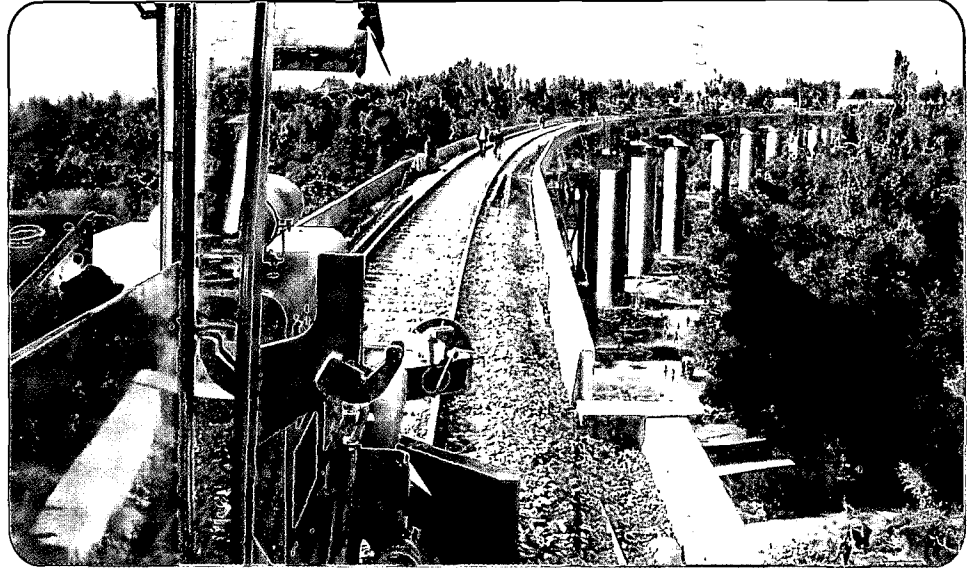
Sub-Station at Jahangirpuri - DMRC - BE- 8 Project, New Delhi



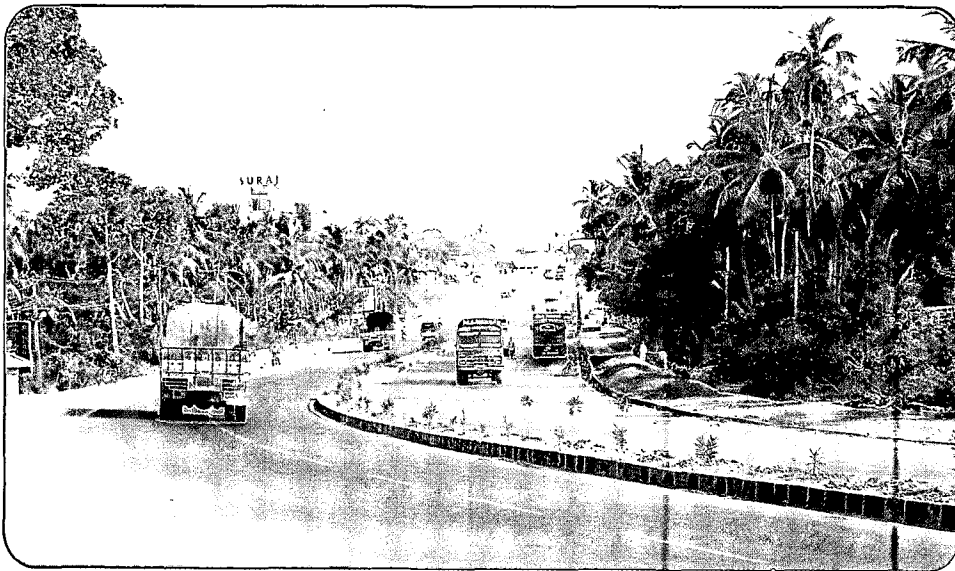
Coach Transportation By Road - J&K Project



Pile Density Analysis Test on Bored Pile 3VP47 (P6) - Malaysia Project



Ballast Regulator Machine (BRM) in action - J&K Project



Completed Road - Mangalore Project



Completed View of Budgam Railway Station - J&K Project

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

IRCONASA CONSTRUCTION COMPANY -- AN OVERVIEW

Ircon has a long standing reputation as a consistent sectoral leader amongst the public sector construction companies in the Country with specialization in Railway and Highway constructions on turnkey basis and otherwise. Ircon has been earning profits every year right from the second year of its incorporation. Ircon has been one of the few construction companies in the public sector to have earned substantial foreign exchange for the Country and paid dividend without fail every year to the Government. No financial support is availed from the Government. After commencing business as a railway construction company it diversified progressively since 1985 to roads, buildings, airport construction, commercial complexes, as well as to metro works.

Ircon has executed many land mark construction projects in the last 33 years both in the Country and abroad. In India, in particular, Ircon is known for undertaking projects even in difficult terrains and disturbed regions. Private sector companies normally do not easily venture into these areas on their own.

Ircon is an ISO certified Company, a Schedule 'A' public sector company, and a Mini Ratna- category I.

BUSINESS ENVIRONMENT

The global financial meltdown and consequent economic recession in developed economies hit the world with severity during 2008-09. The effect on the Indian economy was not significant in the beginning and it was believed that the emerging economies could remain largely insulated from the crisis but, Indian economy also experienced slowdown and posted a growth rate of 6.7% in 2008-09 as compared to 9% in 2007-08.

Even in the current global recession there lie opportunities for Ircon in the new infrastructure projects high on Government's agenda. Ircon would be concentrating more on bidding for/ taking up central/ state government infrastructure projects. On the domestic front, Ircon is already executing projects under various schemes like Pradhan Mantri Gram Sadak Yojana (PMGSY), Rashtriya Sam Vikas Yojana (RSVY), and National Highway Development Programme (NHDP), etc.

In particular, the opportunities abound in the following areas:

- increased scope in Railway Projects through Dedicated Freight Corridor Corporation of India Limited (DFCCIL).
- construction of road over bridges (ROBs) for Railways.
- construction of multi functional complexes to upgrade passenger amenities on railway stations .
- Highways, under NHDP (Phase I to VII) being implemented by National Highways Authority of India (NHAI), for which the Government has increased budget allocation by 23%.
- Special Accelerated Road Development Programme for North-Eastern region (SARDP-NE) (Phase A and B).
- Metro Projects which are at various stages of development in cities like Delhi, Kolkata, Bengaluru, etc. and being planned for various other cities like Cochin, Chennai, Hyderabad, etc. The Company, having already gained experience and credibility with Delhi Metro works (Phase I and II), can utilize these opportunities.

On the international front, Ircon is executing projects in Malaysia, Sri Lanka, Ethiopia, Mozambique, Nepal, Afghanistan, etc. Further opportunities lie in Middle East Countries, Bangladesh, and African Countries.

OUTLOOK

The Vision, Mission and Objectives of the Company as stated in its Memorandum of Understanding with the Ministry of Railways for 2009-10 are:-

Vision

To be recognised nationally and internationally as a specialised construction organisation comparable with the best in the field covering the entire spectrum of construction activities and services in the infrastructure sector.

Mission

- i) To effectively position the Company so as to meet the construction needs of infrastructure development of the changing economic scene in India and abroad.
- ii) To earn global recognition by providing high quality products and services in time and in conformity with the best practices in terms of engineering as well as good corporate governance and customer satisfaction.

Objectives

- i) To enhance the size and value of business activities of the Company so as to achieve a turnover of Rs.30000 million by the year 2011-12.
- ii) To achieve optimal returns on the capital employed.

FINANCIAL PERFORMANCE

Ircon's total income crossed the landmark of Rs. 25,000 million during 2008-09. The all time high total income of Rs. 27876 million is 33% more than the total income of Rs. 20931 million achieved in 2007-08. Foreign projects have contributed to higher operating income of Rs. 8027 million as compared to Rs. 2331 million during 2007-08. Profit before tax also increased by 17% to Rs. 1877 million in 2008-09 from Rs. 1605 million in 2007-08, out of which Rs. 1021 million (about 55%) arose from foreign projects. Net Worth increased by 13% and Gross Margin increased by 15% during the year. The earning per share has increased by 23% from Rs. 114.97 in 2007-08 to Rs. 141.63 in 2008-09. Ircon earned creditable net foreign exchange in 2008-09 to the tune of Rs. 956 million which has been a quantum jump of 156% from Rs. 374 million earned in 2007-08.

The Company has proposed a dividend @ Rs. 9.70 per share (97% on the paid-up share capital) over and above the interim dividend @ Rs. 20.30 per share (203%) declared and paid in February 2009. The dividend of Rs. 96.01 million payable after declaration at the Annual General Meeting and the interim dividend amount already paid (Rs. 200.93 million) would take the total dividend for the year 2008-09 to Rs. 296.94 million.

OPERATIONAL PERFORMANCE

Railways and Highways continued to be the primary sectors of interest. During 2008-09, Railways accounted for 55% of operating income, Highways accounted for 35%, and the balance 10% resulted from buildings, electrical sub-stations, etc. A sector-wise comparative position is given below. The table shows that proportion of railway works vis-à-vis highway works is increasing as compared to last two years. The proportion of railway works has increased from 47% in 2006-07 to 55% in 2008-09, whereas the highway sector has maintained its proportion at 35-36% during the period, with 47% in the intermediate year of 2007-08. The proportion of income from buildings has declined from 10% to 2%. However, the share of income from electrical projects and sub-stations which form part of "Others" has increased by about 83% in the last two years.

(Rupees million)

	2006-07		2007-08		2008-09	
	Operating Income	%	Operating Income	%	Operating Income	%
Railways	6923	47	8345	42	14491	55
Highways	5280	36	9252	47	9339	35
Buildings	1486	10	892	5	599	2
Others*	1059	7	1193	6	2114	8
Total	14748		19682		26543	

* Includes income from Electrical Projects (Rs. 968 million during 2006-07, Rs.1121 million during 2007-08, and Rs. 1772 million during 2008-09).

After securing the Rs. 40840 million (1 Billion USD) project in Malaysia in 2007-08, the pre-dominant share of income from domestic projects was expected to gradually decrease. The results of 2008-09 reveal that Indian projects have contributed 68% to the total income as compared to 86% during 2007-08. This trend of increase in the share of income from foreign projects is likely to continue in the next two years.

A comparative position for the last three years is given below:

(Rupees million)

	2006-07		2007-08		2008-09	
	Total Income	%	Total Income	%	Total Income	%
Foreign	1412	9	2504	12	8391	30
Domestic	13581	88	17990	86	19065	68
Unallocated	439	3	437	2	420	2
Total	15432		20931		27876	

STRENGTHS

Ircon has rich experience of executing a large number of international projects, especially in developing countries. The key strengths of Ircon are impressive financials (reflected in the consistent profitability and a healthy balance sheet of the Company), established credentials, competent manpower, association with Indian Railways and rich overseas experience of quality performance in time to the satisfaction of customers.

OPPORTUNITIES

A revival of interest in the development of infrastructure sector in India as well as abroad, particularly in Railway sector, has multiplied the opportunities for securing more business. The Company has geared itself to benefit from the boom in construction business.

CONSTRAINTS

Though every organization has to work within a certain legal framework, Ircon as a public sector company faces additional constraints (not applicable to private sector companies) which puts it at a disadvantage in a competitive market. Availability of soft credit with overseas competitors and high liquidity with private investors are some of the other restraining factors. Government guidelines restrict equity investment powers of Ircon (granted by Company Law), which come in the way of availing new business opportunities promptly. Further, delay in filling up of Board level posts especially of independent directors acts as a constraint in the process of ensuring effective Board Management.

STRATEGY

The Company is focussed towards strategic marketing to sustain and improve its order book position by giving thrust to its areas of core competence and international business. Core competence of the Company namely, Railways, Highways, electric sub-stations, and Railway Electrification is being further consolidated, and efforts are on to develop and establish competence in upcoming and new areas of metro, expressways and to enter into hydro-electric power through strategic alliances. Business Development Cell has been strengthened to cover all business development functions.

RISKS AND CONCERNS

A formal Risk Management framework is in place from August 2007. The Company has a Risk Management Committee and a Rapid Action Group to ensure its implementation. Risk Management Policy, Risk Management Processes, and MIS reports on Risk Management have been evolved in accordance with the Framework, which are being reviewed periodically by the Audit Committee. The Rapid Action Group made a study, in January 2009, on the impact of global economic meltdown on Ircon and its works, and apprised the Audit Committee about the factors that might affect Ircon.

The Company also took steps to get itself rated from an external rating agency based on BASEL II norms of the Reserve Bank of India (RBI) to assess the minimum capital requirements based on the risk ratings and credit worthiness while bidding for projects. Ircon has been assigned a 'CARE AAA' rating by Credit Analysis & Research Limited (CARE) for long-term non-fund based bank facilities and a 'PR1+' rating for short-term non-fund based bank facilities. According to CARE "CARE's ratings are opinions on credit quality based on established track record of the Company. The ratings derive strength from established track record of the Company in varied construction activities, proven project execution capabilities, technical expertise in railway sector, support from Government/ Ministry of Railways, robust order book position including projects aided by multilateral agencies, impressive clientele in India and abroad, comfortable profit margins, favourable financial risk profile with near zero debt and comfortable liquidity position backed by unutilized working capital limits. Risks inherent in execution of international projects especially in difficult terrains and territories are key rating sensitivities."

In India a major concern in execution of projects is non-availability of encumbrance free land due to which there is a risk of time and cost overruns. The problems faced by the Company in foreign projects are unique.

Execution of projects abroad perforce necessitates parking of funds in foreign banks for operational purposes. Such parking is amenable to foreign exchange rate fluctuations. In order to hedge this risk, foreign exchange movements are constantly monitored and conversion of funds from one currency to another is done on the basis of cross currency movements with excess funds being repatriated to India in accordance with the applicable laws.

The Company's employees and projects have been and are exposed to risks and threats to life, liberty, and property while operating in risky geographical areas. The Company however takes pride in executing prestigious works in the Nation Building task. The Company has taken measures with the help of the Government to provide adequate security, facilities, and also insurance coverage in such places. The Company

has a safety policy, a safety manual, and a system in place. Stray incident of accident at site did take place during the year which was immediately attended to on top priority.

INTERNAL CONTROL SYSTEM

The Company has adequate internal control and internal audit systems commensurate with its size and nature of business. To make the internal control system more effective and project specific, a comprehensive internal audit manual is in place with guidelines for internal auditors. The Ministry of Railways has cited this manual as a model for other public sector companies of Railways. The Manual is expected to be revised shortly.

All projects are planned effectively on software based techniques. Key date and milestone based contract management has been effectively implemented on most of the projects. Key projects are closely monitored through online reporting formats to control the key performance indices. A system of technical and financial audit and control monitors the performance of projects working below margin.

The Company has an Audit Committee in place in accordance with clause 49 of the Listing Agreement, and section 292A of the Companies Act, 1956. The internal control and audit systems are being reviewed periodically by the Management as well as the Audit Committee, followed up by corrective action.

HUMAN RESOURCE

The Company aims to achieve the right size and right mix of human resource/ employees for the organization. The Company has been focussing its attention on recruiting the right young talent to grow with the Company. All the persons recruited during 2008-09 (on regular and contract basis) are professionally qualified persons.

Professional development and personality development within the organization as a tool for *enhancement and up-gradation* of skills has been made an integral part of Human Resource Management. The Company has been collaborating with various reputed Institutions to develop a focussed work force for construction and infrastructure implementation.

REPORT ON CORPORATE GOVERNANCE

(As per Annexure I C to Clause 49 of Listing Agreement with Stock Exchanges)

1. Company's Philosophy on Corporate Governance & Key Values

Ircon's code of Corporate Governance is "To Be Professional, Profitable, and Accountable with excellence in every sphere of activity of the Company."

The **Key Values** of the Company formally adopted by the Board of Directors are:

1. Constructive approach
2. Working as a team
3. Excellence in performance
4. Probity in work and dealings
5. Being responsible and accountable

2. Board of Directors

2.1 Composition of Board of Directors

Present strength of the Board of Directors is six comprising two independent directors, two whole-time directors (Managing Director and Director Works) and two government nominated [part-time (official)] directors including Chairman.

Normal strength of the Board of directors of the Company, till 2005, was ten consisting of four whole-time directors (with a tenure of 5 years or till superannuation, whichever is earlier), two part-time (official) directors from Administrative Ministry, and four independent directors with a tenure of 3 years.

2.2 Strength of Independent Directors

The tenure of all the four independent directors concluded in 2005. After a gap of two years, two independent directors joined the Board of Ircon in 2007. Ircon continues to have only two independent directors on its Board, though representations have been made to the Ministry of Railways for appointing four more independent directors on the Board of Ircon.

Article 48 of Articles of Association of Ircon provides that the number of directors on the Board shall not be more than fifteen. The present sanctioned strength of whole-time directors is four and since government nominated directors are two, in number, (including the part-time Chairman) the requisite strength of Board of Directors is twelve. The required number of independent directors is six, i.e. 50% of total strength in terms of clause 49(I)(A)(ii) of the Listing Agreement.

2.3 Changes in Whole-time Directors

Mr. Mohan Tiwari (earlier holding the post of Whole-time Director -- Director Projects) was appointed and assumed the office of Managing Director w.e.f. 1st February 2009 (FN), in place of Mr. Ankush Krishan who ceased to be Managing Director w.e.f. 31st January 2009 (AN) on attaining the age of superannuation. Mr. Sudhir Mathur, ceased to be Director Finance w.e.f. 30th June 2009 (AN) on attaining the age of superannuation.

As on 01.07.2009, posts of two Whole-time Directors, that of Director Finance and Director Projects, are lying vacant.

2.4 Changes in Part-time (Official) Directors

Mr. S.S. Khurana, Chairman, Railway Board, was appointed as Chairman, Ircon w.e.f. 16th March 2009, the date of Government order and his consent, in place of Mr. K.C. Jena who ceased to be Chairman, Ircon, w.e.f. 31st January 2009 on attaining the age of superannuation.

Part-time (official) Director, Mr. A.K. Tiwari, Additional Member (Planning), Ministry of Railways, was appointed on the Board of Ircon w.e.f. 19th January 2009, the date of Government order and his consent, in place of Mr. R.K. Goyal, who was Additional Member (Planning), Ministry of Railways, and ceased to be a director on the Board of Ircon w.e.f. 30th November 2008 due to his superannuation.

2.5 The details of directors are given below:

BOARD OF DIRECTORS (As on the date of this report)

Directors	Whole-time / part-time official / independent	Members of the Boards of public companies (including Ireon) excluding Directorship in private companies	Total No. of Committee memberships held including Ireon (excluding private companies)	
			As Chairman	As Member other than Chairman
S.S. Khurana	Chairman --Part-time (official)	2	NIL	NIL
Mohan Tiwari	Managing Director -- Whole-time	1	NIL	NIL
Madan Lal	Director Works -- Whole-time	2 [#]	NIL	1
R. Subramanian	Part-time (independent)	2	2	NIL
N. Parthasarathy	Part-time (independent)	1	NIL	1
A.K. Tiwari	Part-time (official)	2	NIL	2

includes one foreign company [Companhia Dos Caminhos De Ferro Da Beira (CCFB) in Mozambique]

Ceased to be directors during 2008-09 and thereafter

Directors	Whole-time / part-time official / independent	Members of the Boards of public companies (including Ireon) excluding Directorship in private companies	Total No. of Committee memberships held including Ireon (excluding private companies)	
			As Chairman	As Member other than Chairman
R.K. Goyal [Held office from 10.04.2008 (FN) to 30.11.2008 (AN). Ceased to hold office on superannuation]	Part-time (official)	2	1	2
K. C. Jena [Held office from 19.09.2007 (FN) to 31.01.2009 (AN). Ceased to hold office on superannuation]	Chairman – Part-time (official)	2	NIL	NIL
Ankush Krishan [Held office from 01.09.2006 (FN) to 31.01.2009 (AN). Ceased to hold office on superannuation]	Managing Director – Whole-time	1	NIL	NIL
Mohan Tiwari [Held office from 08.08.2003 (AN) to 01.02.2009 (FN). Ceased to hold office consequent to his appointment as Managing Director]	Director Projects – Whole-time	1	NIL	NIL
Sudhir Mathur [Held office from 01.11.2005 (FN) to 30.06.2009 (AN). Ceased to hold office on superannuation]	Director Finance – Whole-time	1	NIL	1

Notes:

1. The term 'whole-time director' used in this report refers to functional / executive directors as contemplated in the Listing Agreement.
2. The term 'part-time director' used in this report refers to non-executive directors as contemplated in the Listing Agreement.
3. Apart from the remuneration to directors as per the terms and conditions of their appointment and entitled sitting fee to part-time (non-official) directors, as detailed in para 4 of this report, none of the directors has any material or pecuniary relationship with the Company which can affect their independence of judgement.
4. The number of Directorships is within the maximum limit of fifteen (15) as mentioned in sections 275 to 278 of the Companies Act, 1956.
5. Committees here denote Audit Committee, and Shareholders' / Investors' Grievance Committee, as per the Explanation 2 to Clause 49 (I) (C) (ii) of the Listing Agreement.
6. The number of committee memberships/chairmanships of directors is within the maximum limit of ten memberships in all including the limit of five chairmanships as prescribed in Clause 49 (I) (C) (ii) of the Listing Agreement.
7. The term 'official' indicates part-time Government nominated directors who hold office in the Government.
8. The term 'non-official / independent' indicates part-time directors who hold no office in the Government and are independent.

3. Disclosures about Directors

As per the disclosures made by the directors in terms of section 299 of the Companies Act, 1956, no relationship exists between directors inter-se. Two part-time official directors (including Chairman) are officials from the administrative Ministry i.e. Ministry of Railways and thus related to the promoters as per Explanation to clause 49(I)(A)(ii) of the Listing Agreement. Since the appointment of all directors including part-time directors is done by the Government, it has not been possible to have an item in the notice of AGM for appointment of directors as per sections 255 to 257 of the Companies Act, 1956, which require and provide the modality for appointment of not less than 2/3rd of the directors at a general meeting. The Government appoints directors and that too with a fixed tenure due to which there is no scope for actually retiring any director by rotation every year and in the process it has become impossible to give effect to sections 255 to 257 of the Companies Act, 1956, though they are applicable since the Government does not hold 100 % of the paid-up share capital of the Company.

The Company has not issued any prospectus or letter of offer during 2008-09.

3.1 Brief Resume of Directors who joined the Board as whole-time/part-time directors.**(i) R.K. Goyal, Director, Ircan
(From 10.04.2008 to 30.11.2008)**

Mr. R. K. Goyal, Additional Member (Planning) Railway Board, was a part-time official director on the Board of Ircan from 10.04.2008 to 30.11.2008.

Born on 20th November 1948, he did M.Tech (Structures) Hons. and B.Tech (Civil) from IIT, Delhi. A fellow member of Institution of Engineers (India), Institution of P. Way Engineers and Institution of Bridge Engineers (India), he joined Indian Railway Service of Engineers in 1971. He had over 36 years of rich work experience in various capacities in different fields and offices of Indian Railways. He had received training in technical fields of civil engineering and advanced track technology as well as in corporate management including strategic planning, project funding, project monitoring and control, etc., and had also undergone management training in U.K. and U.S.A.

**(ii) A.K. Tiwari, Director, Ircan
(with effect from 19.01.2009)**

Mr. A.K. Tiwari, Additional Member (Planning), Railway Board, joined the Board of Ircan as a part-time (official) director w.e.f. 19th January 2009.

Born on 24th August 1950, he did his B.Sc. (Engg.) Mechanical, from BIT Sindri, Ranchi University, in 1970. He joined Indian Railway Service of Mechanical Engineers (IRSME) in 1973. He has over 36 years' of rich experience in various capacities in different fields and offices of Railways, especially in Railway's operation & maintenance, HRS, and execution of projects. He has received training on diesel locos' maintenance & operation in Canada and USA, operation of inter modal transportation in U.K., and CNC machine technology operations & maintenance at IIT, Delhi.

**(iii) Mohan Tiwari, Managing Director, Ircan
[with effect from 01.02.2009 (FN)]**

Mr. Mohan Tiwari assumed the charge of Managing Director of the Company on 1st February 2009.

Born on 01.10.1956, he did his B.E. (Hons.) Civil from Jiwaji University, Gwalior, in 1976, M.Tech. (Structures) from IIT, Delhi in 1978, and a Post Graduate Diploma in Management from IGNOU in 1998. He joined Indian Railway Service of Engineers (IRSE) in 1979. Before joining Ircan in June 1998 as General Manager, he had over 18 years' of rich experience in various capacities in different fields and offices of Railways. As General Manager in Ircan, he was in-charge of PTP rail link project in Malaysia and was responsible for completing this project before schedule. As Executive Director (Projects) w.e.f. 23.04.2003 he was responsible for business

development, project evaluation, and monitoring the progress of Indian and foreign projects. As a Director (Projects) from 8th August 2003 (AN) to 1st February 2009 (FN), he was in-charge of Highways, NHAI Road Over Bridges, Works of Rail Vikas Nigam Ltd., Metro Track works, Electrical and Signaling works, Townships and Building Construction projects in India, and projects in Afghanistan, Iran, Ethiopia, Nepal, and Indonesia.

**(iv) S.S. Khurana, Chairman, Ircon
(with effect from 16.03.2009)**

Mr. S.S. Khurana, Chairman, Railway Board and ex officio Principal Secretary to Government of India, joined as a Part-time Chairman w.e.f. 16th March, 2009.

Born on 15th May, 1950, he did his Electrical Engineering from University of Roorkee (Now IIT/Roorkee). An officer of 1971 batch of the Indian Railway Service of Electrical Engineers (IRSEE), he has over 37 years' of rich experience in various capacities and in different fields and divisions of the Indian Railways. His important assignments included General Manager, East Coast Railway and Eastern Railway, Chief Electrical Engineer in the Central Organization for Railway Electrification (CORE), Allahabad and Divisional Railway Manager, Adra, South Eastern Railway (SER). He has also worked in the research and design aspects of electric locomotives in the Research, Design & Standards Organization (RDSO), Lucknow. He has undergone training in Sweden, Japan, and USA, including Advance Leadership Programme at Stern Business School, New York, USA.

4. Remuneration of Directors

Being a Government Company, the whole-time directors are appointed by the President of India through the Ministry of Railways and draw remuneration as per Industrial Dearness Allowance (IDA) pay scales pre-determined by the Government and as per the terms and conditions of their appointment issued by the Government.

The part-time official directors nominated on the Board do not draw any remuneration from the Company for their role as director but draw their remuneration under Central Dearness Allowance (CDA) pay scales from the Government as Government officials.

The Shareholders at 31st Annual General Meeting held on 26th September 2007 authorised the Board of Directors, to fix remuneration payable to part-time (non-official)/ independent directors by way of sitting fees within the ceiling prescribed by Rule 10-B of the Companies (Central Government's) General Rules and Forms. Pursuant to this authority, the Board of Directors at its 174th meeting held on 26th October 2007, have fixed the sitting fee at Rs. 10,000/- for every meeting of the Board of Directors and any Committee thereof.

4.1 Disclosure on Remuneration package of Whole-time Directors for 2008-09:

								(in Rupees)
Sl No.	Name of the Directors	Salary & Allowances	Other benefits & perks	Performance Linked Incentive	Retirements Benefits	Bonus/ Commission/ Ex-gratia	Stock option during the year	Total
1	Ankush Krishan, Managing Director [up to 31.01.2009]	14,61,402	2,58,881	70,389	7,24,572	-	Nil	25,15,244
2	Mohan Tiwari, [as Director Projects - up to 01.02.09 (FN); and as Managing Director – w.e.f. 01.02.09]	11,26,979	1,59,669	67,360	-	-	Nil	13,54,008
3	Sudhir Mathur, Director Finance [throughout 2008-09]	11,30,445	37,141	67,360	-	-	Nil	12,34,946
4	Madan Lal, Director Works [throughout 2008-09]	10,93,355	1,53,798	67,360	-	-	Nil	13,14,513

4.2 Details of payments made to Part-time Non-official Directors during the year 2008-09:

(in Rupees)

Sl No.	Name of the Part-time non-official Directors	Sitting Fee		Total
		Board Meeting	Committees Meeting	
1	R. Subramanian	60,000	50,000	1,10,000
2	N. Parthasarathy	60,000	50,000	1,10,000

5. Board procedure

BoD Meetings and Attendance during 2008-09:

The Board of Directors met six times during the financial year 2008-09 on: 24th April 2008, 5th July 2008, 30th July 2008, 22nd August 2008, 23rd October 2008 and 28th January 2009.

Leave of absence was granted in terms of section 283(1) (g) of the Companies Act and granted in all cases of absence by Directors.

Details of attendance of the Directors during 2008-09 are given below: -

Director	No. of Board Meetings during 2008-09		Attended last Annual General Meeting
	Held (during their respective tenures)	Attended	
K.C.Jena	6	5	Yes
S.S. Khurana	Nil	Nil	N.A.
Ankush Krishan	6	6	Yes
Sudhir Mathur	6	6	Yes
Mohan Tiwari	6	6	Yes
Madan Lal	6	6	Yes
R.Subramanian	6	6	Yes
N. Parthasarathy	6	6	No
R.K.Goyal	5	4	Yes
A.K. Tiwari	1	Nil	N.A.

Ms. Lalitha Gupta, Company Secretary, attended all the six Board Meetings held during 2008-09.

6. Code of Conduct for Board members and senior management of the Company and Key Values for entire organization [Clause 49 I (D)]

The Company has in place a Code of Conduct for Board members and for Senior Management (including whole-time directors, Additional General Managers and above, and Project/Functional heads) and also Key Values for the Company as a whole. These Codes came into effect from 1st April 2005 and have been posted on the website of the Company--www.ircon.org. The declaration signed by MD affirming receipt of compliance with the Code of Conduct and Key Values from Board of Directors and members of Senior Management team during 2008-09 is placed as **Annexure "C-1"**.

7. Audit Committee

7.1 Terms of reference for the Audit Committee as decided by the BoD are as per the role described in clause 49 II D and E of the listing agreement. In brief they include the following core areas:-

- 1) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- 2) Reviewing with the Management, the Annual Financial Statements before they are approved by the Board of Directors. In particular: -
 - a) Changes in accounting policies and practices and their reasons.
 - b) Compliance with the listing and other legal requirements relating to financial statements.

- c) Matters relating to compliance with accounting standards and disclosure in the Directors' report.
 - d) Related party transactions.
 - e) Qualifications in the draft audit report etc.
- 3) Reviewing with the Management, the quarterly financial statements before they are approved by the Board of Directors.
 - 4) Management Discussion and analysis of financial conditions and results of operations.
 - 5) Discussion with the auditors -- both internal and statutory auditors to address significant issues and areas of concern.
 - 6) Reviewing with the Management, the performance of statutory and internal auditors, adequacy of internal control systems and functions including the structure and working of internal audit department, and internal audit reports.
 - 7) Reviewing the appointment, reappointment, replacement, removal, etc. of the statutory auditors and recommending their audit fees including approval of fee for any other permissible service by the auditors.
 - 8) Reviewing appointment and remuneration of internal auditors.

Review: The Audit Committee reviewed the financial reporting process during the year, and the Annual Financial Statements for 2008-09 including the areas under Clause 49 II(D) and (E) of the Listing Agreement before the Annual Accounts for 2008-09 were approved by the Board of Directors on 24th June 2009.

No subsidiary has been formed by the Company.

7.2 Audit Committee Composition and Attendance during 2008-09:

The Audit Committee of the Board, consisting of four part-time non-official (independent) Directors of the Company, was originally set up on 28.4.2000 with the approval of Board of Directors pursuant to Clause 49 of the Listing Agreement and as per the conditions for a Mini Ratna public sector company. This has been reconstituted as and when there has been a change in independent directors.

Audit Committee is now comprised of two independent directors and one part-time official director and is headed by an independent director, in full compliance of clause 49 (II) (A) of the Listing Agreement.

The Committee had five Audit Committee meetings during the financial year 2008-09 on 24th April 2008, 5th July 2008, 30th July 2008, 23rd October 2008 and 28th January 2009.

The attendance by the members at the meetings held during the year 2008-09 is as follows:

Member	Status	Meetings held (during their respective tenures)	Meetings attended
R. Subramanian	Chairman	5	5
N. Parthasarathy	Member	5	5
R.K. Goyal	Member	4	4
A.K. Tiwari	Member	1	NIL

Ms. Lalitha Gupta, Company Secretary, is the Secretary of the Audit Committee and attended all the five meetings held during 2008-09.

8. Remuneration Committee

A remuneration committee of two independent directors, one part-time official director, and a whole-time director is in place since 20th April 2009 as required by the Government (DPE office memorandum dated 26th November 2008), to implement the recommendations of 2nd Pay Revision Committee in respect of annual bonus/variable pay pool and policy for its distribution. The present composition of the Committee is:

Mr. N. Parthasarathy, Independent Director	:	Chairman
Mr. R. Subramanian, Independent Director	:	Member
Mr. A.K. Tiwari, Part-time official Director	:	Member
Mr. Madan Lal, Whole-time Director	:	Member

(As a non-participating member in the decision of the Committee on matters pertaining to Directors' remuneration)

Ms. Lalitha Gupta, Company Secretary, is the Secretary of the Remuneration Committee.

9. Shareholders' Grievance Committee

The Company constituted a Shareholders'/Investors' Grievance Committee of directors on 6th June 2001. The Committee has been re-constituted from time to time due to change in directorships. The present composition of the Committee is:

Mr. R. Subramanian, Independent Director	:	Chairman
Mr. A.K. Tiwari, Part-time official Director	:	Member
Mr. Madan Lal, Director Works	:	Member

Ms. Lalitha Gupta, Company Secretary, is the compliance officer. No complaint has been received so far and no share transfer is pending.

10. General Body Meetings

The last 3 (three) Annual General Meetings were held as under:

Financial Year	Date of holding meeting	Time	Location
2007-08	17th September 2008	5 P.M.	Company's Corporate Office, Delhi
2006-07	26th September 2007	5 P.M.	Company's Corporate Office, Delhi
2005-06	27th September 2006	5 P.M.	Company's Corporate Office, Delhi

11. Disclosures

- A. There has been no related party transaction of material nature with potential conflict of interest as contemplated under clause 49 IV (A) of the Listing Agreement.
- B. The Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India in the preparation of Financial Statements. Accrued interest on Iraqi dues and provision for interest to sub-contractors on back to back basis, have been translated at the last settlement rate (i.e. 1 USD = Rs. 35.802) with the Government of India, based on prudence as per Accounting Standard 1, and not at the closing exchange rate as on 31st March 2009 as per Accounting Standard 11. This conservative practice of the Company based on prudence is more representative of the true and fair view of the matter in view of uncertainty regarding the time of realization of the long pending dues. A self explanatory note has been given in para 14 of "Notes to Accounts in Schedule R" and also in Directors' Report under the sub-heading "Operational Performance" (para F).
- C. The Company informs the Board every quarter about the risks associated with its projects in risky areas and foreign exchange management.
- A Formal Risk Management Framework (RMF) evolved by engaging a consultant, CRISIL, is in place from August 2007. The Company also has a two-tier team -- a Risk Management Committee (RMC) comprising of Whole-time Directors and a Rapid Action Group (RAG) consisting of Executives Directors of the Company (below board level) to implement the RMF.
- The RAG and the RMC have framed Risk Management Policy, Risk Management Processes and MIS report formats including MIS reports for select projects. These are being reviewed and streamlined by the Audit Committee every quarter. Some details are given in Management Discussion and Analysis Report under the heading 'Risks and Concern'.
- D. The Company has not made any public issue of shares. There has been no instance of non-compliance on any matter related to the capital market.
- E. Management: A Management Discussion and Analysis Report spelling out the business environment in which the Company operates, its Vision, Mission, and Objectives, operational performance, strengths and opportunities, constraints, risks and concerns, strategy, internal control system and human resource has been included as part of the Directors' Report.

12. CEO/CFO Certification

The Managing Director and Director Finance certified in writing the due compliance of sub-clauses (a) to (d) of Clause 49 (V) which was placed before the Board of Directors (placed as **Annexure "C-2" to this Report**).

13. General Information for shareholders

Means of communication

- Quarterly results are normally published in prominent daily newspapers viz. Hindustan Times (English) and Hindustan (Hindi). The audited annual results as well as the unaudited quarterly results are made available on the website of the Company www.ircon.org as per clause 49 IV G (ii).
- Shareholding pattern of the Company is also displayed on the Company's website.

- E - mail ID of the compliance officer exclusively for the purpose of registering complaints by investors has been displayed on website under the head "Investor Corner" for creating investor awareness as per Clause 47 (f).

33rd Annual General Meeting

Date	:	Friday, the 4th September 2009
Time	:	5:00 P.M.
Venue	:	Board Meeting Room of the Company registered office:- Plot No. C-4, District Centre, Saket, New Delhi-110 017

Factual Calendar for approving matters pertaining to financial year 2008-09

Financial reporting (unaudited) for the 1st Quarter	30th July 2008
Financial reporting (unaudited) for the 2nd Quarter	23rd October 2008
Financial reporting (unaudited) for the 3rd Quarter	28th January 2009
Financial reporting (unaudited) for the 4th Quarter and the year	20th April 2009
Approval of Annual Accounts by BoD	24th June 2009
Adoption of Audited Annual Accounts by shareholders	4th September 2009
<u>Financial Calendar in general</u>	
Financial reporting (unaudited) for the 1st Quarter	Before 31st July
Financial reporting (unaudited) for the 2nd Quarter	Before 31st October
Financial reporting (unaudited) for the 3rd Quarter	Before 31st January
Financial reporting (unaudited) for the 4th Quarter and the year	Before 30th April
Approval of Annual Accounts by BoD	Before 31st July
Adoption of Audited Annual Accounts by shareholders	Before 30th September

Dates of book closure:

The Register of Members and Transfer Books will remain closed from 2nd September 2009 to 4th September 2009 (both days inclusive).

Dividend payment date

Dividend when declared is normally paid within 5 days. During the financial year 2008-09 the Company had paid an interim dividend to its shareholders @ 203 % on the paid-up share capital of Rs. 98.98 million. Final dividend recommended by the Board of Directors @ 97% on the paid up share capital and paid on 98,98,000 equity shares of Rs. 10 each for 2008-09 is expected to be paid by Wednesday, the 9th September 2009, after it is declared at the AGM scheduled to be held on Friday, the 4th September 2009. The total dividend for the year is @ Rs. 30 for every Rs. 10 share.

Listing on Stock Exchanges

1. Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001
2. Delhi Stock Exchange Limited,
DSE House, 3/1, Asaf Ali Road, New Delhi-110 002

The shares are neither quoted nor traded. Up-to-date listing fee has been paid.

Stock Code of Company

Stock Exchange	Stock Code
Bombay Stock Exchange Limited	523596
Delhi Stock Exchange Limited	09048

Distribution of Shareholding (As on the date of this report):

Category	No. of shares held	% of shareholding
Central Government in the name of the President of India and Government nominees	98,71,200	99.729%
Indian Railway Finance Corporation Limited	24,400	0.247%
Bank of India	2,400	0.024%
Total	98,98,000	100.000%

Transfer of shares is normally technical in nature, from one Government nominee shareholder to another consequent upon change of officials, as the Government holds 99.729% of the shares. To effect this transfer, Company Secretary is the authorized officer, and no transfer is pending.

Plant Locations/Operating Units

The Company does not have plant locations, but is widespread with operating units in more than fifteen different states in the Country and ten other countries. A list of the units is available on the website of the Company -- www.ircon.org.

Address for correspondence with the Registered Office (regarding the Corporate Governance matters covered under this report) is given below:-

The Company Secretary
 Ircon International Limited,
 Plot No. C-4, District Centre, Saket, New Delhi - 110 017
 Telephone # 91-11-26545265 / 26530456
 Fax # 91-11-26522000 / 26854000
 E-Mail: cosecy@ircon.org / lalitha.gupta@ircon.org

14. Non-Mandatory Requirements Adopted -- Annexure I D of Listing Agreement

- Board:** The tenure and pay scales of whole-time directors is decided by the Government. The part-time Chairman of the Company is a government official. The Company, however, has a Chairman room for use by part-time Chairman.
- Information to Shareholders:** Apart from the annual report etc., sent to the shareholders before the Annual General Meeting, periodical reports on the progress of projects of the Company including financial performance vis-à-vis the targets are being sent to the Administrative Ministry, Government of India (99.729% holder of the equity share capital of the Company).
- Unqualified Auditors' Report:** The Company has moved towards a regime of unqualified financial statements. There has been no adverse remark in the audit reports since 2004-05.
- Training of Board Members:** The normal practice is to furnish a set of documents/booklets to a director on his/her joining the Board. This includes data about the Company including its Brochure, Annual Report, Latest Unaudited financial results and MOU targets & achievements, Memorandum and Articles of Association, Corporate Governance provisions including Clause 49 of the Listing Agreement and a booklet on 'Position, Duties & Liabilities of Directors'. When all vacancies of independent directors get filled up, a formal training schedule for directors is proposed to be worked out.
- Evaluation of Board Members:** Mechanism for evaluating the performance of part-time directors is in abeyance till all independent directors join the Board.
- Whistle Blower Policy:** The Company has not evolved a policy so far.
- Remuneration Committee:** A remuneration committee has been constituted on 20th April 2009, in terms of the requirements of Department of Public Enterprise- Office Memorandum dated 26th November 2008 for deciding the annual bonus/variable pay pool and policy for its distribution across executives and non-unionized supervisors, within the prescribed limits. The Chairman of the committee is an independent director. Till date, two meetings of the committee were held in the month of June and July 2009 and all the members of the committee were present at the meeting.

15. Compliance Certificate

This report duly complies with the legal requirements in respect of data that should be disclosed in a corporate governance report as per Clause 49 of the Listing Agreement. This covers the suggested items as specified in Annexure I C to clause 49. The non-mandatory requirements as specified in Annexure I D to clause 49 have also been highlighted in the report to the extent they have been adopted by the Company. Information on various matters as required by clause 49 is being placed every quarter before the Board of Directors. The Quarterly Report about compliance with the corporate governance requirements as prescribed in clause 49 is also being sent to the stock exchanges within 15 days after the end of each quarter.

Certificate obtained from a Practising Company Secretary regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 VII of the Listing Agreement is **placed as Annexure "C-3" to this Report**

Annexure "C-1"**Declaration by Managing Director regarding compliance with the Code of Conduct by Board Members and Senior Management during the financial year 2008-09.**

I, Mohan Tiwari, Managing Director, Ircan International Limited, do hereby declare that all the members of the Board of Directors and the Senior Management Team of the Company have affirmed their compliance of the Code of Conduct and Key Values of the Company during 2008-09.

Mohan Tiwari
Managing Director

Place: New Delhi

Date: 15.7.2009

Annexure "C-2"**Managing Director and Finance Head Certification**

We have reviewed financial statements and the cash flow statement for the financial year 2008-09 and to the best of our knowledge and belief:

- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (iii) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal, or violative of the Company's code of conduct.
- (iv) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed, to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (v) We have discussed with the auditors and the Audit Committee
 - (a) significant changes in internal control over financial reporting during the year;
 - (b) significant changes in accounting policies during the year, and that the same have been disclosed in the notes to the financial statements; and
- (vi) There was no instance of significant fraud of which we are aware nor there has been involvement of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

Sudhir Mathur
Director Finance

Mohan Tiwari
Managing Director

Place: New Delhi

Date: 20.6.2009

M. Bangia & Associates
Company Secretaries

Tel. : 91-11-4162 5462
Telefax : 91-11-2644 9882
Mobile : 98102-26246
E-mail : m_bangia@hotmail.com
B-152, Dayanand Colony,
Lajpat Nagar-IV, New Delhi-110 024

**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE
UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To
The Members of
IRCON INTERNATIONAL LIMITED
New Delhi

In respect of the compliance of the conditions of Corporate Governance for the year ended 31st March, 2009, by IRCON INTERNATIONAL LIMITED, a Government Company under section 617 of the Companies Act, 1956, as stipulated in clause 49 of the Listing Agreement entered into by the said Company with Delhi and Mumbai Stock Exchanges:

We have studied the Report on Corporate Governance of the said Company as approved by its Board of Directors. We have also examined the relevant records and documents maintained by the Company and furnished to us for our review in this regard.

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

We state that there has been no investor grievance during the year against the Company as per the records maintained by the Company.

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

In our opinion and to the best of our information and on the basis of our review and according to the information and explanations given to us, we certify that the Company has complied with the mandatory requirements of Corporate Governance as stipulated in Clause 49 of the listing agreement(s) with the stock exchange(s) in all material respects except appointment of Independent Directors on the Board of the Company, which we understand is done by the Government and the process in conformity with the requirements of Clause-49 and corporate governance norms for a mini-ratna Public Sector Company is still in progress. Since 1st October 2007, only two out of requisite six independent directors are in position.

FOR M. BANGIA & ASSOCIATES
COMPANY SECRETARIES

MANOJ BANGIA
Proprietor
CP NO.3655

Place: New Delhi
Dated: 30.07.2009

Financial Highlights

Figures in Rupees million

S.No.	Particulars	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
1	Total income (Incl.other income)	5373.04	8110.54	9235.48	8094.05	7922.38	10143.98	11127.90	15432.14	20931.12	27876.04
2	Expenditure (Incl.increase/ decrease in stock)	4669.70	7001.83	7562.46	6775.53	7016.92	8924.95	9818.55	14079.81	18914.83	25557.51
3	Operating margin	703.34	1108.71	1673.02	1318.52	905.46	1219.03	1309.35	1352.33	2016.29	2318.53
3(a)	Interest Expenses	12.63	16.60	32.10	1.93	1.20	0.00	0.00	0.00	0.00	0.00
4	Depreciation	97.94	108.20	400.88	160.21	117.98	141.45	200.50	242.40	411.65	441.87
5	Profit before tax	605.40	1000.51	1272.14	1158.31	787.48	1077.58	1108.85	1109.93	1604.64	1876.66
6	Profit after tax	462.89	656.05	1036.97	870.55	616.05	888.31	806.62	756.93	1137.98	1401.82
7	Dividend	113.83	148.47	173.22	188.06	188.06	202.91	257.35	257.35	296.94	296.94
8	Foreign projects reserve	1558.00	1509.75	665.75	605.75	575.75	444.75	442.75	331.00	304.00	279.00
9	General Reserve	2849.86	3390.54	5329.28	6042.67	6474.58	7211.45	7677.14	8243.34	9031.83	10116.24
10	Other Reserves	—	—	17.00	22.00	23.50	71.50	74.12	71.50	54.50	49.50
11	Net fixed assets	638.62	740.07	602.01	622.46	1234.25	1359.63	1601.02	2602.17	2794.57	2600.48
12	Inventories	223.19	594.60	735.99	665.98	589.37	413.73	423.48	894.28	1590.13	4305.20
13	Net foreign exchange earnings	467.41	1539.19	2840.03	1898.83	1137.16	727.87	559.68	510.54	373.51	955.79
14	Share Capital	49.49	49.49	49.49	49.49	49.49	49.49	98.98	98.98	98.98	98.98
15	Capital employed	4457.35	5184.04	6312.01	6719.91	7123.32	7781.67	8295.27	8756.80	9510.54	10780.45
16	Net worth	4457.35	4949.78	6061.52	6719.91	7123.32	7777.19	8292.98	8744.82	9489.31	10747.42
17	Profit before tax to capital employed*	13.58	19.29	20.15	17.24	11.05	13.85	13.37	12.68	16.87	17.41
18	Operating margin to capital employed*	15.78	21.39	26.51	19.62	12.71	15.67	15.78	15.44	21.20	21.51
19	Profit after tax to share capital*	935.33	1325.62	2095.31	1759.04	1244.80	1794.93	814.93	764.73	1149.71	1416.27
20	Expenditure to income*	86.91	86.33	81.88	83.71	88.57	87.98	88.23	91.24	90.37	91.68
21	Number of employees**	1785	1808	1797	1553	1609	1652	1723	1830	1978	1964
22	Income per employee	3.01	4.49	5.14	5.15	4.92	6.14	6.46	8.43	10.58	14.19
23	Foreign exchange earning per employee	0.26	0.85	1.58	1.22	0.71	0.44	0.32	0.28	0.19	0.49
24	Current ratio**	1.51	1.58	1.75	1.94	1.79	1.54	1.41	1.25	1.21	1.24
25	Debt/equity ratio**	—	0.05	0.04	—	—	—	—	—	—	—

Notes: * 17 to 20 are in percentage

** 21, 24 & 25 are not in Rupees

ANNUAL ACCOUNTS

2008-09

Balance Sheet

as at 31st March, 2009

(Rupees million)

Particulars	Schedule	As at 31st March, 2009		As at 31st March, 2008	
Source of Funds					
Shareholders' Funds:					
Share Capital	A	98.98		98.98	
Reserves & Surplus	B	10,648.44	10,747.42	9,390.33	9,489.31
Loan Funds:					
Proportionate portion of Loan fund in Jointly Controlled Entity/s			33.03		21.23
Deferred Tax Liability	M-2		-		3.46
TOTAL			10,780.45		9,514.00
Application of Funds					
Fixed Assets:					
Gross Block	C	4,826.21		4,720.84	
Less: Depreciation to-date		2,255.94		1,965.83	
Net Block		2,570.27		2,755.01	
Capital work-in-progress	D	6.56		1.27	
Machinery-in-transit		-		0.25	
Proportionate interest in Jointly Controlled Entity/s		23.65		38.04	
			2,600.48		2,794.57
Investments	E		2,344.98		2,455.69
Deferred Tax Asset	M-1		612.60		353.74
Current Assets, Loans and Advances:					
Inventories	F	4,305.20		1,590.13	
Sundry Debtors	G	3,864.75		4,089.75	
Cash and Bank balances	H	9,838.67		9,402.78	
Loans and advances	I	7,584.89		6,232.39	
Other current assets	J	708.15		646.06	
Proportionate interest in Jointly Controlled Entity/s		540.15		360.45	
		26,841.81		22,321.56	
Less: Current Liabilities and provisions:					
Liabilities	K	17,030.02		14,802.45	
Provisions	L	4,193.03		3,202.23	
Proportionate portion in Jointly Controlled Entity/s		396.37		406.88	
		21,619.42	5,222.39	18,411.56	3,910.00
Net Current Assets					
TOTAL			10,780.45		9,514.00
Significant Accounting policies	Q				-
Notes on Accounts	R				
Schedules 'A' to 'R' form part of the Accounts.					

As per our Report of even date attached

 For Gianender & Associates
 Chartered Accountants

For and on behalf of the Board of Directors

Manju Agrawal
 Partner
 M. No. 83878

Lalitha Gupta
 Company Secretary

Sudhir Mathur
 Director Finance

Mohan Tiwari
 Managing Director

 Place : New Delhi
 Date : 24th June, 2009

Profit and Loss Account

For the year ended 31st March, 2009

(Rupees million)

Particulars	Schedule	2008-09	2007-08
Income:			
Operating Income	N	26,276.38	19,026.92
Proportionate portion of construction work in Jointly Controlled Entity/s		266.74	654.66
Total Operating Income		26,543.12	19,681.58
Other Income	N	1,332.92	1,249.54
Total Income		27,876.04	20,931.12
Expenditure:			
Operating Expenditure	O	24,304.57	17,713.93
Administrative & Other Expenditure	O	508.17	445.62
Depreciation	C	441.87	411.65
Provisions & Write backs (net)	L	511.37	32.48
Proportionate portion of expenses in Jointly Controlled Entity/s		193.80	722.43
Total Expenditure		25,959.78	19,326.11
Profit before prior period adjustments/Extra-ordinary items		1,916.26	1,605.01
Prior period adjustments & Extra-ordinary items	P	(39.60)	(0.37)
Profit for the year before tax		1,876.66	1,604.64
Provision for tax			
Current tax			
- For the year		728.86	526.85
- For earlier years (net)			(13.51)
Fringe Benefit Tax			
- For the year		8.31	8.74
- For earlier years		-	0.87
Deferred tax (net)	M-1&2	(262.33)	(56.29)
		474.84	466.66
			-
Profit after tax		1,401.82	1,137.98
Add: Housing Projects Reserve written back		5.00	17.00
Add: Foreign Projects Reserve written back		25.00	27.00
Profit available for Appropriation		1,431.82	1,181.98
Appropriations:			
Foreign Exchange Fluctuation Reserve		-	46.08
Interim Dividend		200.93	200.93
Tax on Interim Dividend		34.15	34.15
Proposed Final Dividend		96.01	96.01
Tax on Proposed Final Dividend		16.32	16.32
Balance transferred to General Reserve		1,084.41	788.49
Earnings Per Share-Basic & Diluted (in Rs.)		141.63	114.97

As per our Report of even date attached

For Gianender & Associates
Chartered Accountants

For and on behalf of the Board of Directors

Manju Agrawal
Partner
M. No. 83878

Lalitha Gupta
Company Secretary

Sudhir Mathur
Director Finance

Mohan Tiwari
Managing Director

Place : New Delhi
Date : 24th June, 2009

Schedule "A"

Share Capital

(Rupees million)

Particulars	As at 31st March, 2009	As at 31st March, 2008
Authorised		
25,000,000 Equity shares of Rs.10 each	250.00	250.00
Issued, Subscribed & Paid-up		
9,898,000 Equity shares of Rs.10 each-fully paid	98.98	98.98
TOTAL	98.98	98.98

Schedule "B"

Reserves and Surplus

(Rupees million)

Particulars	As at 31st March, 2009	As at 31st March, 2008
General Reserve:		
Opening Balance	9,031.83	8,243.34
Add: Transfer from Profit & Loss Account	1,084.41	788.49
	10,116.24	9,031.83
Foreign Exchange Fluctuation Reserve*		
Opening Balance	-	-
Additions during the year	203.70	(46.08)
Add : Transfer from P&L Account	-	46.08
	203.70	-
Foreign Projects Reserve :		
Opening Balance	304.00	331.00
Less: Transfer to Profit and Loss Account	25.00	27.00
	279.00	304.00
Housing Projects Reserve:		
Opening Balance	54.50	71.50
Less: Transfer to Profit and Loss Account	5.00	17.00
	49.50	54.50
TOTAL	10,648.44	9,390.33

* In terms of Accounting Policy 3 (d) (iii) [Schedule Q]

Schedule " C "

Fixed Assets as at 31st March, 2009

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 1-4-2008	Additions	Sales/ Adjustments	As at 31-3-2009	Upto 31-3-2008	For the year (refer Note-4)	Sales/ Adjustments	Upto 31-3-2009	As at 31-3-2009	As at 31-3-2008
Freehold Land	34.46	-	-	34.46	-	-	-	-	34.46	34.46
Lease hold Land (6)	363.95	-	-	363.95	1.08	0.14	-	1.22	362.73	362.87
Lease hold Buildings (5)	394.11	-	19.36	413.47	15.71	7.88	2.25	25.84	387.63	378.40
Freehold Buildings/Flats- Residential (1)	131.76	0.08	(0.20)	131.64	23.16	2.12	-	25.28	106.36	108.60
Freehold Buildings/Flats-Non-Res.	65.20	2.08	-	67.28	0.36	1.16	-	1.52	65.76	64.84
Plant & Machinery (2&3)	3,181.20	175.53	(120.84)	3,235.89	1,526.71	360.34	(109.27)	1,777.78	1,458.11	1,654.49
Survey Instruments	50.54	2.61	(8.13)	45.02	39.41	4.40	(7.95)	35.86	9.16	11.13
Computers	109.22	11.77	(6.04)	114.95	82.31	14.57	(5.76)	91.12	23.83	26.91
Office Equipments (2)	83.18	8.18	(6.93)	84.43	58.98	9.95	(4.98)	63.95	20.48	24.20
Furniture, Fixtures, Furnishings	87.66	4.43	(2.25)	89.84	52.40	12.94	(1.86)	63.48	26.36	35.26
Caravans, Camps & Temp. Sheds	89.64	1.83	(17.92)	73.55	89.53	1.91	(17.92)	73.52	0.03	0.11
Vehicles	129.92	52.47	(10.66)	171.73	76.17	28.23	(8.03)	96.37	75.36	53.75
Current Year Total	4,720.84	258.98	(153.61)	4,826.21	1,965.82	443.64	(153.52)	2,255.94	2,570.27	2,755.02
Previous year's figures	3,581.42	1,197.05	(57.63)	4,720.84	1,662.50	402.73	(99.40)	1,965.83	2,755.02	1,918.92

Notes:-

- Free hold Buildings/Flats-Residential includes Flats/Buildings for which execution of conveyance deed is pending Gross Block Rs.6.75 million (Rs. 35.27 million) Net Block Rs.5.75 million (Rs. 30.43 million). Depreciation is computed thereon at cost including registration charges on provisional basis provided at the rates prevalent on the date of allotment without considering the subsequent reduction.
- Fixed Assets include the following assets beyond economic repair and held for disposal (at lower of the realizable value & book value):

(Rupees million)

Assets Block	As at 31/03/2009		As at 31/03/2008	
	Gross Block	Net Block	Gross Block	Net Block
Plant and Machinery	Nil	Nil	Nil	Nil
Office Equipments	1.49	0.04	Nil	Nil
Computers	12.20	0.15	Nil	Nil
Total	13.69	0.19	-	-

- Includes Loco on short lease and standby (refer to Note No.6)
- Depreciation for the year has been allocated as given below :-

(Rupees million)

Description	2008-09	2007-08
Profit & Loss Account		
Current	441.87	411.65
Prior Period	1.77	(8.94)
Capital work in progress	-	0.02
Total	443.64	402.73

- On Railways land for 30 years lease for which agreement is to be finalised.
- Lease hold land includes land at Greater Noida Industrial Development Authority (GNIDA) for construction of proposed Central Inspection Cell (CIC) by the Company (Gross value Rs.8.01 million). The request for time extension for construction of Building has been submitted to the appropriate authority.

Schedule "D"

Capital work-in-progress *

(Rupees million)

Particulars	As at 31st March, 2009	As at 31st March, 2008
Opening Balance	1.27	-
Additions during the year:		
- Work Expenses	5.29	1.27
TOTAL	6.56	1.27
*Break-up of Capital Work in progress		
Work shop building at Greater Noida	6.56	1.27

Schedule "E"

Investments

(Rupees million)

Particulars	As at 31st March, 2009		As at 31st March, 2008	
	Nos.	Amount	Nos.	Amount
LONG TERM INVESTMENTS:				
Quoted (Other than trade):				
Unit Trust of India 6.6% Tax Free Assured Return Scheme Bonds	16,008,489	1,617.37	16,008,489	1,633.84
Less: Amortisation of premium paid on investment		16.43		16.47
		1,600.94		1,617.37
Unit Trust of India- 6.75% Tax free US 64 Bonds	2,715,189	271.98	2,715,189	274.62
Less: Amortisation of premium paid on investment		0.46		2.64
		271.52		271.98
Less:- US64 Bonds redeemed and received in full during the year		271.52		-
6.85% Tax Free India Infrastructure Company Limited (IIFCL) Bonds	500	50.00	-	-
		50.00		-
Un-Quoted (Trade Investments):				
Investment in integrated Joint venture/s				
CCFB, Mozambique				
1,250,000 equity shares of Meticais 24000 each (1)	1,250,000	55.34	1,250,000	55.34
Ircon-Soma Tollway Private Limited (ISTPL) (2 a&b)				
63,870,000 equity shares of Rs 10 each fully paid-up (51,100,000 equity shares of Rs.10 each fully paid up)	63,870,000	638.70	51,100,000	511.00
		694.04		566.34
TOTAL		2,344.98		2,455.69

Disclosure regarding Quoted/Unquoted Investments:

Aggregate of Unquoted investments	- Book value	694.04	566.34
Aggregate of Quoted investments	- Book value	1,650.94	1,889.35
	- Market value	1,650.85	1,865.99

1. The value of one equity share of Meticais 24000 is equivalent to Rs.44.27.
- 2(a) Equity shares of ISTPL are Pledged with consortium of eight Banks from whom ISTPL has borrowed loan of Rs.4,500 million
- 2(b) As per Articles of Association (Article V) of ISTPL, shareholders can transfer their shareholding only after 3 years subject to Concession Agreement dated 28th September 2005 signed with NHAI which provides for equity holding of not less than 51% by Consortium members in ISTPL during the construction period (viz.27.03.2006 to 26.03.2010) and three years thereafter. The aforesaid shareholding can be diluted to 26% subsequently subject to the pre-emption right of the other shareholders. The Loan Agreement of ISTPL dated 7th August 06 signed with Lenders for Rs 4500 million however provides for holding of 51% shareholding till repayment of loan viz.30.09.2018

Schedule "F"

Inventories

(Rupees million)

Particulars	As at 31st March, 2009	As at 31st March, 2008
Materials & Stores: #		
- In hand	1,457.86	446.88
- With third parties	192.83	172.70
- In transit	282.81	29.89
	1,933.50	649.47
Contract Work-in-progress		
- at Cost	916.57	449.00
- at Realisable Value	1,455.13	491.66
TOTAL	4,305.20	1,590.13

Includes Rs.Nil million (Rs. 2.47 million) for claims lodged for VAT recoverable with authorities on closing stock.

Schedule "G"

Sundry Debtors

(Rupees million)

Particulars	As at 31st March, 2009	As at 31st March, 2008
Unsecured: (Considered good)		
Debts outstanding for more than six months		
- Against Deferred dues, considered good (Iraq)	-	111.99
- Others		
Considered good	82.41	418.68
Considered doubtful	83.57	69.91
	165.98	488.59
Debts outstanding for less than six months		
- Others, considered good	3,782.34	3,559.08
	3,782.34	
	3,948.32	4,159.66
Less: Provision for doubtful debts	83.57	69.91
TOTAL	3,864.75	4,089.75

Schedule "H"

Cash and Bank Balances

(Rupees million)

Particulars	As on 31st March, 2009	As at 31st March, 2008
Cash-in-hand (1)	3.19	3.41
Cheques/Drafts-in-hand	3.11	117.25
Balances with scheduled banks		
In Current accounts	796.18	1,892.76
In Flexi accounts	2,618.29	3,038.25
In Fixed deposits (2) & (3)	3,307.49	3,751.26
	6,721.96	8,682.27
Balances with other banks (4)		
In Current accounts (5)	72.26	119.73
In Flexi accounts	0.36	0.73
In Fixed deposits (6)	3,037.79	479.39
	3,110.41	599.85
TOTAL	9,838.67	9,402.78

- (1) Includes Stamps in hand **Rs.0.005 million** (Rs.0.006 million).
- (2) FDRs received from contractors towards EMD **Rs.220.51 million**. (Rs 176.94 Million).
- (3) Includes FDRs under Lien for **Rs 50.19 Million** (Rs NIL).
- (4) Details given in Schedule "H-1".
- (5) Includes margin money **Rs.NIL** (Rs.34.32 Million).
- (6) Includes margin money/under lien **Rs.13.76 million** (Rs.18.81 million).

Schedule "H-1"

Details of Balances with Other Banks

(Rupees million)

Name of the Banks	Balance as at		Maximum balance during	
	31-03-2009	31-03-2008	2008-09	2007-08
Current Account				
Rashid Bank, Baghdad Iraq	0.01	0.03	0.03	0.03
Commercial Bank of Kuwait	0.03	0.02	0.03	0.02
Nepal Arab Bank Limited, Kathmandu	-	0.02	0.02	0.02
Rafidian Bank, Iraq	0.05	0.04	0.05	0.04
Bank Nergara, Indonesia USD A/C	0.09	0.07	0.10	0.08
Bank Nergara, Indonesia	0.16	0.16	0.16	0.44
CIMB Bank Berhad, Malaysia	2.53	4.15	13.63	17.27
CIMB Bank Berhad, Malaysia	0.66	5.11	1,220.24	81.95
EON Bank Berhad, Malaysia	2.86	3.07	76.41	3.07
Standard Chartered Bank, Malaysia	0.11	54.78	54.78	54.78
HSBC, Derby	0.01	0.02	0.02	0.02
HSBC, Leeds	-	-	-	0.01
Commercial Bank of Ethiopia	12.57	5.79	18.82	38.51
Nepal SBI Bank Ltd-Dharan	0.24	0.71	0.71	11.54
Nepal SBI Bank Ltd-Kathmandu	0.06	0.83	8.60	9.84
Nepal Bank Ltd-Itahari	0.55	1.51	5.01	10.14
Nepal Bank Ltd-Lahan	0.47	0.56	0.56	1.17
B.I.M (Mozambique)	5.66	11.77	22.21	60.99
B.C.I FOMENTO, Mozambique	46.20	31.09	80.06	71.57
Banco Austral, Mozambique	-	-	-	1.37
TOTAL	72.26	119.73		
Flexi Account				
National Bank Sylhet, Bangladesh	-	0.73	6.78	2.00
Uttra Bank Limited Sylhet, Bangladesh	0.36	-	0.79	0.06
TOTAL	0.36	0.73		
Fixed Deposit				
National Bank Sylhet, Bangladesh		5.65	7.89	6.13
CIMB Bank Berhad, Malaysia	45.54	26.56	57.98	30.72
EON Bank Berhad, Malaysia	2919.67	313.71	2,919.67	313.71
EON Bank Berhad, Malaysia	8.60	-	8.60	-
EON Bank Berhad, Malaysia	5.16	-	5.16	-
CIMB Bank Berhad, Malaysia	57.61	58.07	114.27	62.65
Nepal SBI Bank Ltd-Dharan	0.04	0.23	0.23	11.26
Nepal SBI Bank Ltd-Kathmandu	1.17	0.02	8.77	0.02
B.C.I FOMENTO, Mozambique	-	59.28	59.28	123.68
Banco International, Mozambique	-	15.87	15.87	169.70
TOTAL	3037.79	479.39		

Schedule "I"

Loans & Advances

(Rupees million)

Particulars	As at 31st March, 2009	As at 31st March, 2008
Secured(considered good):		
Loans to Employees	23.67	21.61
Advances to Contractors against material & machinery	1,089.34	1,051.85
	1,113.01	1,073.46
Unsecured:		
Interest bearing Loans to:		
Indian Railway Welfare Organisation	4.00	6.00
Joint ventures:		
CCFB	893.63	582.33
	897.63	588.33
Advances recoverable in cash or kind for value to be received:		
Deposit with custom, port trust and other authorities:		
- Sales Tax	12.20	8.27
- Govt. Department & Others	96.12	81.44
	108.32	89.71
Deposits & Retention Money	1,525.39	1,083.24
Amount recoverable from Joint venture/s :		
CCFB	14.53	11.36
RICON (debit balance in JCE)	-	11.08
Amount Recoverable from ISTPL	0.56	0.56
Advances:	15.09	23.00
- Contractors / Suppliers & Others	1,064.38	1,101.65
- Staff	21.48	25.30
- Sales-tax (including TDS)	421.52	295.54
- Value added tax (Net)	92.91	65.80
- Income-tax (including TDS)	2,225.11	1,845.20
[includes Wealth Tax Rs. 1.15 million (Rs.0.64 million)]	3,825.40	3,333.49
Prepaid Expenses	181.49	121.50
TOTAL	7,666.33	6,312.73
Secured Considered Good	1,113.01	1,073.46
Unsecured Considered Good	6,471.88	5,158.93
Considered Doubtful	81.44	80.34
	7,666.33	6,312.73
Less: Provision for doubtful advances	81.44	80.34
TOTAL	7,584.89	6,232.39

Details of amount due from Directors:

Current year		Previous year	
Balance at the end of the year	Maximum balance during the year	Balance at the end of the year	Maximum balance during the year
Nil	0.88	Nil	0.49

Schedule "J"

Other Current Assets

(Rupees million)

Particulars	As at 31st March, 2009	As at 31st March, 2008
Interest Accrued on :		
Loan to Employees (Secured)	13.21	12.22
Staff loans and advances	4.30	5.74
Deferred Dues (Iraq project)	318.21	318.21
Loan to Indian Railway Welfare Organisation	9.87	9.54
Deposits & Advances with:		
Contractors, Suppliers & Others	287.59	180.02
Deposit with Scheduled banks	19.53	61.09
Deposit with Non-scheduled banks	1.97	0.30
	21.50	61.39
Bonds	53.47	58.94
TOTAL	708.15	646.06

Schedule "K"

Current Liabilities

(Rupees million)

Particulars	As at 31st March, 2009	As at 31st March, 2008
Sundry Creditors		
-Small scale Industries / undertaking	-	-
-Others *	4,702.11	2,131.28
Advance from Clients	6,679.59	10,117.79
Advance Work Receipts	2,725.17	175.79
Deposits & Retention Money #	2,410.37	2,126.77
Amount Payable to RICON	4.89	-
Other Liabilities	507.89	250.82
TOTAL	17,030.02	14,802.45

* Includes Book-overdraft of **Rs.67.04 million** (Rs.0.75 Million).# Includes FDRs received from contractors towards EMD **Rs 220.51 Million** (Rs.176.94 million).

Note: No amount is due to small scale industrial undertakings for more than 30 days [refer Schedule-R Note No.20(ii)].

Schedule "L"

Provisions

(Rupees million)

Particulars	Opening Balance as at 01.04.2008	During the year 2008-09			Closing Balance as at 31.03.2009
		Additions	Written Back	Utilisation	
Provided for :					
Gratuity	162.60	133.05	-	-	295.65
Less: Claims with LIC Gratuity	35.18	-	-	-	37.77
	127.42	133.05	-	-	257.88
Leave Salary	216.35	91.11	-	9.43	298.03
Settlement allowances on retirement	21.63	3.71	-	-	25.34
Doubtful debts	69.91	30.25	10.36	6.23	83.57
Doubtful advances	80.34	21.46	18.90	1.46	81.44
Demobilisation	62.34	13.84	18.05	1.30	56.83
Maintenance	93.19	78.02	11.10	11.68	148.43
Future contingencies (Contracts)	107.23	130.77	-	107.23	130.77
Contingent Liabilities(Legal cases)	171.71	29.76	7.70	5.70	188.07
Other expenses	538.46	291.90	18.52	103.53	708.31
Income-tax, Fringe Benefit Tax & Wealth tax	1,751.57	737.17	-	221.70	2,267.04
Dividend (Interim & Proposed)	96.01	296.94	-	296.94	96.01
Tax on Dividend (Interim & Proposed)	16.32	50.47	-	50.47	16.32
TOTAL (A)	3,352.48	1,908.45	84.63	815.67	4,358.04
Adjusted for :					
Doubtful debts considered in Schedule-G	69.91				83.57
Doubtful advances considered in Schedule-I	80.34				81.44
Leave Salary, Gratuity, Settlement Allowances included in employee remuneration & benefits		227.87	-	9.43	
Income-tax adjusted / considered separately		737.17	-	221.70	
Dividend paid / considered separately		296.94	-	296.94	
Corporate-tax on Dividend paid / considered separately		50.47	-	50.47	
TOTAL (B)	150.25	1,312.45	-	578.54	165.01
Net: Current Year (A-B)	3,202.23	596.00	84.63	237.13	4,193.03
Previous Year	2,554.04	356.69	324.21	54.40	3,202.23

NOTES:

Net Provisions(Additions/Write Back) carried to P&L Account

511.37

Retirement Benefits considered in Shedule-O

218.44

Provisions (Utilisation) carried to Schedule-O

237.13

Schedule "M-1"

Deferred Tax Asset

(Rupees million)

Particulars	As at 1-4-2008	Addition (Deletion) during 2008-09	As at 31-3-2009
	Total	Total	Total
Asset			
Provision for:			
- Maintenance and demobilisation	0.60	43.11	43.71
- Future Losses	36.45	8.00	44.45
- Doubtful debts and advances	43.70	5.02	48.72
- Gratuity	43.16	44.50	87.66
- Legal cases	29.32	0.10	29.42
- Other contingencies	84.66	127.54	212.20
Expenses			
- On Voluntary retirement scheme	1.69	(0.27)	1.42
- Allowed for tax purpose when paid	81.36	28.55	109.91
- Capitalised for tax purposes	23.60	1.88	25.48
- Loss on investments	9.19	(9.19)	-
Total	353.73	249.24	602.97
Previous Year	317.82	35.92	353.74

Schedule "M-2"

Deferred Tax Liability

(Rupees million)

Particulars	As at 01-04-2008	Addition (Deletion) during 2008-09	As at 31-03-2009
	Total	Total	Total
Depreciation	3.46	(13.09)	(9.63)
TOTAL	3.46	(13.09)	(9.63)
Previous Year	28.83	(20.37)	3.46

Deferred Tax (Net)

(262.33)

(612.60)

Schedule "N"

Income

(Rupees million)

Particulars	2008-09	2007-08
OPERATING INCOME		
Contract receipts	26,027.27	18,817.73
Loco lease	214.32	172.47
Machinery hire charges	34.79	36.72
	26,276.38	19,026.92
OTHER INCOME		
Interest on Bonds (Gross) (long-term) (1)	109.36	123.98
Bank Interest Gross (2)&(4)	544.67	662.46
Interest on refund of income-tax received	-	66.28
Interest on Advances	171.49	93.12
Interest on staff advances	4.27	2.97
Exchange Fluctuation Gain	201.39	88.98
Profit on sale of assets	6.48	8.31
Miscellaneous receipts (3)	295.26	203.44
	1,332.92	1,249.54
TOTAL	27,609.30	20,276.46

- (1) Includes Tax deducted at source **Rs. Nil million** (previous year Rs.Nil million.).
- (2) Includes Tax deducted at source **Rs.86.12 million** (previous year Rs.123.38 million).
- (3) Includes unclaimed amount written back **Rs.18.59 million** (Rs.10.85 million).
- (4) Includes interest earned **Rs.400.86 million** (Rs.435.49 million) on advance from clients.

Schedule "O"

Expenses

(Rupees million)

Particulars	Operating Expenses		Administrative Expenses	
	2008-09	2007-08	2008-09	2007-08
1 Expenses:				
Work expenses	15,223.16	10,710.40	-	-
Total of Work expenses	15,223.16	10,710.40	-	-
2 Decrease/(Increase) in Work-in-progress	(467.57)	(85.03)	-	-
3 Materials and Stores consumed:				
Opening Balance	619.58	312.14	-	-
Add: Purchases during the year	7,404.51	5,121.94	-	-
	8,024.09	5,434.08	-	-
Less: Closing Balance	1,650.69	619.58	-	-
Total of Material & Stores consumed	6,373.40	4,814.50	-	-
4 Employee remuneration and benefits (1):				
Salaries, Wages, Bonus, allowances & benefits	795.18	565.47	158.81	196.04
Contribution to provident and other funds	37.79	28.63	12.68	10.67
Foreign service contribution	1.78	3.83	0.45	3.26
Retirement Benefits	218.44	61.52	-	-
VRS Expenses	-	-	1.05	3.74
Staff welfare	33.61	33.12	5.31	4.02
Total of Employee remuneration & benefits	1,086.80	692.57	178.30	217.73
5 Other Expenses:				
Technical Know-how and Agency charges	355.51	68.60	-	-
Inspection Fee and Survey Expenses	26.27	6.38	-	-
Exchange Fluctuation Loss	80.53	83.06	-	-
Rent - Non-residential	38.68	29.74	0.07	3.03
Rates and Taxes	256.97	120.91	4.69	2.20
Vehicle Operation and Maintenance	167.98	141.74	7.89	4.45
Repairs and Maintenance				
- Machinery	374.47	329.64	-	-
- Building	5.39	2.44	1.89	2.24
- Office and Others	30.83	24.13	14.90	12.73
Power, Electricity and Water charges	26.12	17.72	11.07	14.02
Hire charges of machinery	233.72	105.86	-	-
Insurance	97.58	55.07	0.86	0.51
Travelling & conveyance	90.85	77.42	28.95	30.98
Printing & stationery	23.48	14.27	7.92	6.77
Postage, telephone & telex	27.03	23.61	6.72	8.27
Legal & Professional charges	36.70	25.98	15.33	10.55
Security services	23.61	16.04	1.88	2.13
Business promotion	4.75	3.62	2.00	3.28
Write-off of :				
- Bad debts	6.22	2.58	-	-
- Bad advances	1.34	0.03	-	-
- Bad assets	0.11	0.02	-	-
Loss on sale of Assets/Stores	-	-	0.68	0.10
Amortisation of premium paid on Invest.	-	-	16.89	19.11
Bank and other finance charges	-	-	88.71	56.22
Director sitting fee	-	-	0.22	0.10
Donation	-	-	51.90	0.15
Auditors remuneration (2)	-	-	4.28	3.08
Advertisement & publicity	-	-	43.80	31.70
Training & Recruitment	-	-	5.94	8.36
Miscellaneous expenses (3)	417.77	487.03	13.28	7.91
	2,325.91	1,635.89	329.87	227.89
Less: Provisions Utilised (4)	237.13	54.40	-	-
Total of Other Expenses	2,088.78	1,581.49	329.87	227.89
TOTAL	24,304.57	17,713.93	508.17	445.62

(1) Includes Income-tax on non-monetary perks Rs. 3.52 million (Rs.3.43 million).

(2) Payment to Statutory Auditors:	2008-09	2007-08
(i) Audit Fee - current year	1.79	1.49
(ii) Tax Audit Fees - current year	0.49	0.46
(iii) Certification Fees	0.45	0.22
(iv) Travelling & out of pocket expenses:		
- Local	1.00	0.75
- Foreign	0.55	0.16
Total	4.28	3.08

(3) Includes benefit passed on to clients amounting to Rs 400.86 Million (Rs.435.49 million).

(4) Details given in Schedule 'L'.

Schedule "P"

Prior period adjustments & Extraordinary Items

(Rupees million)

Particulars	2008-09	2007-08
PRIOR PERIOD ITEMS:		
Income:		
Contract Receipts	(5.53)	(8.11)
Hire charges	-	4.93
Interest income	0.02	(0.16)
Miscellaneous receipts	3.07	0.99
	(2.44)	(2.35)
Expenses:		
Work expenses	(5.22)	1.13
Administrative expenses	0.01	0.01
Depreciation	1.77	(8.94)
Others	40.60	5.82
	37.16	(1.98)
TOTAL	(39.60)	(0.37)

Schedule "Q"

Significant Accounting Policies forming part of the Accounts for 2008-09

1. Basis of Preparation

- (a) The financial statements are prepared according to the historical cost convention on accrual basis and in line with the fundamental accounting principles of prudence, consistency and materiality.
- (b) The financial statements are reported in Indian rupees and all values are rounded to the nearest million rupees except when otherwise stated.

2. Statement of Compliance

The financial statements are prepared on the basis of generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

3. Foreign Currency Transactions

(a) Transactions within the Country:

Foreign Currency transactions within the Country are translated in the following manner:

- i) All foreign currency transactions are translated into Indian Currency at the Telegraphic Transfer (TT) buying rate prevalent on the date of transaction.
- ii) Depreciation is translated at the rates used for translation of the value of the assets on which depreciation is calculated.
- iii) Monetary items and contingent liabilities denominated in foreign currency are translated at the prevailing closing TT buying rate.
- iv) Fixed assets and non-monetary items are translated using the TT buying rate on the date of transaction.

(b) Transactions of Integral Foreign Operations

Financial statements of Foreign Operations are translated in the following manner:

- i) Revenue items are translated into Indian currency at the average of opening and closing TT buying rates.
- ii) Opening and closing inventories are translated at the TT buying rates prevalent respectively at the commencement and close of the accounting period.
- iii) Depreciation is translated at the rates used for the translation of the value of the assets on which depreciation is calculated.
- iv) Monetary items and contingent liabilities are translated at the prevailing closing TT buying rate.
- v) Fixed assets and non-monetary items are translated at the TT buying rate at the date of transaction.
- vi) Deferred Iraqi dues and interest receivables thereon and the provision for interest to sub-contractors on back to back basis is translated at the last settlement rate with the Government of India.

(c) The net exchange differences resulting from the above translations are recognised as income or expense for the year.

(d) Transactions of Non-Integral Foreign Operations

Financial statements of Non-Integral Foreign Operations are translated in the following manner-

- i) The assets and liabilities, both monetary and non-monetary are translated at the closing TT buying rate.
- ii) Income and expense items are translated at the average of opening and closing TT buying rates.
- iii) All resulting exchange difference is accumulated in foreign currency translation reserve until disposal of the net investment and is recognised as income or as expense in the same period in which gain or loss on disposal is recognised.

4. Fixed assets

- (a) Fixed assets are stated at historical cost less accumulated depreciation and any impairment in value.
- (b) Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalized.
- (c) Incidental expenditure during construction period incurred up to the date of commissioning is capitalized.

5. Investments

- (a) Long Term Investments are valued at cost less provision for permanent diminution in value.
- (b) Current Investments are valued at lower of cost and fair value.

6. Inventories

- (A) Construction Work in Progress
 - (i) Construction work-in-progress is valued at cost till such time the outcome of the job cannot be ascertained reliably and at realisable value thereafter. Site mobilisation expenditure to the extent not written off are valued at cost.
- (B) Others
 - (ii) In Cost Plus contracts, the cost of all materials, spares (other than capitalised) and stores procured is charged to the project irrespective of actual use to the extent reimbursable by client.
 - (iii) In Item Rate and Lump Sum Turnkey contracts, the cost of all materials, spares (other than capitalised) and stores are charged to Profit and Loss Account in the year of use.
 - (iv) Inventories are valued at lower of the cost arrived at on First In First Out (FIFO) basis and net realisable value.
 - (v) Loose tools are expensed in the year of purchase.

7. Cash and Cash Equivalents

Cash and bank balances in the Balance Sheet comprise of cash at banks, in hand and demand deposits.

For the purpose of cash flow statement, cash and cash equivalents consist of cash and bank balances as defined above, net of bank overdrafts.

8. Provisions

(a) Provision for maintenance

- (i) In Cost Plus contract, no provision for maintenance is required to be made where cost is reimbursable.
- (ii) In Item Rate and Lump Sum turnkey contracts, provision is made for maintenance to cover company's liability during defect liability period keeping into consideration the contractual obligations, the obligations of the sub-contractors, operating turnover and other relevant factors.
- (iii) For design guarantees after the maintenance period, a token provision of Rs. 10 lakhs is kept for each such contract.

(b) Provision for Demobilisation

Provision for demobilisation to meet the expenditure towards demobilisation of Manpower and Plant & Equipment is made in foreign projects.

(c) Provision for Doubtful Debts /Advances

Provision for Doubtful Debts /Advances is made when there is uncertainty of realisation irrespective of the period of its dues. For outstanding over 3 years full provision is made unless the amount is considered recoverable. Debts/Advances are written off when unrealisability is almost established

(d) Others

Provision is recognised when:

- i) the Company has a present obligation as a result of a past event,
- ii) a probable outflow of resources is expected to settle the obligation and
- iii) a reliable estimate of the amount of the obligation can be made.

Reimbursement, of the expenditure required to settle a provision is recognised as per contract provisions or when it is virtually certain that reimbursement will be received.

Provisions are reviewed at each Balance Sheet date.

9. Contract Revenue Recognition

Contract Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Depending on the nature of contract, revenue is recognised as under-

- (a) In cost plus contracts, revenue is worked out by including eligible items of expenditure in the bills raised on the clients and charging specified margin thereon.
- (b) In fixed price contracts, revenue is recognized by adding the aggregate cost of work certified and proportionate margin using the percentage of completion method. The percentage of completion is determined as a proportion of cost incurred to date to the total estimated cost of the contract.

Full provision is made for any loss in the period in which it is foreseen.

Receipts are inclusive of sales tax etc., as applicable.

10. Contracts executed under Joint Venture (JV)

Contracts executed under Joint Venture (JV)

- (i) in jointly controlled operations, are accounted as independent contracts;
- (ii) in respect of contracts executed by a jointly controlled entity, the profit / loss from the Joint Venture is accounted for in the year when determined.

11. Leases

- (i) Lease income from assets given on operating lease are recognized as income in the statement of Profit & Loss account on straight-line basis over the lease term.
- (ii) Lease payments for assets taken on operating lease are recognized as expense in the statement of Profit & Loss account on straight-line basis over the lease term.

12. Liquidated Damages and Escalations

- (i) Liquidated damages actually paid/recovered are adjustment against Contract Revenue/Contract Cost. Liquidated damages arising from contractual obligation but under negotiation and not considered payable and not recovered by the client are treated as contingent liability.
- (ii) Escalation receivable / payable is accounted for as per the provisions of the contract. Escalation receivable but not certified before close of project accounts is included in work-in-progress.

13. Research & Development Expenses

Expenses on research & development are charged to revenue.

14. Mobilisation Expenses

The initial contract expenses on new projects for mobilisation will be recognised as construction work in progress in the year of incidence, which will be pro rata charged off to the project over the years at the same percentage as the stage of completion of the contract as at the end of financial year.

15. Depreciation

- (i) Depreciation on fixed assets in India is provided on Straight Line basis (SLM) in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956, except in following cases where it is provided at the rates higher than prescribed in the said Schedule:

(a) General Construction Equipment	19.00%
(b) Office Equipment	19.00%
(c) Computer including UPS & Inverters	31.67%
(d) Vehicles (including Heavy Vehicles)	23.75%
(e) Furniture & Fixtures	23.75%
(f) Speed Boats	19.00%

- (ii) Depreciation on fixed assets in foreign countries is provided on straight-line method taking into consideration the commercial life of that asset and/or duration of the project. However, the rates adopted for depreciation are not lower than those specified in Schedule XIV for fixed assets in India (as stated in Para 15 (i) above). On closure of the project, assets are reduced to residual value of 5% and balance is expensed in the year of closure & / or transferred to other project/ Plant & Machinery Division.
- (iii) Software cost exceeding Rs. 25 lakh each is amortised over a period of 36 months on straight line basis from the date of successful commissioning of the software subject to review at each financial year end.
- (iv) In case of leasehold land (other than perpetual lease) and leasehold property, depreciation is provided proportionately over the period of lease.
- (v) Assets costing up to Rs. 5000/- or having written down value up to Rs. 5000/- at the beginning of the year, or camps/ caravans / temporary sheds/furnishings acquired during the year are fully depreciated in the year.

16. Borrowing Cost

- (i) Borrowing cost in ordinary course of business are recognised as an expense in the period in which they are incurred.
- (ii) Borrowing cost that are directly attributable to acquisition, construction or production of a qualifying asset is capitalized as part of the cost of the asset.

17. Retirement Benefits

- (i) Provision for Leave Encashment, Gratuity & other retirement benefits is made based on actuarial valuation at the year end.
- (ii) Provident Fund contribution is made to PF Trust on accrual basis.

18. Prior period adjustment and extraordinary items

- (i) Income/expenditure relating to prior period and prepaid expenses not exceeding Rs. 5000/- in each case are treated as income/expenditure of the current year.
- (ii) Voluntary Retirement Scheme expenses are charged off in the year of incidence of expense.

19. Taxes

- (i) Taxes including current income-tax are computed using the applicable tax rates and tax laws. Liability for additional taxes, if any, is provided / paid as and when assessments are completed.
- (ii) Deferred income- tax is computed using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

20. Segment Reporting

The Company has identified two primary reporting segments based on geographic location of the project viz. Domestic & International and two secondary reporting segments based on business of construction and Leasing of Assets & its operation (Leasing & Operation).

21. Contingent Liabilities and Contingent Assets

- (a) Contingent Liability is disclosed in either of the following cases:
 - i) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation; or
 - ii) a reliable estimate of the present obligation cannot be made; or
 - iii) a possible obligation, unless if the probability of outflow of resources is remote.
- (b) Contingent Assets are neither recognised, nor disclosed.
- (c) Contingent Liability and Provisions needed against Contingent Liability and Contingent Assets are reviewed at each Balance Sheet date.
- (d) Contingent Liability is net of estimated provisions considering possible outflow on settlement.

Schedule "R"

Notes forming part of the Accounts including Disclosures

1) Contingent liabilities consist of amounts not provided for:

- a) Claims against the Company not acknowledged as debt Rs.4603.43 million (Rs. 4368.57 million) excluding the amount of provision for contingent liabilities legal cases for Rs.188.07 million (Rs.171.71 million)(Schedule-L). Against this the Company has counter claims of Rs.889.64 million (Rs. 822.27 million). In case claims against the Company do materialise, claims for Rs.324.66 million (Rs.2823.70 million) will be reimbursable from the clients. Interest on claims is not considered, being unascertainable.
- b) Few cases relating to employees/others are pending in the Courts against the Company in respect of which the liability is not ascertainable.
- c) Direct and Indirect disputed tax demands under appeal Rs.937.04 million (Rs.883.59 million) of which Rs.252.40 million (Rs 338.93 million) are reimbursable from the clients and Rs. Nil (Rs. Nil) from the sub- contractors.
- d) Pending disposal of application for extension of time by clients, company is contingently liable to pay liquidated damages to the extent of Rs.8.81 million (Rs. 37.54 million).
- e) Outstanding Bank Guarantee of Rs. 1.45 million (Rs. 3.54 million) to CIDCO towards flats.
- f) Claims from Provident Fund Commisisoner, J & K for Rs. 17.55 million (Rs. Nil) has not been acknowledged as liability.
- g) Ircon International Limited (the Company) and Soma Enterprises Limited (JV Partner) incorporated a joint venture company called Ircon-Soma Tollway Private Limited (ISTPL) on 19.4.2005 for execution of a highway project awarded by NHAI to ISTPL (after its incorporation) in terms of the concession agreement between NHAI and ISTPL dated 28th September 2005 for Improvement, Operation and Maintenance, Rehabilitation and Strengthening of Existing 2-lane Road and its widening to a 4- lane divided Highway on NH-3 (Pimpalgaon- Dhule Section) in the State of Maharashtra on Build, Operate and Transfer (BOT) basis , at an approximate cost of Rs.6060.40 million (Rs. 6044.20 million).

The proposed equity investment in the JV Company from both JV partners is Rs. 1280 million (Rs.640 million each) out of which each JV partner has paid Rs.638.70 million (Rs.511 million). To finance the debt portion of the project, the JV Company has arranged a term loan of Rs. 4500 million from a consortium of eight banks, State Bank of India being the lead bank lender. To secure this term loan the company along with its joint venture partner has by way of promoters' support executed a "Sponsor Support Undertaking" and a "Consent and agreement" on 7th August 2006 , in favour of State Bank of India (Security trustee and Lenders' agent), wherein both the partners have jointly and severally undertaken to extend additional equity/provide subordinated loans for meeting any cost overrun , shortfall in the agreed debt-service ratio, temporary shortfall on account of delay in receipt of grant and termination payment from NHAI.

- 2) Estimated amount of contracts remaining to be executed for on capital account (net of advances) is Rs.254.70 million (Rs 34.46 million) .
- 3) Basic earnings per share are computed by dividing net profit after tax Rs. 1401.82 million (Rs. 1137.98 million) by (9,898,000) fully paid equity shares of Rs. 10 each. Diluted Earnings per share is not applicable, as there is no dilution involved.
- 4) (a) Some of the balances shown under debtors, advances, creditors and material lying with third parties are subject to confirmation / reconciliation. The Company has been sending letters for confirmation to parties included in the above.
- (b) In the opinion of the management, the value of current assets, loans and advances on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

5) (a) Earnings in foreign currency:

(Rupees million)

Particulars	2008-09	2007-08
Work Receipts, Loco lease & Consultancy fees	7702.48	2039.49
Bank Interest	68.63	29.44
Other Interest	67.55	1.62
Foreign Exchange Fluctuation Gain	201.39	88.98
Others	43.06	54.98
TOTAL	8083.11	2214.51

b) Expenditure in foreign currency:

(Rupees million)

Particulars	2008-09	2007-08
Operational Expenses	6405.55	1372.44
Consultancy charges	101.42	73.50
Foreign Exchange Fluctuation Loss	80.53	83.06
Administrative & Other Expenses	539.82	312.00
TOTAL	7127.32	1841.00

(c) CIF value of Imports

(Rupees million)

Particulars	2008-09	2007-08
Capital Goods	3.28	66.17
Materials	91.26	126.90
Consumables, Components and Spares	-	5.93
TOTAL	94.54	199.00

6) Disclosure regarding Leases:
I. Operating Leases for Locos

a) The Company is engaged in leasing of locomotives. Out of 30 locomotives purchased from Indian Railways, the lease agreement for 15 locomotives with a foreign client has been extended up to 31.12.2009 .

b) Future minimum lease rental payable / receivable under operating lease for each of the following period is as under:

(Rupees million)

Lease Rent	Not later than 1 year	Later than 1 year to 5 years	Later than 5 years
Receivable	119.20 (123.50)	Nil (Nil)	Nil (Nil)
Payable	Nil (Nil)	Nil (Nil)	Nil (Nil)

c) Disclosure of depreciation on lease business assets including stand by locos during the year:

(Rupees million)

Particulars of assets	As on 31.03.2009	As on 31.03.2008
Gross carrying amount of assets	248.09	163.20
Accumulated depreciation	51.32	42.41

(Rupees million)

Particulars	2008-09	2007-08
Depreciation for the year	8.91	8.86

II. Operating lease for Light Vehicles

The Company has taken seven (Previous year two) light vehicles on operating lease without any obligation to purchase from lessor for its use for five years. The future minimum basic lease rent payable is as under-

(Rupees million)

Lease Rent	Not later than 1 year	Later than 1 year to 5 years	Later than 5 years
Payable	0.72 (0.30)	1.67 (0.73)	Nil (Nil)

III. Operating Lease for Premises

The Company's leasing arrangements are in respect of operating leases of premises for residential use of employees, offices, guesthouses and transit camps. These leasing arrangements, which are not non cancelable, are for one year, and are usually renewable on mutually agreed terms. The Expenses Schedule (Sch O) under Employee Remuneration and Benefits includes Rs.77.60 million (Rs. 66.52 million) towards lease payments, net of recoveries in respect of premises for residential use of employees. Lease payments in respect of premises for offices, guesthouses and transit camps aggregate to Rs.38.75 million (Rs.32.77 million) shown as rent in Schedule "O".

7) Segment Reporting:

Primary Segment information (Geographic):

(Rupees million)

	International		Domestic		Others*		Total	
	08-09	07-08	08-09	07-08	08-09	07-08	08-09	07-08
A. Turnover								
Operating Income	8027.02	2330.71	18476.77	17350.87	39.33	-	26543.12	19681.58
Other Income	363.55	173.33	588.73	639.40	380.64	436.81	1332.92	1249.54
Inter-segment		Nil		Nil		Nil		Nil
Total Revenue	8390.57	2504.04	19065.50	17990.27	419.97	436.81	27876.04	20931.12
B. Result								
Profit before Provision, Depreciation, Interest and Tax.	1276.27	119.46	1821.46	1767.85	(267.83)	161.47	2829.90	2048.78
Less: Provision & write backs (Net)	58.73	(53.31)	131.40	(13.83)	321.24	99.62	511.37	32.48
Depreciation for the year	196.71	173.61	202.26	200.52	42.90	37.52	441.87	411.65
Interest	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Profit Before Tax	1020.83	(15.27)	1487.80	1595.58	(631.97)	24.33	1876.66	1604.64
Provision for Tax	244.29	45.66	400.81	421.00	(170.26)	-	474.84	466.66
Profit After Tax	776.54	(60.92)	1086.99	1174.57	(461.71)	24.33	1401.82	1137.98
C. Other Information								
Assets	10460.94	5092.11	16989.62	16346.53	4949.31	6486.92	32399.87	27925.56
Include Fixed Assets (Net Block)	751.39	772.23	1951.10	1132.84	(102.01)	889.50	2600.48	2794.57
Liabilities	9837.31	4643.98	13163.58	12175.72	(1381.47)	1591.88	21619.42	18411.58
Capital Expenditure: Additions to Fixed Assets	220.63	348.96	35.17	354.16	3.18	493.94	258.98	1197.05

* Others include unallocated revenue, expenses, assets and liabilities.

Secondary Segment information (Business):

(Rupees million)

	Operating Income		Segment Assets		Additions to Fixed Assets	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Construction, etc.	26328.80	19509.11	31896.02	27448.07	171.54	1196.80
Leasing & operation	214.32	172.47	503.85	477.49	87.44	0.25
Total	26543.12	19681.58	32399.87	27925.56	258.98	1197.05

8) Related Party disclosures:

a) Enterprises where control exists:

Unincorporated Joint Ventures: - Ircon- COBRA-ELIOP, Ircon-LION PACIFIC SDN, BHD, Ircon- Sree Bhawani Builders, Ircon-GANNON Dunkerly, Ircon-RCS-PFLEIDERER, Ircon-SMJ Project, SMJ- Ircon, International Metro Civil Contractor (IMCC), Metro Tunneling Group (MTG), RICON (Consortium between Ircon and RITES) , RICON-CETA SARL, Ircon- ASKA Consortium.

Joint venture Companies-Company named as CCFB (Compahnia Dos Caminhos De Ferro Da Beira SARL) of Ircon, RITES & CFM (Mozambique Railways), and a JV Company named as Ircon Soma Tollway Private Limited.

b) Key management personnel:

Directors: - S/Shri Mohan Tiwari, Ankush Krishan, Sudhir Mathur, Madan Lal.

c) Disclosure of transactions with related parties:

(Rupees million)

Particulars	Transactions		Outstanding Amount	
	2008-09	2007-08	As on 31-3-2009	As 31-3-2008
Remuneration to key management personnel (b above) & Sitting Fees to other Independent Directors	As per Note No. 9		Nil	Nil
Services from enterprises where directors' interest exist	Nil	Nil	Nil	Nil
Investment in CCFB/ISTPL	127.70	131.00	694.04	566.34
Loan to CCFB/RICON	311.30	168.88	893.63	582.33
Advance recoverable from CCFB/RICON/ISTPL	(7.91)	(9.25)	15.09	23.00
Amount payable to RICON	4.89	-	4.89	-
Income from CCFB/RICON/ISTPL	72.19	47.29	174.61	102.42

9) Remuneration to Directors are as under:

(Rupees million)

Sr.	Particulars	2008-09	2007-08
i.	Salary & Allowances	4.54	2.92
ii.	Contribution to Provident Fund	0.36	0.28
iii.	Superannuation including Retirement Benefits	1.38	-
iv.	Reimbursement of Medical expenses	0.63	0.26
v.	Sitting Fee	0.22	0.10
vi.	Other benefits	0.17	0.03
	TOTAL	7.30	3.59

Recovery as applicable has been made from Directors who have been provided with Company accommodation and/or car.

10) Disclosures in respect of Joint-Ventures

a) List of unincorporated Joint-Ventures:

S. No.	Name of the JV	Partner(s) and Country of Origin	Participating Interest (in %) as on 31st March	
			2009	2008
1	Ircon-COBRA-ELIOP #	Ircon, India COBRA, Spain ELIOP, Spain	61.22 34.35 4.43	61.22 34.35 4.43
2	Ircon-LION PACIFIC SDN,BHD	Ircon, India LION PACIFIC SDN, BHD, Malaysia	65.37 34.63	65.37 34.63
3	Ircon-Sree Bhawani Builders # #	Ircon, India Sree Bhawani Builders, India	24.21 75.79	24.21 75.79
4	International Metro Civil Contractor (IMCC) # # #	Dywidag, Germany Larsen & Tubro Ltd., India Samsung Corp., Korea Shimizu Corp., Japan Ircon, India	29.00 26.00 26.00 9.50 9.50	29.00 26.00 26.00 9.50 9.50
5	Metro Tunneling Group (MTG)	Dywidag, Germany Larsen & Tubro Ltd., India Samsung Corp., Korea Shimizu Corp., Japan Ircon, India	29.00 26.00 26.00 9.50 9.50	29.00 26.00 26.00 9.50 9.50
6	RICON	Ircon, India RITES, India	49.00 51.00	49.00 51.00
7	SMJ – Ircon@	Ircon, India Sumber Mitra Jaya, Indonesia	25.00 75.00	25.00 75.00
8	Ircon-GANNON Dunkerly	Ircon, India GANNON Dunkerly	55.70 44.30	55.70 44.30
9	Ircon-RCS-PFLEIDERER	Ircon, India Rayalseema Concrete Sleepers Pvt. Ltd, India Pfleiderer Infrastrukturtechnik GmbH & Co, Germany	65.08 21.87 13.05	65.08 21.87 13.05
10	Ircon-SMJ Project JV	Ircon, India Sumber Mitra Jaya, Indonesia	55.00 45.00	55.00 45.00
11	RICON- CETA SARL@@	RICON, India CETA, Mozambique	49.00 51.00	49.00 51.00
12	Ircon –ASKA Consortium@@@	Ircon, India SARL ASKA, Algeria AS- KA,Turkey	70.00 15.00 15.00	70.00 15.00 15.00

b) List of Joint-Venture Companies:

S. No	Name of JV Company	Shareholders and country of origin	Percentage of Ownership	
			As at 2009	As at 2008
1.	CCFB (Companhia Dos Caminhos De Ferro Da Beira SARL) Mozambique	Ircon, India	25.00	25.00
		RITES, India	26.00	26.00
		CFM, Mozambique	49.00	49.00
2.	Ircon-Soma Tollway Private Limited.	Ircon, India Soma Enterprise Limited, India	50.00 50.00	50.00 50.00

Work completed on 15.6.2007

Project closed, payment yet to be received

Work completed on 5.3.2006

@ Project closed, final settlement yet to be made

@@ w.e.f 01.05.2008, the JV partners have changed the nature of operation of JV as per which the balance scope of work has been bifurcated amongst them as against Joint Control followed earlier. As a result the nature of JV has changed from Jointly Controlled Entity (JCE) to Jointly Controlled Operation (JCO). Proportionate Consolidation method has been followed till 30.4.2008 as per Accounting policy No.10(ii) and thereafter accounted for as independent contracts as per the Accounting policy No.10(i) of Schedule-Q of the company in respect of JCO.

@@@ On direction of client Ircon has expelled the other two partners Sarl Aska and Aska from the consortium and 100% work is being taken up by Ircon. Official communication in this regard is awaited from the client.

- c) Contingent liability towards the Company's share of bank guarantee in case of IMCC as on 31.03.2009 is Rs.21.18 million (Rs. 19.29 million).
 - d) Proportionate share of sales-tax liability in case of IMCC as on 31.03.2009 Rs.42.52 million (Rs.51.34 million).
 - e) Contingent liability towards the Company's share of bank guarantee in case of MTG as on 31.03.2009 is Rs.46.71million (Rs. 115.00 million).
 - f) Contingent liability towards the Company's share of corporate guarantee to Central Excise in case of MTG as on 31.03.2009 is Rs.15.36 million (Rs.11.40 million).
 - g) Contingent liability towards the Company's share of bank guarantee in case of Ircon-RCS- PFLEIDERER as on 31.03.2009 is Rs.9.10 million (Rs.9.10 million).
 - h) Contingent Liability towards proportionate share of liquidated damages to the extent of Rs.104 million (Rs. 62.52 million) in M/s RICON - CETA SARL.
 - i) The company has committed shareholders loan of USD 10 million in CCFB out of which USD 1 million has been remitted during the year balance of USD 9 million is yet to be disbursed.
 - j) The company has committed conditional advance of Rs. 56.10 million to ISTPL JV during the year.
- 11) The Sixth Pay Commission recommendation for CDA employees and Second Pay Committee recommendations for IDA employees have been implemented during the year and impact thereof has been accounted for in the books of accounts.
 - 12) The company had purchased a freehold land at Bangalore in January 2001 from Bangalore Development Authority (BDA) which was registered in the Company's name during the year 2005-06 at a capitalised cost of Rs.11.24 million. The land was the property of BDA. A third party is claiming ownership of the plot. The matter is sub judiced before the Honourable City Civil Court.
 - 13) The Company has carried out the assessment on impairment of individual assets by working out the recoverable amount based on lower of the net realisable value and carrying cost during the year in terms of AS 28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India. Accordingly, impairment loss of Rs.Nil (Rs. Nil) has been recognised in respect of assets during the year.

- 14) a) Due to gulf war when payments from clients (including for Samawa and Al-muthana Projects executed in Iraq) were not forthcoming. Govt. of India (GOI) bailed-out projects exporters in Iraq including Ircon under Deferred Payment Agreement Protocol (DPA).

Under DPA, the outstanding balances dues as certified by Central Bank of Iraq (CBI) to Exim Bank upto Sept. 1995 were settled by GOI by issuing bonds in two phases. Subsequent to 2nd phase, CBI had further certified (confirmed by Exim Bank in May, 2000) an amount of USD 8.89 million (equivalent to Rs. 318.21 millions converted at the last settlement rate of 1 USD = Rs. 35.802) to Exim Bank, awaiting settlement by GOI, for which company had conveyed its consent to Ministry of Railways vide its letter dt. 26.05.2005. Corresponding to these dues, interest payable to sub-contractors on back-to-back basis amounting to USD 4.20 Million (equivalent to Rs. 150.37 million converted at the last settlement rate of 1 USD = Rs. 35.802) has been provided in the books of account.

In August, 1989, company was awarded Baiji Project in Iraq. At the time of last two settlements, outstanding dues of this project were not considered as the project was not covered by DPA. Under Non-DPA, the outstanding dues of USD 3.356 million are converted at the last settlement rate of 1 USD = Rs. 35.802. During the year company has received an amount of Rs. 227.20 million towards the settlement of dues which includes payment of Rs.66.60 million towards interest.

b) The accrued interest on deferred Iraqi dues and provision for interest to sub-contractors on back-to-back basis have been translated at the last settlement rate (i.e. 1 USD = Rs. 35.802) with the Government of India, based on prudence as in previous year. Had the dues been translated at the closing exchange rate as on 31.03.2009 as per AS-11, Other Current Assets would have been Rs.839.05 million (increased by Rs.130.90 million), Provisions would have been Rs.4254.89 (increased by Rs.61.86 million) Profit Before Tax would have been Rs.1945.70 million (increased by Rs.69.04 million).

- 15) The Company, as a voluntary welfare measure, has established an irrevocable Trust for providing medical and other benefits to the eligible employees who superannuate from the Company/die in harness and had contributed Rs. 120 million to the corpus of the Trust during financial year 2000-01. The Trust is registered under the provision of the Income Tax Act, 1961. The income of the Trust is considered sufficient to provide the benefits enumerated in the Trust Deed. The Company, however, is not liable for providing such benefits to its employees.
- 16) The Company had taken a policy from Life Insurance Corporation of India (LIC) under Group Gratuity Scheme and set up a Gratuity Trust. The contributions to LIC were made up to FY 2003-04. Subsequent contributions could not be made as the demand from LIC was not crystallized. The Gratuity Trust has been dissolved during the year. Accumulated balance including interest as on 31.03.2009 in the fund maintained by LIC amounting to Rs.37.77 million (Rs.35.17 million) has been shown as a deduction from provision towards company's liability for gratuity made as per actuarial valuation in terms of Accounting Policy no. 17(i) (Schedule Q).
- 17) (a) The Company in its Income-Tax returns is claiming deduction under Section-80 IA of Income-Tax Act, 1961, in respect of eligible construction projects w.e.f. Assessment year 2000-01. Since some of the claims have been rejected upto to level of CIT (Appeals), Tax is provided without considering the deduction. The deduction upto AY 2008-09 is Rs.3220.53 million. The matter is pending before the Tribunal.
- (b) The Company in its Income-Tax returns is claiming deduction under Section-80 IB of Income-Tax Act, 1961, in respect of housing projects w.e.f. Assessment year 2007-08, Tax is provided without considering this deduction. The estimated deduction upto AY 2008-09 is Rs. 68.46 million.

18) **Disclosure under AS-15**

Provident Fund

The Company pays fixed contribution of Provident Fund at a pre determined rates to a separate trust, which invest the funds in permitted securities. The trust is required to pay a minimum rate of interest on contribution to the members of the trust. The amount available in the fund including the return on investments is greater than the obligation of the company hence no further provision is considered necessary.

Gratuity

Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary for each completed year of service subject to a maximum of Rs. 10 lakhs on superannuation, resignation, termination, disablement or on death.

The liability is provided on the basis of actuarial valuation.

Post-Retirement Medical Facility (PRMF)

The Company has post retirement medical facility under which medical treatment is provided for retired employees and for those who die in service (including spouse).

Leave Encashment

The company provides for earned leave benefit and half pay leave to the employees which accrue annually at 30 days and 20 days respectively. 50% of the earned leave is encashable while in service and maximum of 300 days on superannuation. Half pay leave is encashable only on superannuation subject to a maximum of 240 days as per the rules of the company. The liability is recognised on the basis of actuarial valuation.

The summarised position of various employee benefit recognised in the profit and loss account, balance sheet are as under-

i) Changes in the present value of obligations

(Rupees million)

	Gratuity	Leave Encashment	PRMF
Present Value of Obligation as at beginning of the period	162.60 (140.62)	216.35 (145.71)	68.43 (44.88)
Interest Cost	13.01 (11.53)	17.31 (11.95)	5.47 (3.68)
Current Service Cost	20.60 (11.58)	27.49 (18.13)	5.96 (4.44)
Past Service Cost	63.21 (-)	- (-)	- (-)
Benefit Paid	(6.09) ((0.47))	(10.43) ((12.02))	(1.03) ((0.47))
Actuarial (gain)/loss on obligation	42.32 ((0.66))	47.30 (52.59)	23.13 (15.91)
Present Value of Obligation as at the end of the period	295.65 (162.60)	298.03 (216.35)	101.96 (68.43)

ii) Changes in the fair value of plan assets

	Gratuity	Leave Encashment	PRMF *
Fair Value of plan assets as at beginning of the period	35.17 (32.78)	- (-)	- (-)
Expected return on Plan Assets	3.08 (2.79)	- (-)	- (-)
Contributions	- (-)	- (-)	- (-)
Benefit Paid	(0.44) ((0.47))	- (-)	- (-)
Actuarial (gain)/loss on Plan Assets	(0.03) (0.08)	- (-)	- (-)
Fair Value of Plan Assets as at the end of the period	37.77 (35.17)	- (-)	- (-)

iii) Fair Value of Plan Assets

	Gratuity	Leave Encashment	PRMF *
Fair value of Plan Asset at the beginning of period	35.17 (32.77)	- (-)	- (-)
Actual return on Plan Assets	3.04 (2.87)	- (-)	- (-)
Benefits paid	(0.44) ((0.47))	- (-)	- (-)
Fair value of Plan Assets at the end of period	37.77 (35.17)	- (-)	- (-)
Funded Status	(257.88) ((127.43))	(298.03) ((216.36))	(101.96) ((68.43))
Excess of actual over expected return on plan assets	(0.03) (0.08)	- (-)	- (-)

*IRCON Medical Trust has a combined fund of Rs.236.99 million

iv) Actuarial Gain/Loss recognised for the period

	Gratuity	Leave Encashment	PRMF
Actuarial gain/(loss) for the period- Obligation	(42.32) (0.66)	(47.30) ((52.59))	(23.13) ((15.91))
Actuarial gain/(loss) for the period- Plan Assets	0.03 ((0.08))	- (-)	- (-)
Total (gain)/loss for the period	42.35 ((0.74))	47.30 (52.59)	23.13 (15.91)
Actuarial (gain)/loss recognised in the period	42.35 ((0.74))	47.30 (52.59)	23.13 (15.91)

v) Amount recognised in Balance Sheet

	Gratuity	Leave Encashment	PRMF
Present Value of Obligation as at the end of the period	295.66 (162.61)	298.03 (216.36)	101.96 (68.43)
Fair Value of Plan Assets as at 31.03.2009	37.77 (35.17)	- (-)	- (-)
Funded Status	(257.88) ((127.43))	(298.03) ((216.36))	(101.96) ((68.43))
Net liability recognised in the Balance Sheet	257.88 (127.43)	298.03 (216.36)	101.96 (68.43)

vi) Expenses recognised in Profit & Loss Account

	Gratuity	Leave Encashment	PMRF
Current Service Cost	20.60 (11.58)	27.49 (18.13)	5.96 (4.44)
Past Service Cost	63.21 (0)	- (-)	- (-)
Interest Cost	13.01 (11.53)	17.31 (11.95)	5.47 (3.68)
Expected return on plan assets	(3.08) ((2.79))	- (-)	- (-)
Net actuarial (gain)/ loss recognised in the year	42.35 ((0.74))	47.30 (52.59)	23.13 (15.91)
Expenses recognised in the Profit & Loss A/c	136.10 (19.59)	92.10 (82.67)	34.56 (24.02)

vii) Amount for the Current Period

	Gratuity	Leave Encashment	PMRF
Present Value of Obligation	295.66 (162.61)	298.03 (216.36)	101.96 (68.43)
Plan Assets	37.77 (35.17)	- (-)	- (-)
Surplus (Deficit)	(257.88) ((127.43))	(298.03) (216.36)	(101.96) ((68.43))
Experience adjustments on plan liabilities -(Loss)/ Gain	69.82 (10.88)	(42.97) ((7.60))	(17.26) (5.00)
Experience adjustments on plan assets -(Loss)/ Gain	(0.03) (0.08)	- (-)	- (-)

viii) Actuarial Assumptions

i) Method used	Projected Unit Credit Method
ii) Discount rate	8.00%
iii) Rate of increase in Compensation Levels	8.53%
iv) Rate of return on Plan Assets -Gratuity	8.75%
v) Average Outstanding Service of Employees upto Retirement	18 years
vi) Estimated term of Benefit Obligations	13 years

19) Disclosure in respect of Contract in Progress* (Rupees million)

Details	Up to 31.03.09
(a) Aggregate amount of costs incurred and recognized profits (Less recognized losses)	76757.43
	As on 31.03.09
(b) Amount of Advances received from Client	6679.59
(c) Amount of Retentions (by Client)	1498.49

* excluding projects completed upto 31.03.2009

- 20) i) The Company does not have amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31.03.2009 (previous year nil).
- ii) The Company has not received any information from any of its suppliers of their being a small scale industrial unit. Based on this information, there are no amounts due to small-scale industrial undertaking, which are outstanding for more than 30 days as on 31st March 2009 (previous year nil).
- 21) Figures in the Balance Sheet, Profit & Loss Account and other Schedules are shown in Rupees in million in accordance with the approval of the Department of Company Affairs letter No.46/298/2001-CL- III dated 13.03.2002.
- 22) Previous year's figures in bracket have been regrouped, rearranged and recast wherever necessary to make it comparable to the current year's classification.
- 23) **Balance Sheet Abstract and Company Business Profile:**

I) Registration Details:

Registration No.	8171	State Code	55
Balance Sheet Date	31-03-2009		

II) Capital raised during the year:

			(Rupees million)
Public issue	Nil	Rights issue	Nil
Bonus issue	Nil	Private Placement	Nil

III) Position of mobilisation and deployment of funds

Total liabilities	32399.87	Total Assets	32399.87
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Sources of funds:

Paid-up Capital	98.98	Reserves & Surplus	10648.44
Secured Loans	Nil	Unsecured Loans	33.03
		Deferred Tax Liability	Nil

Application of funds:

Net fixed assets	2600.48	Investments	2344.98
Net current assets	5222.39	Deferred Tax Asset	612.60
Miscellaneous Expenditure	Nil	Accumulated losses	Nil

IV) Performance of the Company

Turnover	27876.04	Total expenditure	25999.38
Profit before Tax	1876.66	Profit after Tax	1401.82
Earning per share (Rs.)	141.63	Dividend rate	300 %

V) Generic names of three principal products of the Company (as per monetary terms)

Product Description	Other Projects: Turnkey Construction
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For Gianender & Associates
Chartered Accountants

For and on behalf of the Board of Directors

Manju Agrawal
Partner
M. No. 83878Lalitha Gupta
Company SecretarySudhir Mathur
Director FinanceMohan Tiwari
Managing DirectorPlace : New Delhi
Date : 24th June, 2009

Cash Flow Statement
For the year ended on 31st March 2009

(Rupees million)

		2008-09	2007-08
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before taxation & extraordinary items		1,916.26	1,605.01
Adjustment for :			
Depreciation		443.64	402.73
Amortisation of premium on investment		16.89	19.11
Loss / (Profit) on sale of assets(net)		(5.80)	(8.21)
Interest Income		(829.79)	(948.81)
Provisions - Additions(Write back) Net		511.37	32.48
Operating Profit before working capital changes	(1)	2,052.57	1,102.31
Adjustment for :			
Decrease(increase) in Trade Receivables		(1,127.50)	(4,125.18)
Decrease(increase) in Inventories		(2,715.07)	(695.85)
(Decrease)/increase in Sundry Creditors		1,969.83	3,666.46
Decrease(increase) in JCE Current Assets		(179.70)	(97.78)
(Decrease)/increase in JCE Current Liabilities		(10.51)	155.65
	(2)	(2,062.95)	(1,096.70)
Cash generated from operation	(1-2)	(10.38)	5.61
Cash flow before prior period & extraordinary items		(10.38)	5.61
Foreign Exchange Fluctuation Reserve		203.70	(46.08)
Prior period & extraordinary items		(39.60)	(0.37)
NET CASH FROM OPERATING ACTIVITIES	(A)	153.72	(40.84)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets including Capital WIP		(264.02)	(547.37)
Sale of fixed assets		5.89	(33.56)
Interest received		767.70	949.35
Investment matured (including profit on sale)		271.52	-
Investment raised (long term)		(177.70)	(131.00)
Decrease(increase) in JCE Fixed Assets		14.39	(5.99)
NET CASH FROM INVESTING ACTIVITIES	(B)	617.78	231.43
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend (including Corporate Tax) paid		(347.41)	(301.09)
(Decrease)/increase in JCE Loan Fund		11.80	9.25
NET CASH FROM FINANCING ACTIVITIES	(C)	(335.61)	(291.84)
NET INCREASE IN CASH & CASH EQUIVALENT	(A+B+C)	435.89	(101.25)
CASH AND CASH EQUIVALENT (OPENING)	(D)	9,402.78	9,504.03
CASH AND CASH EQUIVALENT (CLOSING)	(E)	9,838.67	9,402.78
NET INCREASE IN CASH & CASH EQUIVALENT	(E-D)	435.89	(101.25)

- Note :**
1. Cash and cash equivalents consist of cash in hand and balances with banks.
 2. Figures in brackets represent outflow of cash.
 3. Figures of the previous year have been regrouped/recast wherever necessary.

 As per our Report of even date attached
 For Gianender & Associates

For and on behalf of Board of Directors

Manju Agrawal
Partner
M. No. 83878

Lalitha Gupta
Company Secretary

Sudhir Mathur
Director Finance

Mohan Tiwari
Managing Director

Place : New Delhi
 Date : 24th June, 2009

GIANENDER & ASSOCIATES
CHARTERED ACCOUNTANTS
 21/6, GITA MANDIR MARG
 NEW RAJINDER NAGAR
 NEW DELHI-110060
 PHONE-28743942, 42412008

AUDITORS' REPORT TO THE MEMBERS OF IRCON INTERNATIONAL LIMITED, NEW DELHI

1. We have audited the attached Balance Sheet of Ircon International Limited as at 31st March, 2009, Profit & Loss Account and Cash flow statement for the year ended on that date, annexed thereto in which are incorporated the accounts of Northern Region audited by us and Algeria, Nepal, Mozambique, Ethiopia, Afghanistan, Western, Eastern, Southern, Kanpur & Jammu & Kashmir Regions of the Company audited by the Branch Statutory Auditors duly appointed and whose reports have been considered by us in framing our report.

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 auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. We draw attention to Notes to Accounts (Schedule 'R') & Significant Accounting Policies (Schedule "Q"):
- a) *Note No. 14.b): Carrying balances at exchange rate prevalent at the time of settlement of dues in 1995 with Government of India and not translating at rates prevalent on 31.03.09 is not in conformity with AS-11. As a result, other current assets is lower by Rs. 130.90 million, provisions is lower by Rs.61.86 million and profit is lower by Rs. 69.04 million.*
5. Further to our comments in annexure referred to in para 3 above and *subject to clause (a) of para 4*, 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 purposes of audit.
- b. In our opinion, the Company has kept proper books of accounts as required by law so far as appears from our examination of those books.
- c. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
- d. In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this Report comply with accounting standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956 except otherwise stated.
- e. Being a Government Company, pursuant to the Gazette notification No. GSR 829(E) dated 21.10.2003 issued by Government of India, provisions of clause(g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the company.
- f. In our opinion and according to the best of our information and according to the explanations given to us, the said accounts read with Significant Accounting Policies (Schedule-Q) and Notes on Accounts (Schedule-R) give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India.
- i) In the case of Balance Sheet, of the state of affairs of the Company as at 31.03.2009;
- ii) In the case of Profit & Loss account, of the profit for the year ended on that date; and
- iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Gianender & Associates
Chartered Accountants

Manju Agrawal
Partner

Membership no. 83878

Place: New Delhi

Date : 24th June, 2009

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (3) thereof)

- i.
 - a. The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. The fixed assets were physically verified by the management during the year. There is a regular programme of verification, which in our opinion, is reasonable having regard to the size of the Company and nature of its business. No material discrepancies were noticed on such verifications.
 - c. During the year no substantial disposal of fixed assets of the Company has taken place which would have affected its going concern status.
- ii.
 - a. The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable.
 - b. In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - c. On the basis of our examination of records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on comparison of physical verification results with the book records are not material and have been properly dealt with in the books of account.
- iii. According to the information and explanation given to us by the management and records produced, the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Thus, the requirements under para 4(iii) (b) to (d) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control.
- v. According to the information and explanations given to us by the management and records produced, there are no transactions that need to be entered into the register pursuant to Section 301 of the Companies Act, 1956.
- vi. According to the information and explanations given to us, and as per our examination of records, the Company has not accepted any deposits from public and therefore, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provision of the Companies Act, 1956, and rules framed there under, are not applicable.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of the business.
- viii. The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, in respect of the Company.
- ix.
 - a. The company is generally regular in depositing undisputed statutory dues including provident fund, income tax, sales tax, wealth-tax, service-tax, custom duty, excise duty, cess and other statutory dues applicable with the appropriate authorities. The investor Education & Protection Fund and Employees' State Insurance are not applicable to the company. As per records produced before us, there are no undisputed dues which were outstanding as on 31-03-2009 for a period over six months from the date the same become payable.
 - b. According to information and explanation given to us, and as per our examination of records of the Company following are the particulars of dues on account of sales tax, income tax, custom duty, wealth tax, excise duty and cess matters that have not been deposited on account of dispute as on 31.3.2009.

Nature of the dues	Amount (Rs. million)	Period for which amount relate	Forum where pending
Sales Tax	19.90	1995-96	Maharashtra Sales Tax Tribunal, Mumbai
Sales Tax	15.27	1996-97	
Sales Tax	0.70	1993-94	Assistant Commissioner (Commercial Tax) in Satna
Royalty	0.19	1984-85 & 1985-86	High Court, Allahabad
Sales Tax/Entry Tax	0.35	1993-94	High Court, Jabalpur, MP
Sales Tax	0.11	1999-2000	Assistant Commissioner, (Commercial Tax) Satna
Sales Tax	0.05	1998-1999	Addl Commissioner, Raipur, Addl Commissioner, Korba
Sales Tax/Entry Tax	2.31	1998-1999	Addl Commissioner, (Commercial Tax) Satna
Sales Tax	0.72	2000-01&2003-04	Asst. Commissioner, (Commercial Tax), Ranchi
Sales Tax	9.90	2002-03	Commissioner Sales Tax, Orissa
Sales Tax	9.30	2001-02	Orissa Sales Tax Tribunal, Cuttack
Sales Tax	8.92	2003-04 & 2004-05	Asst Commissioner Sales Tax, Behela, Kolkata
Sales Tax	9.08	1997-2002	Asst Commissioner Sales Tax, Behela, Kolkata
Sales Tax	28.11	1998-2000	ACIT, Delhi
Sales Tax	0.81	1982-83 & 1989-90	DC(Appeal), Jhansi
Custom Duty	58.13	1989-90	Dy Commissioner (Custom), Mumbai
Sales Tax	6.16	2001-02	Dy Commissioner, Appeals Srinagar
Sales Tax	13.37	2002-03	Dy Commissioner, Appeals Srinagar
Sales Tax	73.52	2003-04	Dy Commissioner, Appeals Srinagar
Sales Tax	134.82	2004-05	Dy Commissioner, Appeals Srinagar
VAT	11.93	2006-07	Dy Commissioner, Appeals Ludhiana
Sales Tax	2.12	1997-98	Revenue Board, Gwalior
Sales Tax	16.45	2001-02	Dy Commissioner-Appeals, Noida
Sales Tax	50.23	2002-03	Dy Commissioner-Appeals, Noida
Sales Tax	47.06	2003-04	Dy Commissioner-Appeals, Noida
Sales Tax	0.74	2004-05	Dy Commissioner-Appeals, Noida
Cess	83.50	2001-02	Spl Secretary, Mining Department, Rajasthan
Sales Tax	4.80	2006-07	Jodhpur High Court, Rajasthan
Sales Tax	2.8	2002-03	High Court, Allahabad.
Sales Tax	1.8	2003-04	
Sales Tax	4.1	2004-05	

- x. The company has no cash losses during the financial year covered by our audit and in the immediately preceding financial year nor are there any accumulated losses in this period.
- xi. The Company is a debt free company, so the question of default by the Company in repayment of dues to financial institution, bank or debenture holder does not arise.
- xii. According to the information and explanations given to us and as per our examination of records, the company has not granted loans and advances on the pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is neither a chit fund nor a nidhi mutual benefit fund/society, so the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- xv. In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- xvi. The Company is a debt free Company, so the question of use by the Company of term loan for the purpose for which it was given, does not arise.
- xvii. As the Company is a debt free company, the use of short-term funds for long-term investment does not arise.
- xviii. According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix. According to the information and explanations given to us, during the year under audit, the Company has not issued any debentures.
- xx. The Company has not raised any money by way of public issue during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For Gianender & Associates
Chartered Accountants**

**Manju Agrawal
Partner
Membership no. 83878**

Place: New Delhi
Date: 24th June, 2009

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF IRCON INTERNATIONAL LIMITED, NEW DELHI, FOR THE YEAR ENDED 31st MARCH 2009

The preparation of financial statements of Ircon International Limited, New Delhi, for the year ended 31st March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 24th June 2009.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956, of the financial statements of Ircon International Limited, New Delhi, for the year ended 31st March 2009. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Ghazala Meenai
Principal Director of Commercial Audit &
Ex-officio Member Audit Board - III, New Delhi

Place: New Delhi

Dated: 26th August, 2009



IRCON INTERNATIONAL LIMITED

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