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## Registered Office

C-4, District Centre, Saket,  
New Delhi-110 017

## Company Secretary

Lalitha Gupta

## Statutory Auditors

Wahi & Gupta,  
Chartered Accountants,  
Hotel Rex Building (OBC Building),  
5-Netaji Subhash Marg,  
Daryaganj, New Delhi-110002

## Main Bankers

- Indian Overseas Bank
- State Bank of India
- HDFC Bank

## Stock Exchange Where Shares Listed

Bombay Stock Exchange Limited,  
Phiroze Jeejeebhoy Towers,  
25th Floor, Dalal Street,  
Mumbai-400001

Delhi Stock Exchange Limited,  
DSE House,  
3/1, Asaf Ali Road,  
New Delhi-110002



Corporate Office Building of Irrcon at Saket, New Delhi

## BOARD OF DIRECTORS (As on 06.08.2010)

### Chairman



**Rakesh Chopra**  
Part-time Director (Official)

### Whole-time Directors



**Mohan Tiwari**  
Managing Director



**Madan Lal**  
Director Works



**K.K. Garg**  
Director Finance



**Deepak Sabhlok**  
Director Projects

### Non-Executive Directors



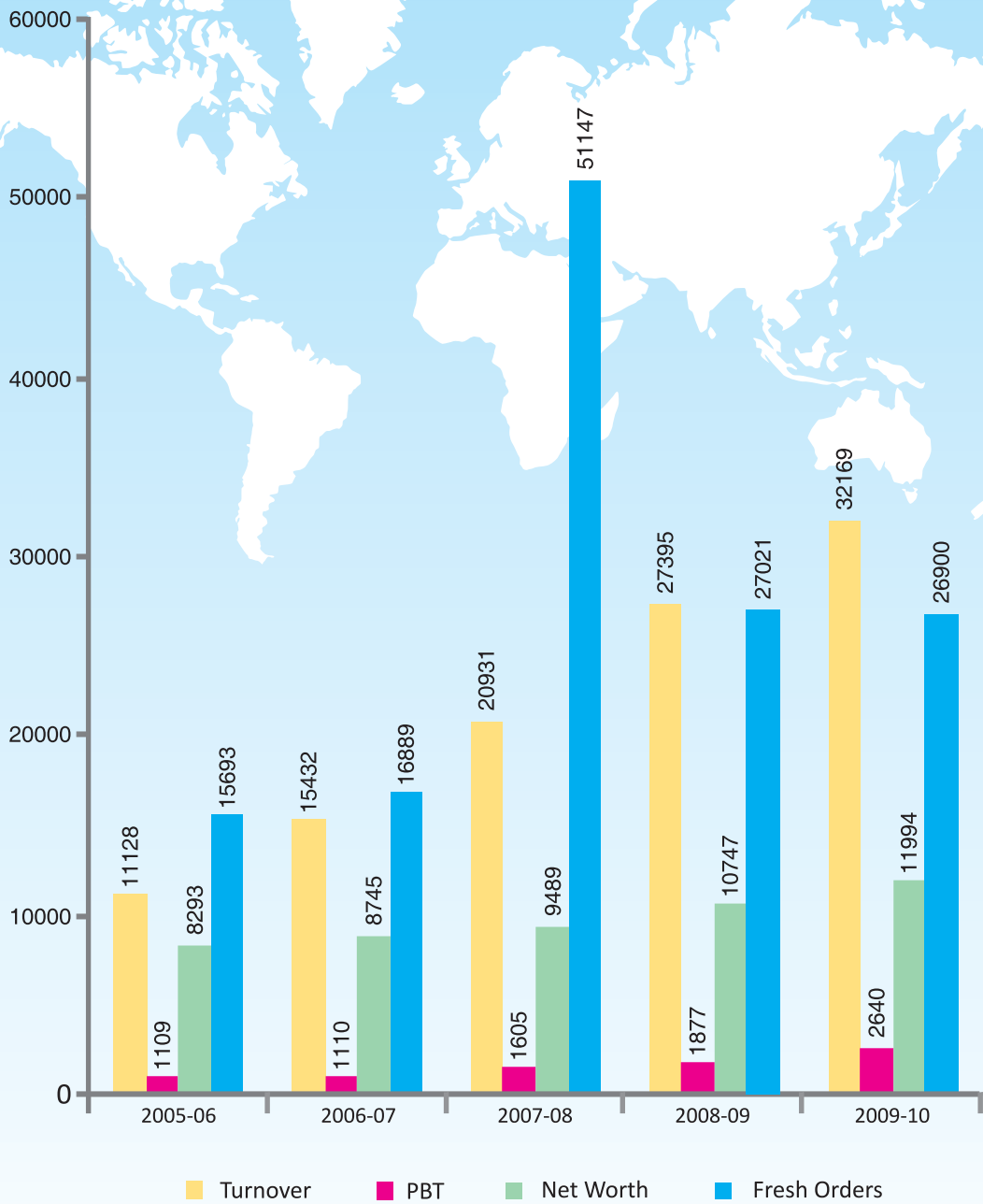
**A.K. Tiwari**  
Part-time Director (Official)



**N.Parthasarathy**  
Independent Director

# Performance During Last Five Years

Rs. in Million



## CHAIRMAN'S ADDRESS

### Dear Shareholder Friends,

I extend a warm and hearty welcome to all of you on this 34<sup>th</sup> Annual General Meeting of Ircon. Your Company has performed commendably during the year with a record turnover of ₹ 32169 million as is evident from the audited annual accounts and other related reports of the Company for the year ended 31<sup>st</sup> March 2010. You would be glad to know that Ircon ranks 171<sup>st</sup> in Engineering News Record's top 225 international contractors ranked on the basis of revenue generated from projects outside their home countries.

### New Avenues/Ventures

2009-10 has been a year of lateral growth too as Ircon formed its first 100% subsidiary company, 'Ircon Infrastructure & Services Limited' (referred as IrconISL) to undertake infrastructure projects and ancillary field including planning, designing and development of infrastructure of Multi-Functional Complexes (MFCs), etc. to provide facilities and amenities to users of Indian Railway System; and all matters in the field of real estates and allied areas.

### Financial Profile

Your Company continued its onward journey surpassing some of its landmarks and setting new targets and goals for future. The Company had crossed ₹ 10000 million mark in terms of turnover in 2004-05 after years of efforts. ₹ 20000 million mark was crossed in a matter of just three years in 2007-08, and now your Company has crossed ₹ 30000 million mark in 2009-10. MoU for 2010-11 between your Company and Ministry of Railways aims at achieving a turnover of Rs. 35000 million by 2011-12.

The profits had been fluctuating up and down till 2003-04 though your Company has been making profits every year without fail since 1977-78. The profits have started showing an upward trend consistently since 2004-05 and the Company has touched its all time high profit of ₹ 2640 millions during 2009-10. Similarly, though the Company has been consistently earning foreign exchange every year without fail since 1981-82, it was fluctuating in quantum and had started showing a declining trend from 2002-03 reaching very low ₹ 374 million in 2007-08. The scenario has reversed and the Company has registered net earnings of ₹ 2641 million in 2009-10 which is close to your Company's highest ever of ₹ 2840 million achieved in 2001-02.

On the basis of impressive financials, the Board of Directors has recommended a dividend of ₹ 15.80 per share for declaration at this AGM over and above the interim dividend of ₹ 21.20 per share paid in February 2010. The total dividend pay-out for 2009-10 would thus amount to an all time high of ₹ 37 per share. With this, the dividend paid to the Government (every year since 1980-81) would cumulatively amount to ₹ 2823 million.

### Operational Profile

During the last five years, your Company has recorded a compounded growth of 25.96% in terms of turnover, 19.63% in terms of profit before tax, and 9.05% in terms of net worth.

During the year 2009-10 and thereafter till now the Company has completed five projects abroad in Mozambique, Sharjah, Nepal, and Ethiopia, and nine projects in India including the Qazigund-Baramulla Rail line in the State of Jammu & Kashmir commissioned on 28<sup>th</sup> October 2009.

Your Company is also executing large value rail projects in countries like Malaysia, Sri Lanka and Algeria, apart from various nation building works including highway projects under Pradhan Mantri Gram Sadak Yojana, Rashtriya Sam Vikas Yojana, etc.

Executing projects in risky areas and foreign countries essentially involve risk management. Your Company has a two-tier team to implement the Risk Management framework, and the Board periodically reviews the risks associated with its project in risky areas and foreign exchange management.

Your Company has initiated the process of delisting its shares pursuant to a communication from Railway Board in this regard. After obtaining approval from Board of Directors, your Company sent the proposal on 20<sup>th</sup> August 2010 through postal ballot to all the shareholders seeking their consent in due compliance of SEBI (De-Listing of Equity Shares) Regulations, 2009. The formal declaration of result of postal ballot will be made at this meeting. The Company has also taken steps to fulfill the formalities as required by stock exchanges.





### **CSR Initiatives**

Your Company is sensitive towards discharging its corporate social responsibility in terms of positive contribution to preservation of environment and society in general in addition to the Corporate Governance norms being followed as already detailed in the Directors' Report. The Company has recently completed a CSR Project of construction of a compact unit of 16 kennels with an operation theatre and sanitary unit for the Society for Prevention of Cruelty to Animals (SPCA), Noida. The unit has been made operational on 17<sup>th</sup> August 2010.

### **Acknowledgements**

A Company's growth depends to a great extent on the goodwill and cooperation of people within and without. I thank the Ministry of Railways, various other Ministries of the Government of India and State Governments, Bankers, as well as Indian missions abroad for the guidance and goodwill extended by them to your Company. In particular I am grateful to the Chairman and the members of the Railway Board for their keen interest and support extended in the functioning of the Company. My thanks are also due to my colleagues on the Board of Directors for their valuable advice, cooperation, and support. Above all, I am extremely thankful to our esteemed clients both in India and abroad for their continued trust and confidence in Ircan. I am confident that Ircan will continue to move ahead in its journey towards greater success and growth with its dedicated and committed employees.

**Mohan Tiwari**  
**Managing Director**  
**Ircan International Limited**  
**and**  
**Chairman of the Meeting**

Dated: 22.09.2010  
Place: New Delhi

## DIRECTORS' REPORT

### Distinguished Shareholders of Ircon,

The Directors of your Company have pleasure in presenting their 34<sup>th</sup> Report on the affairs of the Company for the financial year 2009-10.

### PERFORMANCE HIGHLIGHTS

Your Company crossed the ₹ 30000 million mark in terms of total income during 2009-10 by registering its highest ever turnover of ₹ 32169 million, 17.43% increase over previous year's turnover of ₹ 27395 million. Further, your Company has been able to achieve a quantum jump of more than 40% in profit before tax from ₹ 1877 million in 2008-09 to ₹ 2640 million in 2009-10. The profit after tax has also increased by nearly 30%.

Most of the targets under the Memorandum of Understanding between your Company and Ministry of Railways have been achieved/ surpassed which would keep the Company under "**Excellent MoU rating.**" Total dividend for 2009-10, including the proposed dividend ₹ 156.39 million, will amount to ₹ 366.23 million, out of which your Company has already paid ₹ 209.84 million by way of interim dividend.

### FINANCIAL HIGHLIGHTS

Some important indicators of financial performance of the Company for the year 2009-10 vis-à-vis 2008-09 are given below:

#### Financial Performance Indicators.

		(₹ in million)		
		2009-10	2008-09	%age increase
1.	Total income/Gross sales	32169	27395	17.43
2.	Total Operating income *	31529	26543	18.78
3.	Operating income from Foreign Projects	11962	8027	49.00
4.	Profit before tax	2640	1877	40.65
5.	Profit after tax	1822	1402	29.96
6.	Gross margin	3053	2319	31.65
7.	Net worth	11994	10747	11.60
8.	Earnings per share (₹)	184.06	141.63	29.96
9.	Total Foreign Exchange Earnings	12610	8083	56
10.	Foreign Exchange Outgo	9969	7127	39.88
11.	Net Foreign Exchange Earnings	2641	956	176.26
12.	Dividend	366.23	296.94	23.33

\* Includes unallocable operating income of ₹ 44 million in 2009-10 and ₹ 39 million in 2008-09 (Refer para 7 of Notes to Accounts in Schedule 'R')

Operating income from domestic projects improved by 5.6% from ₹ 18477 million in 2008-09 to ₹ 19522 million in 2009-10. On the international front, operating income increased by 49%. The ratio of net profit to net worth has improved to 15.19% from 13.05%, and the ratio of PBT to turnover has also improved to 8.21% from 6.85%.

### Foreign Exchange Earnings

Net Foreign Exchange earnings have also increased substantially by 176% from ₹ 956 million in 2008-09 to ₹ 2641 million in 2009-10.

### Dividend

The Board of Directors had declared in January 2010 an interim dividend of ₹ 209.84 million @ ₹ 21.20 per share i.e. 212% on the paid-up share capital of ₹ 98.98 million which was paid in February 2010 to the shareholders. The BoD has





recommended a dividend @ ₹ 15.80 per share i.e. 158% on the paid-up share capital for declaration by the shareholders, which would amount to ₹ 156.39 million. With this, the total dividend for the year 2009-10 would amount to ₹ 366.23 million @ ₹ 37 for every ₹ 10 share which works out to about 20.10% of the post-tax profits of ₹ 1822 million. After approval and payment of the proposed dividend, the cumulative dividend to shareholders up to 2009-10 will then stand at ₹ 2830.23 million approximately.

#### Appropriations / Tax Provisions/ Reserves

1. An amount of ₹ 250 million has been re-appropriated to the Profit & Loss Account for the year ended 31<sup>st</sup> March 2010, in terms of section 80HHB of the Income-tax Act, 1961, taking the closing balance in Foreign Projects Reserve to ₹ 29 million.
2. An amount of ₹ 1.5 million has been re-appropriated to the Profit & Loss Account for the year ended 31<sup>st</sup> March 2010, in terms of section 80HHBA of the Income-tax Act, 1961, taking the closing balance in Housing Projects Reserve to ₹ 48 million.
3. Due to change in the accounting treatment referred to in para 22 of Notes to Accounts in Schedule 'R', balance in Foreign Exchange Fluctuation Reserve amounting to ₹ 203.70 million has been transferred to Foreign Exchange Gain Account, and General Reserve Account.
4. As per sub section (1) of section 115-O of the Income-tax Act, 1961, a tax provision of ₹ 26.58 million has been made on the proposed dividend. The tax paid on the interim dividend disbursed during the year amounts to ₹ 35.66 million.
5. After the aforementioned appropriations, an amount of ₹ 1644.86 million has been transferred to General Reserve from the profits of the Company, taking the General Reserve as on 31<sup>st</sup> March 2010 to ₹ 11817.61 million.

#### ORDER BOOK

The Company secured works worth ₹ 26901 million during the year 2009-10. The work load as on 31.3.2010 is about ₹ 100000 million.

#### OPERATIONAL PERFORMANCE

##### A. Foreign Projects Completed:

Your Company completed **four** projects abroad during **2009-10** — two projects in Mozambique, namely, Study, design and rehabilitation of Dona Ana Bridge, valued at USD 6.64 million (₹ 312 million) and Supply of prestressed monoblock concrete sleepers for Cape Gauge, valued at USD 21.97 million (₹1032 million); one signalling & telecommunication project for WS Atkins operating team for which was based at Sharjah for providing design support for re-signalling of railway system on West Coast main line of British Railways; and one road project for pavement strengthening of about 130 Km length on East-West Highway from Belbari to Chauharawa in Nepal, at a completion cost of ₹ 567.30 million, although this project got delayed due to law and order problem in the Tarai region for a long time.

**After the close of the year**, your Company completed a road project for construction of Dera-Mechara road upgrading contract-I (Dera-Manga) in Ethiopia, valued at ₹ 1066.81 million. The Company has preferred claims on account of considerable losses suffered in this project.

##### B. New/ On-going Foreign projects:

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

#### Malaysia

1. Your Company continued to operate 25 meter gauge diesel locomotives on Malaysian Railway System (KTMB) during 2009-10 as per the lease and maintenance contract for an annual value of ₹ 259 million. KTMB has extended the lease-cum-maintenance contract up to 31<sup>st</sup> December 2010, the value of which is ₹ 201.01 million.

2. The Company was awarded a double tracking project (about 103 km length between Seremban and Gemas on design and build basis including all electrification, signaling and communication works) in Malaysia in December 2007 by Ministry of Railways, Government of Malaysia, at a value of ₹ 40840 million (about 1 billion USD). Physical works had started after detailed design in July 2008 as per schedule. Physical progress up to June 2010 is 47%. Though some initial delays took place due to non-availability of encumbrance free land at some locations, the work is likely to be completed by the target date of August 2012.



Viaduct - Malaysia Project

### Sri Lanka

3. Your Company had entered into a contract with Ministry of Transport, Sri Lanka, for upgradation of Colombo-Matara coastal railway line, at a value of USD 78 million on Indian line of credit. The work is being executed in two phases. Phase-I of the project with a value of USD 36.24 million has been taken up in July 2009 and is scheduled to be completed by December 2010. On sanction of further line of credit, the loan agreement for Phase-II at a value of USD 41.76 million has been signed on 11.03.2010 between EXIM Bank of India and Government of Sri Lanka. The work of Phase II is being taken up and is scheduled to be completed by May 2011.
4. The Company signed an agreement in January 2010 with Ministry of Transport, Sri Lanka, for restoration of railway line from Omanthai to Pallai in Sri Lanka, valued at USD 185.36 million (₹ 8426 million). The contract will come into operation only after signing of loan agreement between Government of Sri Lanka and EXIM Bank of India.

**After the close of the year**, your Company has signed in June 2010 a **contract** agreement with Government of Sri Lanka for restoration of railway line from Madhu Road to Talai Mannar, at a total value of USD 149.74 million. The contract will come into operation only after signing of loan agreement between EXIM Bank of India and Government of Sri Lanka.



Signing of agreement by MD, Iicon in presence of President of Sri Lanka and Prime Minister of India

### Ethiopia

5. Your Company had secured a project in August 2008 for procurement of sub-station equipment and to supervise testing and commissioning of substation for Ethiopian Electric Power Corporation (EEPCO), at a value of ₹ 663 million. The Company has completed the work of design and supply of equipment in March 2010, and is supervising the testing and commissioning.

### Mozambique

6. Your Company has been executing various works 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 your Company 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. Track rehabilitation of 670 km Cape Gauge railway track in Central Mozambique has since been substantially completed.



Rehabilitation of DONA ANA Bridge in Mozambique.

Investment in this JVC is comprised of:

	Total investment as on date (USD million)
Equity	1.250
Shareholders' Loans	16.685
<b>Total</b>	<b>17.935</b>

#### Afghanistan

- Your Company had secured a project from Ministry of Energy & Water, Afghanistan, on 28<sup>th</sup> 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 in Afghanistan. The progress of project suffered a setback on account of late approval of drawings/ designs by consultant. Physical work has commenced after these approvals in April 2010. The project now valued at ₹ 408 million is likely to be completed by March 2011.

#### Algeria

- Ircon-Aska had secured a double tracking project worth USD 230 million in Algeria in June 2008 from National Company for Railway Transport (SNTF), Infrastructure Section, Algeria. Your Company's share of work was 70% valued at ₹ 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, the Company's consortium partner was removed from the consortium and your Company had to take up the full work. Survey and design work had been almost completed, part consignment of rails had been procured, and physical work at site had also started. However, suddenly client had issued 'order to stop the work' followed by a communication to close the contract. Subsequently, the client has revoked the contract cancellation order and issued an order on 23<sup>rd</sup> May 2010 awarding the entire work to your Company. Mobilisation is in progress.

#### C. Likely Foreign projects

Concerted efforts are being made to secure contracts in **Iran, Sri Lanka, Middle East Countries, Bangladesh, Myanmar, Nepal, Vietnam, and African Countries.**

#### D. Projects Completed in India

**During the year five projects were completed in India, two Married Accomodation Projects at Bhopal and Allahabad for Ministry of Defence, Government of India; one project for setting up of concrete sleeper plant at Chak**



Sikander for East Central Railway, Hajipur; **one** project DMRC phase II Tunnel (through JV) Qutub Minar corridor for Delhi Metro Rail Corporation (Contract BC-18), and commissioning of Qazigund-Baramulla Rail line in the State of J&K.

**Four projects got completed after 31<sup>st</sup> March 2010**, these are:

- Six laning of Km 66.000 to Km 86.000 of Panchi Gujran to Panipat section of NH-I, Haryana, for National Highways Authority of India;
- Married Accomodation Project at Jhansi for Ministry of Defence, Government of India;
- Gauge conversion including electrical works on Rewari-Ajmer section of North Western Railway;
- Expansion of Rail Coach Factory, Kapurthala.

#### **E. New Indian Projects:**

During 2009-10 your Company secured nine new projects in India, including additional works. These are:

- Planning, designing and construction of College of Veterinary Sciences and Animal Husbandry at Selesih, Aizwal, Mizoram;
- Cargo road execution work at ONGC Mangalore Petrochemicals Limited, Mangalore, Karnataka;
- Design engineering, manufacturing, supply to site, construction, installation, commissioning of railway siding at Kalisindh power project, stage-I, Jhalawar, Rajasthan;
- Construction of multifunctional complexes for Indian Railways at designated stations;



Diesel Multiple Unit on run J&K Project.

- Construction of indoor stadium at Behala, Kolkata;
- Additional works in Qazigund-Srinagar-Baramulla new BG Rail line, J &K;
- Works in Dharam-Laole section in addition to ongoing Laole-Qazigund section, J&K;
- Additional work for implementation of PMGSY in Bihar;
- Construction of road over bridges (ROBs) falling on state roads in Bihar

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 19<sup>th</sup> 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). Toll plaza located at Chandwad became operational and toll collection started for 99 km stretch on 25<sup>th</sup> October 2009. The balance stretch of 19.158 km has also been provisionally declared complete on 3<sup>rd</sup> March 2010 and toll collection at Dhule plaza has commenced from April 2010.



Investment in ISTPL is comprised of:

	Total disbursement as on date (₹ Million)
Equity (proportionate to Ircon's 50% share in the equity of ISTPL)	638.70
Unsecured Loans	100.00
Corporate Guarantee (committed up to ₹ 2000 million)	-
Total	738.70



Toll Plaza - Dhule Pimpalgaon Project.

Your Company has pledged its present shareholding and has committed pledging of future shareholding in ISTPL in connection with a term loan of ₹ 4500 million taken by ISTPL from 8 banks, State Bank of India being the lead bank lender.

**Soon after the close of the year**, the Company has secured **two projects** in April 2010, one for construction of new indoor sports complex at Gholsapur (Behala) on Sealdah Division of Eastern Railway, at a value of ₹ 561 million and another one for setting up of Rail Coach Factory at Rae Bareilly, at a value of ₹ 20000 million.

**F. Disclosure of Accounting Treatment — Outstanding dues of closed Iraq project.**

Interest accrued 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 = ₹ 35.802) with the Government of India, based on prudence, as in previous year, instead of rates on the date of balance sheet as required under the provisions of AS-11. Had the AS-11 been followed, "Profit before tax" for the year would have been higher by ₹ 42.65 million. The details are given in para 12 of Notes to Accounts in Schedule 'R'.

**TECHNOLOGY UPGRADATION, ABSORPTION, AND R & D**

Your 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. The Company is using latest technology and state of the art equipments in execution of infrastructure projects.

During the year, Alignment Review of Katra-Dharam-Qazigund section was carried out by extensive use of Satellite Imagery data, Ground Topography modelling using photogrammetry and LIDAR (Light Detection and Ranging, using Laser Technology for ground data pickup), Seismic Refraction and Electro Resistivity for ground Tomography, Satellite aided Differential Global Positioning System techniques for alignment setting out, and MX-Rail software. These techniques have led to development of an optimal alignment taking into account the geological conditions in a very efficient manner in short time span.

**DE-LISTING**

Railway Ministry has communicated, vide letter No. 2009/PL/64/3 (IRCON) dated 19.05.2010, that your Company should get its shares de-listed. The Board of Directors has approved the proposal of de-listing at the instance of the promoter. Formalities as required under the SEBI (De-listing of Equity Shares) Regulations, 2009, are in process.

## PERSONNEL DEVELOPMENT

Cordial and harmonious industrial relations prevailed in the Company. Your Company has been continuously tuning its training programmes to meet the organisational needs – present and future – through a systematic training need analysis. Due to increase in activities in infrastructure development, there is attrition in the experienced manpower. During the year the Company recruited 57 technically and professionally qualified employees, though 93 professionals have left the Company.

The total manpower strength as on 31<sup>st</sup> March 2010 stands at 1751 which includes 148 deputationists, majority of whom (107) are deployed on foreign projects. 1494 are regular employees out of which 1367 are employed on Indian projects. The total number of women employees is 85, out of which 39 are executives. 940 (53.68%) employees of the Company are engineers.

Your Company has various schemes of staff welfare in place like educational scholarships, one time educational grant for admission to professional degrees and diploma courses, educational awards, etc. to meritorious children of employees, educational assistance to the wards of deceased employees, marriage assistance for daughters and dependant sisters of group 'C' and 'D' employees, etc. Free consultancy and medicines in Homoeopathy is provided to employees in corporate office. Yoga classes were also held in corporate office for about six months in batches for both men and women. The Company has a tie-up with resorts to provide resort facilities to employees at concessional rates.

Your Company aims to provide congenial and safe working atmosphere to women employees. The Company has a complaints 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 34<sup>th</sup> Annual Day was celebrated on 28<sup>th</sup> April 2010 with traditional fervor and gaiety. On this occasion, excellent work done by employees and select projects was appreciated and rewarded.

## COMPLIANCES

### Presidential Directive

Presidential directive received during the year 2008-09 regarding revision of pay scales and DA under both CDA and IDA pay patterns w.e.f. 1<sup>st</sup> January 2006 and 1<sup>st</sup> January 2007 respectively has been implemented during the year 2009-10.

### Official language

Orders regarding use of Hindi are being implemented. Company's bilingual website is being regularly updated. All the computers have bilingual facility. Unicode compliant software and fonts are being used to facilitate access to common templates in Hindi language. 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 the Company are posted on the website. Queries received are replied within the stipulated time.

### Particulars of employees

Information in accordance with the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, regarding employees who have drawn a remuneration of ₹ 24 lakhs or more per annum or ₹ 2 lakhs or more per month during the year 2009-10 is attached as **Annexure A-1**.

### Corporate Social Responsibility

Your Company has in place a CSR Policy & Structure in tune with CSR Guidelines issued by the Ministry of Corporate Affairs. The Board of Directors has allocated 0.5% of net profits of the Company per annum towards CSR activities. Four CSR projects have been earmarked under an MoU signed between the Company and Ministry of Railways for the year 2010-11. One of the CSR projects involving construction of a compact unit of 16 kennels with an operation theatre and sanitary unit has been constructed for the Society for Prevention of Cruelty to Animals (SPCA), Noida. The Company would be fine-tuning its CSR policy & structure keeping in view the recent CSR guidelines issued by the Department of Public Enterprises.





### **Conservation of Energy and environmental concerns**

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

Safety, Health, and Environment policy has been reviewed, revised, and re-issued during the year. Regular training and awareness programmes are conducted on Safety, Health, and Environment Management System. Awareness about conservation of energy among employees has resulted in steady reduction in energy consumption at Corporate Office.

### **Vigilance activities**

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

Briefly vigilance activities during the year 2009-10 included investigation and settlement of complaints raised by public, public representatives, working agencies, etc., as well as internal complaints; issue of various circulars based on guidelines issued by CVC and Railway Board for system improvement and compliance from vigilance angle; settlement of punitive vigilance cases; accelerating the process of preventive vigilance; vigilance training for executives as well as for employees working at projects for creating awareness in vigilance related matters. The vigilance set up in the organization has been suitably strengthened to discharge the above functions effectively. Measures initiated in respect of identified thrust areas like “Leveraging of technology for improving vigilance administration” are being monitored regularly for ensuring transparency in functioning. As a result of concerted efforts in the sphere of preventive vigilance, the number of punitive cases has been minimized.

During the year the Company formulated a “Complaint Handling Policy” and “Guidelines on revival of terminated contracts”.

### **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-9002-1994 by TUV Suddeutschland Private Limited (TUV). Your Company was being re-certified by TUV as per revised code ISO-9001-2000 once in every three years after an audit. During 2009-10 the Company has been recertified as per latest revised code ISO-9001-2008. MoU targets for 2009-10, namely, establishment of laboratory and undertaking quality assurance drives at projects of value above ₹ 1000 million have been fully achieved.

A new initiative of ‘IIRCON Knowledge Blog’ has been launched during the year to share and disseminate knowledge on Quality Management System, Environment, Continual Improvement, etc.

### **SUBSIDIARY COMPANY**

Your Company has formed a wholly owned subsidiary company by the name “IIRCON Infrastructure & Services Limited” (IIRCONISL) on 30<sup>th</sup> September 2009. IIRCONISL has obtained a Certificate for Commencement of Business on 10<sup>th</sup> November 2009 from the office of Registrar of Companies. The authorised share capital of IIRCONISL is ₹ 100 million. Its paid-up share capital which stood at ₹ 4 million on 31<sup>st</sup> March 2010, now stands increased to ₹ 49 million.

An MoU has been signed between your Company and Rail Land Development Authority (RLDA) on 21<sup>st</sup> August 2009 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.

The main objects of IIRCONISL as enshrined in its registered charter are to undertake infrastructure projects; to carry on infrastructure construction work on Build-Operate-Transfer (BOT), Build-Own-Operate-Transfer (BOOT), Build-Lease-Transfer (BLT), etc. or otherwise or any other scheme or project found suitable in and related field of infrastructure projects and other ancillary fields; planning, designing, development, improvement, etc. in the field of construction of infrastructure of multi-functional complexes (MFCs), etc. to provide facilities and amenities to users of Indian Railway System; and all matters in the field of real estates and allied areas.

So far RLDA has entrusted 24 MFCs to the Company. The construction of all the MFCs has been assigned to your Company.

## INFORMATION TECHNOLOGY AND DEVELOPMENT OF ERP

The Company 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. Environment friendly Linux based thin-client solution is also being used centrally in a secured manner for effective management of user's data.

Project Management Information System is being used to monitor plans and progress of projects, including periodic review with Online Progress Reporting (OPR) System. Specialized software is being used for creation of drawing and designs of International Standards. The Company is in the process of setting up a video conferencing facility. The Company is also implementing ERP based integrated information system under SAP/ Oracle platform.

Your Company has improved communication infrastructure for its employees by implementing CUG mobile network facility which is a part of CUG network of Indian Railways and its undertakings. This facility covers employees of corporate office as well as of projects, and reduces expenditure on communication.

## AWARDS

### Engineering Export Promotion Council

- (i) The Company received "Gold Trophy for Top Exporters" in the category of "Top Exporters as Merchant Exporter" from EEPC INDIA (formerly Engineering Export Promotion Council), Northern Region, in recognition of outstanding contribution to Engineering Exports during the year 2007-08.
- (ii) The Company has also been selected for "All India Export Award" in the category of "Awards for Special Contribution: Highest Growth in Exports – Large Enterprise" from EEPC INDIA (formerly Engineering Export Promotion Council) in recognition of outstanding export performance during 2008-09.

## 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 2009-10 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 2009-10 (**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 31<sup>st</sup> March 2010 and of the profit of the Company for year 2009-10.
- 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 2009 to March 2010, seven meetings of the Board of Directors were held with three meetings in the quarter ended September 2009, two meetings in the quarter ended June 2009, and one meeting each in the quarters ended December 2009 and March 2010.

The following Director ceased to hold office during 2009-10:-

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 ceased to hold office after 31<sup>st</sup> March 2010:-

1	Mr. S.S. Khurana Part-time Chairman (official)	Ceased to be Director due to superannuation on 31.05.2010 (AN). Held office from 16.03.2009 (FN) to 31.05.2010 (AN).
2	Mr. R. Subramanian Part-time Director (non-official)	Ceased to be Director on completion of 3 year tenure on 28.06.2010 (AN). Held office from 29.06.2007 (FN) to 28.06.2010(AN).

The following Directors are holding office as on date:-

1	Mr. Rakesh Chopra Part-time Chairman (official)	From 11.06.2010 (FN) onwards
2	Mr. Mohan Tiwari Managing Director	From 01.02.2009 (FN) assumed the charge of the post of Managing Director.
3	Mr. Madan Lal Director Works	From 23.04.2007(FN) onwards
4	Mr. K.K. Garg Director Finance	From 03.11.2009 (FN) onwards
5	Mr. Deepak Sabhlok Director Projects	From 16.04.2010 (FN) onwards
6	Mr. N.Parthasarathy Part-time Director (non-official)	From 01.10.2007 (FN) onwards
7	Mr. A. K. Tiwari Part-time Director (official)	From 19.01.2009 (FN) onwards

## AUDITORS

The auditors of the Company appointed by the Comptroller & Auditor General of India for 2009-10 are:-

### Statutory Auditors:

Wahi & Gupta, New Delhi	For Company as a whole
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### Branch Auditors for projects in India:

Sri Raviverma & Co., New Delhi Gupta Gupta & Associates, Jammu (Jammu & Kashmir)	All projects under Northern Region 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.N Chatterjee & 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:**

Wahi & Gupta, New Delhi	All projects in Malaysia
Menbere Leul & Co., Ethiopia	Ethiopia
Audicontas, Lda, Beira	Mozambique
S. N. Nanda & Co., Afghanistan	Afghanistan
FIDUCIAIRE D' EXPERTISE COMPTABLE FIDEXA, Algeria	Algeria
Jayasinghe & Co., Colombo, Sri Lanka	Sri Lanka

**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, Immigration authorities, 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 the Company, who are the pillars of strength of the Company, for their invaluable contribution to the growth and prosperity of the Company.

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

**K.K. Garg**  
Director Finance

**Mohan Tiwari**  
Managing Director

**New Delhi**

**Dated: 06.08.2010**

**On-going major Indian Projects**

(in ₹ Million)

Name of the Project	Project Value*
<b>Railway works:</b>	
1. Qazigund-Srinagar-Baramulla New BG Rail Link Project in J&K (Track works completed and commissioned in October 2009). Additional building works secured during the year in progress.	26030
2. Dharam-Qazigund New BG Rail Link Project in J&K including additional section of Dharam-Laole	56000
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 including additional work secured during the year	6608
<b>Railways –RVNL (Rail Vikas Nigam Limited) works:</b>	
5. Construction of roadbed, bridges, facilities, installation of track and electrification in connection with provision of 3 <sup>rd</sup> line of Aligargh-Ghaziabad section (106 Kms.) in the State of Uttar Pradesh (in JV with Gannon Dunkerley & Co. Ltd.)	1346
<b>Road/Highway projects:</b>	
6. Implementation of Pradhan Mantri Gram Sadak Yojana (PMGSY) for taking up execution of rural roads in 8 districts in the State of Bihar including additional work secured during the year	10653
7. Development of State Highways under Rashtriya Sam Vikas Yojana (RSVY) in Bihar	6080
8. 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).	3030
9. 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.	2580
10. New Mangalore Port Road Connectivity Project – four laning and strengthening of NH-17, NH-48 and Mangalore Bypass in Karnataka.	1708
11. Construction of road over bridges in Madurai - Kanyakumari section of NH-7 including approaches and culverts in the state of Tamil Nadu.	1528
12. Construction of Road Over Bridges in Northern Region (Punjab and Jammu & Kashmir)	1085
13. 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	1355 (Ircon's share)
<b>Metro Rail works:</b>	
14. 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)	1460
15. Supply, installation, testing, and commissioning of track work of Phase-II Corridor (Central Secretariat to Gurgaon) (Contract BT-2)	808
16. Supply, erection, testing and commissioning of traction and auxiliary sub-stations in Tollygunj-Garia section	491
<b>Electrification works:</b>	
17. Railway electrification and associated civil and S&T works for Mughalsarai-Utaratia section (Group 136 and 137 under RE Project Lucknow)	3287
18. 11 KV distribution network of Kerala State Electricity Board at Thiruvananthapuram city and Kochi city	2066

Name of the Project	Project Value*
19. Design, supply, erection, testing and commissioning of 220 KV sub-station and double circuit line at Cuncolim	747
<b>Building Projects:</b>	
20. New University Complex of Central Institute of Fisheries Education (CIFE), Versova, Mumbai, (Phase III)	643
21. Planning, Designing and Construction of College of Veterinary Sciences and Animal Husbandry at Selesih, Aizwal, Mizoram	280
<b>Other Projects:</b>	
22. Construction of Multi Functional Complexes (MFCs)	784
23. Design, Engineering, Manufacturing, Supply to site, Construction, Installation, Commissioning of Railway Siding at Kalisindh power project, Stage-I, Jhalawar, Rajasthan.	1000

\* Project values are revised values

#### Annexure A-1

#### Statement of Particulars of employees as required under section 217(2A) of the Companies Act, 1956.

##### A. Employed throughout the financial year

S. No.	Name	Designation/ Nature of Duties	Remuneration received Gross (₹ )	Qualification	Experience (Years)	Date of commencement of employment and Nature	Age of the employee (yrs.)	Last employment held by such employee before joining the Company
1	Mr. Mohan Tiwari	Managing Director	28,37,538	B.E. (Hons.) Civil; M. Tech (Structures); PGDIM	30	Joined Irrcon on 25.06.1998. Assumed tenure post as Managing Director on 01.02.2009	54	Indian Railways
2	Mr. Madan Lal	Director Works	28,47,165	B.E (Civil) Hons.	32	Joined Irrcon on 04.02.2004. Assumed tenure post as Director Works on 23.04.2007	59	Indian Railways

##### B. Employed for a part of the financial year

1	Mr. Sudhir Mathur	Director Finance	15,57,323	B.A. (Hons.) in Economics, M.A. (Public Administration), PGDPM	40	Tenure post from 01.11.2005 up to superannuation on 30.06.2009	60	Indian Railways
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#### Note:

No equity share held by any of the above.



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### AN OVERVIEW

The Company 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. It has been earning profits every year right from the second year of its incorporation. It 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, electrical substation and distribution, airport construction, commercial complexes, as well as to metro works.

The Company has executed many land mark construction projects in the last 34 years both in the Country and abroad. In India, in particular, it is known for undertaking projects even in difficult terrains and disturbed regions.

The Company is an ISO certified company, a Schedule ‘A’ public sector company, and a Mini Ratna – category I.

### BUSINESS ENVIRONMENT

2009-10 began on a difficult note in the backdrop of global financial meltdown and recession experienced by world over since 2008-09. However, Indian economy turned around in the second quarter of 2009-10 and posted a growth rate of 7.4%. The fast paced recovery of the economy underscores the effectiveness of the policy response of the Government. Revival of interest in railway transportation continued due to economic as well as environmental considerations.

The Company’s domestic work profile encompasses projects under the National schemes like Pradhan Mantri Gram Sadak Yojna (PMGSY) and Rashtriya Sam Vikas Yojana (RSVY) as well as construction of road over bridges (ROBs) for Indian Railways and National Highways Authority of India.

Opportunities in the offing in the domestic arena are:-

**Railways** - Upgradation of passenger amenities, development of multifunctional complexes, new production units like Rail Coach Factory, Diesel Locomotive Factory, Electric Locomotive Factory, etc.

**Roads** - Development of roads under PMGSY, RSVY, construction of Highways under NHDP being implemented by NHAI, improving road connectivity under Special Accelerated Road Development Programme in the North-Eastern Region (SARDP-NE). A master plan for a National Expressway Network is also under active consideration by the Government.

**Metros** - After Delhi and Kolkata, Metro rail projects are being extended to National Capital Region, Bengaluru, Mumbai, Chennai, etc.

On International front, the Company is executing projects in Malaysia, Sri Lanka, Afghanistan, Mozambique, and Algeria. Opportunities are coming up in Sri Lanka, Bangladesh, Myanmar, Nepal, Vietnam, other Middle East Countries, 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 2010-11 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 engineering practices.

## Objectives

- i) To enhance the size and value of business activities of the Company so as to achieve a turnover of ₹ 35000 million by the year 2011-12.
- ii) To achieve reasonable returns on the capital employed.

## FINANCIAL PERFORMANCE

In the year 2009-10, the Company registered an all time high total income of ₹ 32169 million, 17.43% more than the total income of ₹ 27395 million achieved in 2008-09. Foreign projects have contributed to higher operating income of ₹ 11962 million as compared to ₹ 8027 million during 2008-09. Profit before tax also increased by over 40% to ₹ 2640 million in 2009-10 from ₹ 1877 million in 2008-09. Net Worth increased by 11.6% and Gross Margin increased by 31.65% during the year. The earning per share has increased by 29.96% from ₹ 141.63 in 2008-09 to ₹ 184.06 in 2009-10. The Company earned creditable net foreign exchange in 2009-10 to the tune of ₹ 2641 million which has been a quantum jump of 176% from ₹ 956 million earned in 2008-09.

The Board of Directors has recommended a dividend @ ₹ 15.80 per share (158% on the paid-up share capital) over and above the interim dividend @ ₹ 21.20 per share (212%) declared and paid in February 2010. The dividend of ₹ 156.39 million payable after declaration at the Annual General Meeting and the interim dividend amount already paid (₹ 209.84 million) would take the total dividend for the year 2009-10 to ₹ 366.23 million.

## OPERATIONAL PERFORMANCE

Railways and Highways continued to be the primary sectors of interest. During 2009-10, Railways accounted for 57% of operating income, Highways accounted for 32%, and the balance 11% 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 42% in 2007-08 to 57% in 2009-10, whereas the proportion of highway sector has gone down from 47% in 2007-08 to 35% in 2008-09 and then to 32% in 2009-10. The proportion of income from buildings has declined from 5% to 1%. However, the share of income from electrical projects and sub-stations which form part of "Others" has increased by about 154% in the last two years.

(₹ in million)

	2007-08		2008-09		2009-10	
	Operating Income	%	Operating Income	%	Operating Income	%
Railways	8345	42	14491	55	18006	57
Highways	9252	47	9339	35	10035	32
Buildings	892	5	599	2	273	1
Others*	1193	6	2114	8	3215	10
<b>Total</b>	<b>19682</b>		<b>26543</b>		<b>31529</b>	

\* Includes income from Electrical Projects (₹1121 million during 2007-08, ₹1772 million during 2008-09, and ₹ 2847 million during 2009-10).

The trend of increase in the share of income from foreign projects continued during 2009-10. Foreign projects contributed 38% to total income during 2009-10 as compared to 30% in 2008-09 and 12% in 2007-08. The results of 2009-10 also reveal that Indian projects have contributed 61% to the total income as compared to 68% during 2008-09, which was 86% during 2007-08.

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

(₹ in million)

	2007-08		2008-09		2009-10	
	Total Income	%	Total Income	%	Total Income	%
Foreign	2504	12	8310	30	12168	38
Domestic	17990	86	18665	68	19671	61
Unallocated	437	2	420	2	330	1
<b>Total</b>	<b>20931</b>		<b>27395</b>		<b>32169</b>	



## **STRENGTHS**

The Company has rich experience of timely execution of a large number of international projects, especially in developing countries. Its key strengths continue to be impressive financials (reflected in the consistent profitability and a healthy balance sheet of the Company), established credentials, competent manpower, and back up support from Indian Railways. The Company has a track record of quality performance in time to the satisfaction of customers.

## **OPPORTUNITIES**

A revival of interest in the development of infrastructure sector in the last two years 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**

Although every organization has to work within a certain legal framework, the Company as a public sector company faces more constraints (not applicable to private sector companies) which put it at a disadvantage in a competitive market. Availability of soft credit with overseas competitors and flexibility in procurement and operations with private competitors are some of the other factors. Government guidelines restrict equity investment powers of the Company (granted by Company Law), which come in the way of availing new business opportunities promptly.

## **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, railway electrification, and commercial complexes is being further consolidated, and efforts are on to develop and establish competence in upcoming and new areas of metro, and to enter into water supply and sewage, transmission line, and hydro-electric power through strategic alliances and subsidiaries. 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 formats including MIS reports on Risk Management have been evolved in accordance with the framework.

Your Company was 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 during 2008-09 based on BASEL II norms of the Reserve Bank of India (RBI). The Company has sustained this rating in an annual surveillance review by CARE in January 2010.

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 which are seldom compensated by the client. This has been evident on many NHAI projects being executed where the Company has suffered losses.

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 mitigate this risk, foreign exchange movements are constantly monitored and Idle funds are kept in FDs with foreign banks at competitive rates in order to overcome temporary mismatch in cash flows. Efforts are being made to naturally hedge by matching inward & outward foreign currency flows. Opportunities in the form of favourable currency movements are encashed by repatriating surplus funds of foreign projects 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. It 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. It has a safety policy as an integral part of Safety, Health, and Environment (SHE) Policy and procedures.

## **INTERNAL CONTROL SYSTEM**

The Company has adequate Internal control and Internal Audit System 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 under revision to be in tune with the emerging changes in the Financial Standards and Code.

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. The internal control and audit system 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. It has been focussing its attention on recruiting the right young talent to grow with the Company.

Professional development and personality development within the organization along with induction training to the newly recruited employees as a tool for enhancement and up-gradation of skills has been made an integral part of Human Resource Management.

Employees are being given training in their functional areas as well as for upgradation of skills in information technology and soft skills. Newly recruited employees are given induction training. External faculties are also engaged for imparting training. Officials are nominated for workshops, seminars, etc., to keep them abreast with latest developments in the industry.

## 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

The 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 seven comprising one independent director, four whole-time directors (Managing Director, Director Works, Director Finance and Director Projects) and two government nominated [part-time (official)] directors including Chairman.

Normal strength of the Board of directors of the Company from 1999 after Ircon became a Mini Ratna in 1998, 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. The tenure of all the four independent directors concluded in 2005. The Company has had only two independent directors since October 2007 and tenure of one has concluded on 28.06.2010. The Company has only one independent director as on date whose tenure will also end on 30.09.2010. Representations have been made to the Ministry of Railways for appointing requisite independent directors on the Board of the Company.

#### 2.2 Changes in Whole-time Directors

Mr K.K. Garg joined as Director Finance on 3<sup>rd</sup> November 2009 to fill the vacancy caused by superannuation of Mr. Sudhir Mathur.

Mr. Deepak Sabhlok joined as Director Projects on 16<sup>th</sup> April 2010 to fill the vacancy caused by appointment of Mr. Mohan Tiwari the then Director Projects, as Managing Director w.e.f. 1<sup>st</sup> February 2009.

#### 2.3 Changes in Part-time (Official) Directors

Mr. Rakesh Chopra, Member Engineering, Railway Board, Ministry of Railways, was appointed as Chairman of the Company, w.e.f. 11<sup>th</sup> June 2010, the date of Government order and his consent, in place of Mr. S.S. Khurana who ceased to be Chairman of the Company w.e.f. 31<sup>st</sup> May 2010 on attaining the age of superannuation.

#### 2.4 The details of directors as on the date of this report 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 Ircon) excluding Directorship in private companies	Total No. of Committee memberships held including Ircon (excluding private companies)	
			As Chairman	As Member other than Chairman
Rakesh Chopra	Chairman — Part-time (official)	4	—	—
Mohan Tiwari	Managing Director — Whole-time	2	NIL	1
Madan Lal	Director Works — Whole-time	2	NIL	1
K.K. Garg	Director Finance — Whole-time	3 <sup>#</sup>	NIL	1
Deepak Sabhlok	Director Projects — Whole-time	2	NIL	NIL
N. Parthasarathy	Part-time (independent)	1	1	NIL
A.K. Tiwari	Part-time (official)	2	1	1

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

**Ceased to be directors during 2009-10 and thereafter**

Directors	Whole-time/ part-time official/ independent	Members of the Boards of public companies (including Ircon) excluding Directorship in private companies	Total No. of Committee memberships held including Ircon (excluding private companies)	
			As Chairman	As Member other than Chairman
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
Surendra Singh Khurana {Held office from 16.03.2009 (FN) to 31.05.2010 (AN). Ceased to hold office on superannuation}	Chairman – Part-time (official)	2	NIL	NIL
R. Subramanian {Held office from 29.06.2007 (FN) to 28.06.2010 (AN) Ceased to hold office due to completion of tenure}	Part-time (Independent)	2	2	NIL

**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 fees 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 determining not less than 2/3<sup>rd</sup> of the directors as persons whose period of office is liable to determination by retirement of directors by rotation at a general meeting. Further Government appoints part-time directors including independent directors 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 2009-10.

### **3.1 Brief Resume of Directors who joined the Board as whole-time/part-time directors.**

**(i) Mr. K.K. Garg, Director Finance, Ircon**  
**[with effect from 03.11.2009 (FN)]**

Born on 15.04.1956, Mr. K.K. Garg did B.Com from Punjabi University, Patiala, in 1976. He is a fellow member of the Institute of Chartered Accountants of India (ICAI), and has over 29 years of rich experience in various fields of finance.

He started his career as Accounts Officer in Punjab State Electricity Board in 1982. He has worked in various capacities in NHPC Limited for eleven years. Thereafter, he joined Ircon as Addl. General Manager (Finance) in December 1997 on deputation from NHPC Limited and rose to become Executive Director (Finance) in February 2006 and continued till May 2007. During his tenure of nine years and six months in Ircon, he was in-charge of Corporate Accounts, Corporate Taxation, Corporate MIS and Budgetary Control, commercial due-diligence and financial viability analysis for bidding of the projects on BOT / Annuity basis both in India and abroad, preparation of financial model, sensitivity analysis, and financial closure on award of work. He is now Director Finance of Ircon w.e.f. 3<sup>rd</sup> November 2009 after having worked as Director Finance of Satluj Jal Vidyut Nigam Limited (now called SJVN Limited) for about 2 years and six months.

**(ii) Mr. Deepak Sabhlok, Director Projects, Ircon**  
**[with effect from 16.04.2010 (FN)]**

Born on 31.10.1959, he is a Gold medalist in B.E. (Civil) (Hons) from National Institute of Technology (NIT), Bhopal, and is an officer of Indian Railway Service of Engineers (IRSE) of 1982 batch. Prior to joining Indian Railways he worked in the civil engineering wing of Himachal Pradesh State Electricity Board as Assistant Engineer (Civil) for 1-1/2 years. He joined Indian Railways on 16.06.1984. He has 26 years of rich experience in various fields of Railway construction and contract management, and track maintenance and ancillary works. He was actively associated with the prestigious Rail Coach Factory, Kapurthala, during its construction phase.

He had worked on deputation with Ircon for about 5-1/2 years as GM (Works) and GM {Marketing} (from February 2003 to October 2008). During this tenure he coordinated Ircon's Eastern and Western region works and was responsible for domestic and international bidding. He also headed Project Management Information System (PMIS) Cell of Ircon in Corporate office. Prior to joining Ircon as Director Projects on 16<sup>th</sup> April 2010, he was Chief Engineer (Track Machine) on South Eastern Railway.

**(iii) Rakesh Chopra, Chairman, Ircon**  
**[with effect from 11.06.2010 (FN)]**

Born on 21.09.1950, he is an IRSE Officer of 1973 batch. He did B.Tech (Civil Engineering) from Indian Institute of Technology (IIT), Delhi, in 1971; M.Tech (Structures) from IIT, Delhi, in 1973; M.Phil (Social Sciences) from Punjab University, Chandigarh, in 1992; and Masters Diploma (Public Administration) from Indian Institute of Public Administration, New Delhi, in 1992.

He has over 37 years of rich experience in Indian Railways covering not only the engineering aspects but also Managerial and Administrative aspects.

The administrative experience presently as Member Engineering, Railway Board and Ex-officio Secretary to the Government of India, since April 2009 covers overall responsibility for all engineering activities, land management, etc., and projects including National Projects in NE region and J&K for Indian Railways including programming, budgeting, policy, and monitoring their implementation. He is part-time Chairman of Ircon w.e.f. 11<sup>th</sup> June 2010.

#### 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 31<sup>st</sup> Annual General Meeting held on 26<sup>th</sup> 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 174<sup>th</sup> meeting held on 26<sup>th</sup> October 2007, have fixed the sitting fee at ₹ 10,000/- for every meeting of the Board of Directors and any Committee thereof.

#### 4.1 Disclosure on Remuneration package of Whole-time Directors during 2009-10:

(in ₹)

SI 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	Mr. Mohan Tiwari, Managing Director (throughout 2009-10)	20,96,227	5,06,747	-	2,34,564	-	-	28,37,538
2	Mr. Madan Lal, Director Works (throughout 2009-10)	22,51,583	3,42,991	-	2,52,591	-	-	28,47,165
3	Mr. K.K. Garg, Director Finance (w.e.f 03.11.2009)	6,46,720	70,873	-	56,963	-	-	7,74,556
4	Mr. Sudhir Mathur, Director Finance (from 01.04.2009-30.06.2009)	4,93,844	4,41,996	-	6,21,483	-	-	15,57,323

#### 4.2 Details of payments made to Part-time Non-official Directors during 2009-10:

SI No	Name of the Part-time Non-official Director	Sitting Fee		Total
		Board Meeting	Committee Meeting	
1	Mr. R. Subramanian	70000	60000	130000
2	Mr. N. Parthasarathy	70000	70000	140000

#### 5. Board procedure

BoD Meetings and Attendance during 2009-10:

The Board of Directors met seven times during the financial year 2009-10 on: 20<sup>th</sup> April 2009, 24<sup>th</sup> June 2009, 30<sup>th</sup> July 2009, 4<sup>th</sup> September 2009, 30<sup>th</sup> September 2009, 26<sup>th</sup> October 2009, and 25<sup>th</sup> January 2010.

Leave of absence was granted in terms of section 283(1) (g) of the Companies Act.

Details of attendance of the Directors during 2009-10 are given below: -

Director	No. of Board Meetings during 2009-10		Attended last Annual General Meeting
	Held (during their respective tenures)	Attended	
S.S. Khurana	7	4	Yes
Rakesh Chopra	NIL	N.A.	N.A.
Mohan Tiwari	7	7	Yes
Madan Lal	7	7	Yes
Sudhir Mathur	2	2	N.A.
K.K. Garg	1	1	N.A.
Deepak Sabhlok	NIL	N.A.	N.A.
R.Subramanian	7	7	Yes
N. Parthasarathy	7	7	Yes
A.K. Tiwari	7	5	Yes

Ms. Lalitha Gupta, Company Secretary, attended six out of the seven Board Meetings held during 2009-10.

#### 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 1<sup>st</sup> April 2005 and have been posted on the website of the Company – [www.ircon.org](http://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 2009-10 is placed as **Annexure “C-1”**.

#### 7. Audit Committee

##### 7.1 Terms of Reference

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.

The Audit Committee had reviewed the financial reporting process and the Annual Financial Statements for 2009-10 including the areas under Clause 49 II(D) and (E) of the Listing Agreement before recommending the Annual Accounts for 2009-10 for approval by the Board of Directors.

## 7.2 Audit Committee – Composition and Attendance during 2009-10:

The Audit Committee of the Board, consisting of four part-time non-official (independent) Directors of the Company, was originally set up on 28.04.2000 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.

After the conclusion of tenure of one independent director on 28.06.2010, who was also Chairman Audit Committee, the Audit Committee has been reconstituted under the Chairmanship of only one remaining independent director with one part-time (official) director, and one whole-time director as members. Till the appointment of requisite number of independent directors by the Government, the Audit Committee cannot be constituted in full compliance of clause 49 of Listing Agreement. The present composition of the Committee is:

- Mr. N. Parthasarathy, Independent Director – Chairman
- Mr. A.K. Tiwari, Part -time official Director – Member
- Mr. Mohan Tiwari, Managing Director – Member

The Committee had five Audit Committee meetings during the financial year 2009-10 on 20<sup>th</sup> April 2009, 24<sup>th</sup> June 2009, 30<sup>th</sup> July 2009, 26<sup>th</sup> October 2009 and 25<sup>th</sup> January 2010.

The attendance by the members at the meetings held during the year 2009-10 is as follows:

Member	Status	Meeting held (during their respective tenures)	Meetings attended
R. Subramanian	Chairman	5	5
N.Parthasarathy	Member	5	5
A.K. Tiwari	Member	5	3

Ms. Lalitha Gupta, Company Secretary, is the Secretary of the Audit Committee and attended four out of the five meetings held during 2009-10.

## 8. Remuneration Committee

The Company constituted a remuneration committee with two independent directors, one part-time official director, and a whole-time director on 20<sup>th</sup> April 2009 in terms of DPE office memorandum dated 26<sup>th</sup> November 2008, for implementing the recommendations of 2<sup>nd</sup> Pay Revision Committee in respect of annual bonus/variable pay pool and policy for its distribution. The Committee has been re-constituted due to change in directorships. The present composition of the Committee is:

- Mr. N. Parthasarathy, Independent Director – Chairman
- 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).

The Committee had two Remuneration Committee meetings during the financial year 2009-10, on 23<sup>rd</sup> June 2009 and 14<sup>th</sup> July 2009.

The attendance by the members at the meetings held during the year 2009-10 is as follows:

Member	Status	Meeting held (during their respective tenures)	Meetings attended
N.Parthasarathy	Chairman	2	2
A.K. Tiwari	Member	2	2
Sudhir Mathur	Member	1	1
R. Subramanian	Member	1	1
Madan Lal	Member	1	1

Ms. Lalitha Gupta, Company Secretary, is the Secretary of the Remuneration Committee & attended both the meetings held during 2009-10.

#### 9. Shareholders' Grievance Committee

The Company constituted a Shareholders'/Investors' Grievance Committee of directors on 6<sup>th</sup> 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. A.K.Tiwari, Part -time official Director	–	Chairman
Mr. Madan Lal, Director Works	–	Member
Mr. K.K. Garg, Director Finance	–	Member

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

#### 10. Subsidiary Company

'Ircan Infrastructure & Services Limited' (IrcanISL), a wholly owned subsidiary company of Ircan, was incorporated on 30<sup>th</sup> September 2009 with main objectives to undertake infrastructure projects including planning, designing, development, construction, improvement, commissioning, operation, maintenance, and financing of projects and various services relating thereto including marketing, collecting revenues, etc. IrcanISL had obtained a 'Certificate of Commencement of Business' on 10<sup>th</sup> November 2009 and had also obtained the Presidential approval through Ministry of Railways, Government of India, vide letter no. 2009/PL/44/7 dated 18<sup>th</sup> January 2010.

IrcanISL is not a 'material non-listed Indian subsidiary' as per clause 49 (III) of the Listing Agreement.

The minutes of the Board meeting of IrcanISL, after it is duly approved and signed by Chairman, is placed at the immediately succeeding board meeting of Ircan, along with statement of all significant transactions and arrangements entered into by IrcanISL.

#### 11. General Body Meetings

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

Financial Year	Date of holding meeting	Time	Location
2008-09	4 <sup>th</sup> September 2009	5 P.M.	Company's Registered Office, Delhi
2007-08	17 <sup>th</sup> September 2008	5 P.M.	Company's Registered Office, Delhi
2006-07	26 <sup>th</sup> September 2007	5 P.M.	Company's Registered Office, Delhi

B. No special resolution was required or passed in the last three Annual General Meetings.

C. Ministry of Railways has communicated, vide letter No. 2009/PL/64/3 (IRCON) dated 19.05.2010, that the Company should get its shares de-listed. The Board of Directors has approved the proposal of delisting at the instance of the promoter. Formalities as required under the SEBI (De-listing of Equity Shares) Regulations, 2009, including that of getting a special resolution passed in this respect through postal ballot as per section 292A of the Companies Act, 1956, are in process.

## 12. 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 = ₹ 35.802) with the Government of India, based on prudence as per Accounting Standard 1, and not at the closing exchange rate as on 31<sup>st</sup> March 2010 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 12 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 periodically reviewed by the Audit Committee. Some details are given in Management Discussion and Analysis Report under the heading ‘Risks and Concern’.
- D. Question of denying access to any personnel to audit committee has not arisen so far.
- E. 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.
- F. *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.

## 13. 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**).

## 14. General Information for shareholders

### Means of communication

- Quarterly results are normally published in prominent daily newspapers viz. Hindustan Times/ Express Group (English) and Hindustan/ Jansatta (Hindi). The audited annual results as well as unaudited quarterly results are made available on the website of the Company [www.ircon.org](http://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).

### 34<sup>th</sup> Annual General Meeting

Date : 22<sup>nd</sup> September 2010  
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 2009-10

Financial reporting (unaudited) for the 1 <sup>st</sup> Quarter	30 <sup>th</sup> July 2009
Financial reporting (unaudited) for the 2 <sup>nd</sup> Quarter	26 <sup>th</sup> October 2009
Financial reporting (unaudited) for the 3 <sup>rd</sup> Quarter	25 <sup>th</sup> January 2010
Financial reporting (unaudited) for the 4 <sup>th</sup> Quarter and the year	30 <sup>th</sup> April 2010
Approval of Annual Accounts by BoD	6 <sup>th</sup> August 2010
Adoption of Audited Annual Accounts by shareholders	22 <sup>nd</sup> September 2010





#### Financial Calendar in general

Financial reporting (unaudited) for the 1 <sup>st</sup> Quarter	By or Before 31 <sup>st</sup> July
Financial reporting (unaudited) for the 2 <sup>nd</sup> Quarter	By or Before 31 <sup>st</sup> October
Financial reporting (unaudited) for the 3 <sup>rd</sup> Quarter	By or Before 31 <sup>st</sup> January
Financial reporting (unaudited) for the 4 <sup>th</sup> Quarter and the year	By or Before 30 <sup>th</sup> April
Approval of Annual Accounts by BoD	By or Before 15 <sup>th</sup> August
Adoption of Audited Annual Accounts by shareholders	By or Before 30 <sup>th</sup> September

#### Dates of book closure:

The Register of Members and Transfer Books will remain closed from 21<sup>st</sup> September 2010 to 22<sup>nd</sup> September 2010.

#### Dividend payment date

Dividend when declared is normally paid within 5 days. During the financial year 2009-10 the Company had paid an interim dividend to its shareholders @ ₹ 21.20 per share on the paid-up share capital of ₹98.98 million comprising 98,98,000 equity shares of ₹ 10 each. Final dividend for 2009-10 recommended by the Board of Directors @ ₹15.80 per share is expected to be paid after it is declared at the AGM scheduled to be held on Wednesday, the 22<sup>nd</sup> September 2010. The total dividend for the year would be @ ₹ 37 for every ₹ 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%
<b>Total</b>	<b>98,98,000</b>	<b>100.000%</b>

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](http://www.ircon.org)

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

Company Secretary  
Ircan 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](mailto:cosecy@ircon.org) / [lalitha.gupta@ircon.org](mailto:lalitha.gupta@ircon.org)

#### 15. Non-Mandatory Requirements Adopted – Annexure I D of Listing Agreement

1. 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.
2. 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-a-vis* the targets are being sent to the Administrative Ministry, Government of India (99.729% holder of the equity share capital of the Company).
3. 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.
4. 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, a paper on "Ethics & Governance" (A Perspective by CVC) and a booklet on duties, rights, role, responsibilities etc. of directors. When all vacancies of independent directors get filled up, a formal training schedule for directors is proposed to be worked out.
5. Evaluation of Board Members: Mechanism for evaluating the performance of part-time directors is being put in place.
6. Whistle Blower Policy: The Company has not evolved a policy so far.
7. Remuneration Committee: Details given in para 8 of this report.

#### 16. 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.**

***DECLARATION BY MANAGING DIRECTOR REGARDING COMPLIANCE WITH THE CODE OF CONDUCT BY BOD MEMBERS AND SENIOR MANAGEMENT DURING THE FINANCIAL YEAR 2009-10.***

I, Mohan Tiwari, Managing Director, Ircon 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 2009-10.

**Mohan Tiwari  
Managing Director**

**Place: New Delhi**

**Date: 6.8.2010**

***MANAGING DIRECTOR AND FINANCE HEAD CERTIFICATION***

We have reviewed financial statements and the cash flow statement for the financial year 2009-10 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.

**K.K. Garg  
Director Finance**

**Mohan Tiwari  
Managing Director**

**Place: New Delhi**

**Date: 6.8.2010**



**Annexure "C-3"**

**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, 2010, 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 29<sup>th</sup> June 2010 only one independent Director is in position.

**FOR M. BANGIA & ASSOCIATES  
COMPANY SECRETARIES**

**MANOJ BANGIA  
Proprietor  
CP NO.3655**

**Place: NEW DELHI  
Dated: 06/08/2010**

AWARDS AND CERTIFICATES		
For Institution Authority	Nature of Award	Years
Ministry of Commerce Government of India Ministry of Programme Implementation, Department of Public Enterprises	National Export Award *(Received from the President of India) "Award for Excellence" in performance as leading international railway and road construction company	1982-83, 1983-84 1990-91 and 1992-93* 1987-88
EEPC INDIA previously known as Engineering Export Promotion Council (EEPC) (22 Awards in all since inception)	<ul style="list-style-type: none"> <li>i. All India Top Exporters shield for Export Excellence.</li> <li>ii. Regional Top Exporters Shield-civil engg. contractors</li> <li>iii. All India Special Shield in the field of export</li> <li>iv. All India Trophy for Highest Exports (Turnkey Industrial Project Exporters NON-SSI)</li> <li>v. All India Trophy for Top Exporters in the category of "Merchant Exporters"</li> <li>vi. All India Shield for Star performer as Large Enterprise in the field of Project Exports</li> <li>vii. Silver Trophy for Top Exporters as Medium Enterprises in recognition of outstanding contribution to Engineering Exports.</li> <li>viii. Gold Trophy for Top Exporters in the category of "Top Exporters as Merchant Exporters"</li> <li>ix. All India Export Award</li> </ul>	<ul style="list-style-type: none"> <li>1985-86 to 1992-93, 1994-95 and 1995-96</li> <li>1993-94, 1996-97</li> <li>1996-97</li> <li>1997-98</li> <li>1998-99 to 2001-02, 2003-04 and 2006-07</li> <li>2004-05</li> <li>2005-06</li> <li>2007-08</li> <li>2008-09</li> </ul>
Project Export Promotion Council of India (PEPC) (previously known as Overseas Construction Council of India (OCCI) (45 Awards in all since inception)	<ul style="list-style-type: none"> <li>i. Maximum foreign exchange earned and repatriated to India from overseas construction contracts</li> <li>ii. Second Best performance in maximum foreign exchange earned and repatriated to India from overseas construction projects</li> <li>iii. Maximum turnover in overseas Construction Project</li> <li>iv. Second Best performance in turnover form overseas project</li> <li>v. Maximum foreign works secured in new areas in construction contracts</li> <li>vi. Maximum foreign business attempted</li> <li>vii. Maximum foreign exchange earned and repatriated from overseas service contracts</li> <li>viii. Second Best in the category of Maximum Foreign Exchange earned and repatriated to India from Overseas Construction and Engineering projects</li> </ul>	<ul style="list-style-type: none"> <li>1984-85, 1988-89 to 1992-93, 1994-95, 1996-97, 1999-2000 2001-02 and 2003-04</li> <li>1993-94, 2000-01, 2002-03 and 2004-05</li> <li>1984-85 to 1988-89, 1991-92 to 1993-94, 1995-96, 1998-99, 2000-01 and 2001-02</li> <li>1989-90, 1990-91, 1994-95 and 1999-2000</li> <li>1994-95, 1995-96, 1999-2000 and 2000-01</li> <li>1994-95 to 1997-98, 2001-02 and 2003-04</li> <li>2000-01 and 2002-03</li> <li>2005-06 and 2006-07</li> </ul>
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 Ircon for construction of railway track, highways, bridges, tunnels, workshops, aircraft hangers, MS building railway electrification, S&T works and project management and servicing.	2008-11

## Financial Highlights

Figures in Millions of Rupees

S. No.	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
1	Total income (Incl.other income)	8110.54	9235.48	8094.05	7922.38	10143.98	11127.90	15432.14	20931.12	27394.65	32169.10
2	Expenditure (Incl.increase/ decrease in stock)	7001.83	7562.46	6775.53	7016.92	8924.95	9818.55	14079.81	18914.83	25076.12	29116.34
3	Operating margin	1108.71	1673.02	1318.52	905.46	1219.03	1309.35	1352.33	2016.29	2318.53	3052.76
4	Interest Expenses	16.60	32.10	1.93	1.20	0.00	0.00	0.00	0.00	0.00	0.00
5	Depreciation	108.20	400.88	160.21	117.98	141.45	200.50	242.40	411.65	441.87	412.67
6	Profit before tax	1000.51	1272.14	1158.31	787.48	1077.58	1108.85	1109.93	1604.64	1876.66	2640.09
7	Profit after tax	656.05	1036.97	870.55	616.05	888.31	806.62	756.93	1137.98	1401.82	1821.83
8	Dividend	148.47	173.22	188.06	188.06	202.91	257.35	257.35	296.94	296.94	366.23
9	Foreign projects reserve	1509.75	665.75	605.75	575.75	444.75	442.75	331.00	304.00	279.00	29.00
10	General Reserve	3390.54	5329.28	6042.67	6474.58	7211.45	7677.14	8243.34	9031.83	10116.24	11817.61
11	Other Reserves	—	17.00	22.00	23.50	71.50	74.12	71.50	54.50	253.20	48.00
12	Reserves & Surplus	4900.29	6012.03	6670.42	7073.83	7727.70	8194.01	8645.84	9390.33	10648.44	11894.61
13	Net fixed assets	740.07	602.01	622.46	1234.25	1359.63	1601.02	2602.17	2794.57	2600.48	2361.93
14	Inventories	594.60	735.99	665.98	589.37	413.73	423.48	894.28	1590.13	4305.20	3733.59
15	Foreign exchange earnings	1539.19	2840.03	1898.83	1137.16	727.87	559.68	510.54	373.51	955.79	2641.40
16	Share Capital	49.49	49.49	49.49	49.49	49.49	98.98	98.98	98.98	98.98	98.98
17	Capital employed	5184.04	6312.01	6719.91	7123.32	7781.67	8295.27	8756.80	9510.54	10780.45	12046.50
18	Government Investment (by Ircon)	—	—	—	—	—	—	—	—	—	—
19	Net worth	4949.78	6061.52	6719.91	7123.32	7777.19	8292.98	8744.82	9489.31	10747.42	11993.59
20	Profit before tax to capital employed *	19.29	20.15	17.24	11.05	13.85	13.37	12.68	16.87	17.41	21.92
21	Operating margin to capital employed *	21.39	26.51	19.62	12.71	15.67	15.78	15.44	21.20	21.51	25.34
22	Profit after tax to share capital *	1325.62	2095.31	1759.04	1244.80	1794.93	814.93	764.73	1149.71	1416.27	1840.60
23	Expenditure to income *	86.33	81.88	83.71	88.57	87.98	88.23	91.24	90.37	91.54	90.51
24	Number of employees **	1808	1797	1553	1609	1652	1723	1830	1978	1964	1751
25	Income per employee	4.49	5.14	5.15	4.92	6.14	6.46	8.43	10.58	13.95	18.37
26	Foreign exchange earning per employee	0.85	1.58	1.22	0.71	0.44	0.32	0.28	0.19	0.49	1.51
27	Current ratio **	1.58	1.75	1.94	1.79	1.54	1.41	1.25	1.21	1.24	1.31
28	Debt/equity ratio **	0.05	0.04	—	—	—	—	—	—	—	—
29	Investments	657.28	657.28	655.78	1224.11	2001.11	2132.86	2343.80	2455.69	2344.98	1299.37

Notes: \* 20 to 23 are in percentage

\*\* 24, 27 & 28 are not in Rupees





Annual Accounts  
2009-10



## Balance Sheet

as at 31st March, 2010

(Rupees million)

Particulars	Schedule	As at 31st March, 2010		As at 31st March, 2009	
<b>Sources of Funds</b>					
<b>Shareholders' Funds:</b>					
Share Capital	A	98.98		98.98	
Reserves & Surplus	B	11,894.61	11,993.59	10,648.44	10,747.42
<b>Loan Funds:</b>					
Proportionate portion of Loan fund in Jointly Controlled Entity/s			52.91		33.03
<b>TOTAL</b>			<b>12,046.50</b>		<b>10,780.45</b>
<b>Application of Funds</b>					
<b>Fixed Assets:</b>					
Gross Block	C	4,841.47		4,826.21	
Less: Depreciation to-date		2,567.56		2,255.94	
Net Block		2,273.91		2,570.27	
Capital work-in-progress	D	15.55		6.56	
Machinery-in-transit		52.88		-	
Proportionate interest in Jointly Controlled Entity/s		19.59		23.65	
			2,361.93		2,600.48
<b>Investments</b>	E		1,299.37		2,344.98
<b>Deferred Tax (Net)</b>	M-1&2		873.87		612.60
<b>Current Assets, Loans and Advances:</b>					
Inventories	F	3,733.59		4,305.20	
Sundry Debtors	G	4,707.16		3,864.75	
Cash and Bank balances	H	13,137.03		9,838.67	
Other current assets	I	873.78		708.15	
Loans and advances	J	8,619.52		7,584.89	
Proportionate interest in Jointly Controlled Entity/s		465.69		540.15	
		31,536.77		26,841.81	
<b>Less: Current Liabilities and provisions:</b>					
Liabilities	K	17,678.30		17,030.02	
Provisions	L	5,976.37		4,193.03	
Proportionate portion in Jointly Controlled Entity/s		370.77		396.37	
		24,025.44		21,619.42	
<b>Net Current Assets</b>			<b>7,511.33</b>		<b>5,222.39</b>
<b>TOTAL</b>			<b>12,046.50</b>		<b>10,780.45</b>
<b>Significant Accounting policies</b>	Q		-		
<b>Notes on Accounts</b>	R		-		
Schedules 'A' to 'R' form an integral part of the Accounts.					

### As per our Report of even date attached

For Wahi & Gupta  
Chartered Accountants  
FRN 2263N

For and on behalf of the Board of Directors

**Y.K. Gupta**  
Partner  
M. No. 16020

**Lalitha Gupta**  
Company Secretary

**K.K. Garg**  
Director Finance

**Mohan Tiwari**  
Managing Director

Place: New Delhi  
Date: 06.08.2010



## Profit and Loss Account

For the year ended 31st March, 2010

(Rupees million)

Particulars	Schedule	2009-10	2008-09
<b>Income:</b>			
Operating Income	N	31,398.29	26,276.38
Proportionate portion of construction work in Jointly Controlled Entity/s		130.55	266.74
Total Operating Income		31,528.84	26,543.12
Other Income	N	640.26	851.53
<b>Total Income</b>		<b>32,169.10</b>	<b>27,394.65</b>
<b>Expenditure:</b>			
Operating Expenditure	O	27,640.16	23,823.18
Administrative & Other Expenditure	O	597.91	508.17
Depreciation	C	412.67	441.87
Provisions & Write backs (net)	L	799.06	511.37
Proportionate portion of expenses in Jointly Controlled Entity/s		107.86	193.80
<b>Total Expenditure</b>		<b>29,557.66</b>	<b>25,478.39</b>
<b>Profit before prior period adjustments/ Extra-ordinary items</b>		<b>2,611.44</b>	<b>1,916.26</b>
Prior period adjustments & Extra-ordinary items	P	28.65	(39.60)
<b>Profit before tax</b>		<b>2,640.09</b>	<b>1,876.66</b>
<b>Provision for tax</b>			
<b>Current tax</b>			
- For the year		1,087.02	728.86
- For earlier years (net)		(7.49)	-
<b>Fringe Benefit Tax</b>			
- For the year		-	8.31
Deferred tax (net)	M-1&2	(261.27)	(262.33)
<b>Profit after tax</b>		<b>818.26</b>	<b>474.84</b>
Add: Housing Projects Reserve written back		1.50	5.00
Add: Foreign Projects Reserve written back		250.00	25.00
<b>Profit available for Appropriation</b>		<b>2,073.33</b>	<b>1,431.82</b>
<b>Appropriations:</b>			
Interim Dividend		209.84	200.93
Tax on Interim Dividend		35.66	34.15
Proposed Final Dividend		156.39	96.01
Tax on Proposed Final Dividend		26.58	16.32
<b>Balance transferred to General Reserve</b>		<b>1,644.86</b>	<b>1,084.41</b>
Earnings Per Share-Basic & Diluted (in Rs.)		184.06	141.63

Schedules 'A' to 'R' form an integral part of the Accounts.

### As per our Report of even date attached

For Wahi & Gupta  
Chartered Accountants  
FRN 2263N

For and on behalf of the Board of Directors

**Y.K. Gupta**  
Partner  
M. No. 16020

**Lalitha Gupta**  
Company Secretary

**K.K. Garg**  
Director Finance

**Mohan Tiwari**  
Managing Director

Place: New Delhi  
Date: 06.08.2010



**Schedule “A”  
Share Capital**

(Rupees million)

Particulars	As at 31st March, 2010	As at 31st March, 2009
<b>Authorised</b> 25,000,000 Equity shares of Rs.10 each	<b>250.00</b>	250.00
<b>Issued, Subscribed &amp; Paid-up</b> 9,898,000 Equity shares of Rs.10 each-fully paid	<b>98.98</b>	98.98
<b>TOTAL</b>	<b>98.98</b>	98.98

**Schedule “B”  
Reserves and Surplus**

(Rupees million)

Particulars	As at 31st March, 2010	As at 31st March, 2009
<b>General Reserve:</b>		
Opening Balance	<b>10,116.24</b>	9,031.83
Add: Transfer from Profit & Loss Account	<b>1,644.86</b>	1,084.41
Add: Transfer from Foreign Exchange Fluctuation Reserve	<b>56.51</b>	-
	<b>11,817.61</b>	10,116.24
<b>Foreign Exchange Fluctuation Reserve*</b>		
Opening Balance	<b>203.70</b>	-
Additions during the year	-	203.70
Less:- Transfer to General Reserves	<b>56.51</b>	-
Balance Transfer to Exchange Gain**	<b>147.19</b>	-
	-	203.70
<b>Foreign Projects Reserve:</b>		
Opening Balance	<b>279.00</b>	304.00
Less:Transfer to Profit and Loss Account	<b>250.00</b>	25.00
	<b>29.00</b>	279.00
<b>Housing Projects Reserve:</b>		
Opening Balance	<b>49.50</b>	54.50
Less:Transfer to Profit and Loss Account	<b>1.50</b>	5.00
	<b>48.00</b>	49.50
<b>TOTAL</b>	<b>11,894.61</b>	10,648.44

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

\*\* Refer Note No. 22 of Schedule R.

**Schedule “C”  
Fixed Assets as at 31st March, 2010**

(Rupees million)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.04.2009	Additions	Sales/ Adjust- ments	As at 31.03.2010	Upto 31.03.2009	For the year (refer Note-4)	Sales/ Adjust- ments	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Freehold Land	34.46	-	-	<b>34.46</b>	-	-	-	-	34.46	34.46
Lease hold Land (1&6)	363.95	-	-	<b>363.95</b>	1.22	0.14	-	<b>1.36</b>	362.59	362.73
Lease hold Buildings (5)	413.47	-	-	<b>413.47</b>	25.84	7.88	-	<b>33.72</b>	379.75	387.63
Freehold Buildings/ Flats-Residential	131.64	-	(38.69)	<b>92.95</b>	25.28	2.15	-	<b>27.43</b>	65.52	106.36
Freehold Buildings/ Flats-Non-Res.	67.28	0.58	38.51	<b>106.37</b>	1.52	1.10	-	<b>2.62</b>	103.75	65.76
Plant & Machinery (2&3)	3,235.89	68.37	(56.21)	<b>3,248.05</b>	1,777.78	317.48	(53.01)	<b>2,042.25</b>	1,205.80	1,458.11
Survey Instruments	45.02	2.07	(0.35)	<b>46.74</b>	35.86	3.59	(0.33)	<b>39.12</b>	7.62	9.16
Computers	114.95	20.75	(18.57)	<b>117.13</b>	91.12	19.86	(18.24)	<b>92.74</b>	24.39	23.83
Office Equipments	84.43	5.32	(11.52)	<b>78.23</b>	63.95	9.82	(12.06)	<b>61.71</b>	16.52	20.48
Furniture, Fixtures, Furnishings	89.84	2.73	(10.01)	<b>82.56</b>	63.48	14.04	(9.86)	<b>67.66</b>	14.90	26.36
Caravans, Camps & Temp. Sheds	73.55	4.12	(0.68)	<b>76.99</b>	73.52	4.17	(0.76)	<b>76.93</b>	0.06	0.03
Vehicles	171.73	13.67	(4.83)	<b>180.57</b>	96.37	29.67	(4.02)	<b>122.02</b>	58.55	75.36
<b>Current Year Total</b>	<b>4,826.21</b>	<b>117.61</b>	<b>(102.35)</b>	<b>4,841.47</b>	<b>2,255.94</b>	<b>409.90</b>	<b>(98.28)</b>	<b>2,567.56</b>	<b>2,273.91</b>	<b>2,570.27</b>
Previous year's figures	4,720.84	258.98	(153.61)	<b>4,826.21</b>	1,965.82	443.64	(153.52)	<b>2,255.94</b>	2,570.27	2,755.02

**Notes: -**

- Registration in respect of Lease Hold land at Kasba- Kolkata, Gross Block Rs 2.42 million, Net Block Rs. 2.26 million (Gross Block Rs. 2.42 million, Net Block Rs. 2.29 million) is pending. Depreciation is computed thereon at cost including registration charges Rs. 0.24 million on provisional basis.
- Fixed Assets include the followings assets beyond economic repair and held for disposal (at lower of the realizable value & book value): -

(Rupees million)

Assets Block	As at 31/03/2010		As at 31/03/2009	
	Gross Block	Net Block	Gross Block	Net Block
Plant and Machinery	<b>8.30</b>	-	Nil	Nil
Office Equipments	-	-	1.49	0.04
Computers	-	-	12.20	0.15
<b>Total</b>	<b>8.30</b>	-	13.69	0.19

- Includes Loco on short lease and standby
- Depreciation for the year has been allocated as given below :-

(Rupees million)

Description	2009-10	2008-09
Profit & Loss Account		
Current	412.67	441.87
Prior Period	(2.77)	1.77
Capital work in progress	-	-
<b>Total</b>	<b>409.90</b>	<b>443.64</b>

- On Railways land for 30 years lease (Gross value Rs. 33.79 million) 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, 2010	As at 31st March, 2009
Opening Balance	6.56	1.27
Additions during the year:	-	-
- Work Expenses	8.99	5.29
Less:- Capitalised during the year	-	-
<b>TOTAL</b>	<b>15.55</b>	<b>6.56</b>

**\*Break-up of Capital Work in progress**

Central Inspection Cell (CIC, Noida)	<u>15.55</u>	<u>6.56</u>
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Schedule "E"

**Investments**

(Rupees million)

Particulars	As at 31st March, 2010		As at 31st March, 2009	
	Nos.	Amount	Nos.	Amount
<b>LONG TERM INVESTMENTS:</b>				
<b>Quoted (Other than trade):</b>				
Unit Trust of India 6.6% Tax Free Assured Return Scheme Bonds	16,008,489	1,600.94	16,008,489	1,617.37
Less: Amortisation of premium paid on investment		0.10		16.43
		<u>1,600.84</u>		1,600.94
Less:- UTI ARS Bonds Redeemed & Received in Full		<u>1,600.84</u>		-
6.85% Tax Free India Infrastructure Finance Company Limited (IIFCL) Bonds	1,000	101.39	500	50.00
Less: Amortisation of premium paid on investment		0.06		50.00
6.00% Tax Free Indian Railway Finance Company Limited (IRFC) Bonds	5,000	500.00		500.00
				<u>500.00</u>
<b>Un-Quoted (Trade Investments):</b>				
<b>Investment in integrated Joint venture/s</b>				
CCFB, Mozambique (1)				
1,250,000 equity shares of Meticaiss 24000 each (2)	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	63,870,000	638.70	63,870,000	638.70
Ircon Infrastructure & Services Limited (3) 4,00,000 equity shares of Rs. 10/- each)	400,000	4.00	-	694.04
				<u>694.04</u>
<b>TOTAL</b>		<b>1,299.37</b>		<b>2,344.98</b>

**Disclosure regarding Quoted/Unquoted Investments:**

Aggregate of Unquoted investments - Book value	<b>698.04</b>	694.04
Aggregate of Quoted investments - Book value	<b>601.33</b>	1,650.94
- Market value	<b>602.12</b>	1,650.85

- As per Articles of Association of CCFB, these shares are under restrictions for transfer for a period of 3 years from the date of takeover of concession i.e. 9th/10th December,2005 subject to the pre-emption right of the other shareholders.
- The value of one equity share of Meticaiss 24000 is equivalent to Rs.44.27.
- Equity shares of ISTPL are Pledged with consortium of eight Banks from whom ISTPL has borrowed loan of Rs.4,500 million
- 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 NHA1 which provides for equity holding of not less than 51% by Consortium members in ISTPL during the construction period and three years following COD (Commercial Operation Date). 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
- Ircon Infrastructure & Services Limited (IrconISL) with its registered office at 2nd Floor, Plot C-4, District Centre, Saket, New Delhi-110017 is a wholly owned subsidiary of Ircon International Limited.

**Schedule "F"**  
**Inventories**

(Rupees million)

Particulars	As at 31st March, 2010	As at 31st March, 2009
<b>Materials &amp; Stores:</b>		
- In hand	<b>981.25</b>	1,457.86
- With third parties	<b>93.79</b>	192.83
- In transit	<b>350.38</b>	<u>282.81</u>
	<b>1,425.42</b>	1,933.50
<b>Contract Work-in-progress</b>		
- at Cost	<b>807.84</b>	916.57
- at Realisable Value	<b>1,500.33</b>	1,455.13
<b>TOTAL</b>	<b>3,733.59</b>	4,305.20

**Schedule "G"**  
**Sundry Debtors**

(Rupees million)

Particulars	As at 31st March, 2010	As at 31st March, 2009
<b>Unsecured:</b>		
<b>Debts outstanding for more than six months</b>		
- Considered good	<b>181.29</b>	82.41
- Considered doubtful & Provided for:	<b>89.39</b>	<u>83.57</u>
	<b>270.68</b>	165.98
<b>Debts outstanding for less than six months</b>		
- Others, considered good	<b>4,525.87</b>	<u>3,782.34</u>
	<b>4,525.87</b>	3,782.34
	<b>4,796.55</b>	3,948.32
Less: Provision for doubtful debts	<b>89.39</b>	83.57
<b>TOTAL</b>	<b>4,707.16</b>	3,864.75





Schedule "H"  
**Cash and Bank Balances**

(Rupees million)

Particulars	As at 31st March, 2010	As at 31st March, 2009
Cash-in-hand (1)	2.80	3.19
Cheques/Drafts-in-hand	5.13	3.11
<b>Balances with scheduled banks</b>		
In Current accounts	1,028.60	796.18
In Flexi accounts	1,326.59	2,618.29
In Fixed deposits (2), (3) & (4)	<u>8,659.78</u>	<u>3,307.49</u>
	11,014.97	6,721.96
Remittance in transit	8.98	
<b>Balances with other banks (5)</b>		
In Current accounts	143.03	72.26
In Flexi accounts		0.36
In Fixed deposits (6)	<u>1,962.12</u>	<u>3,037.79</u>
	2,105.15	3,110.41
<b>TOTAL</b>	<b>13,137.03</b>	<b>9,838.67</b>

- (1) Includes Stamps in hand **Rs. 0.01 million** (Rs.0.005 million).
- (2) FDRs received from contractors towards EMD **Rs.262.31 million**. (Rs 220.51 Million)
- (3) Includes FDRs under Lien for **Rs NIL** ( Rs 50.19 Million)
- (4) FDR's includes Rs. 2485.52 million (Rs. 2194.63 million) against advances from clients on which interest passed on to them.
- (5) Details given in Schedule "H-1".
- (6) Includes margin money/under lien **Rs.722.50 million** (Rs.13.76 million).

Schedule "H-1"

**Details of Balances with Other Banks**

(Rupees million)

Name of the Bank	Balance as at		Maximum balance during	
	31-03-2010	31-03-2009	2009-10	2008-09
<b>Current Account</b>				
Rashid Bank, Baghdad Iraq	0.001	0.01	0.01	0.03
Commercial Bank of Kuwait	0.02	0.03	0.03	0.03
Nepal Arab Bank Limited.,Kathmandu		-		0.02
Rafidian Bank, Iraq	0.05	0.05	0.05	0.05
Bank Nergara,Indonesia USD A/C	-	0.09	0.09	0.10
Bank Nergara,Indonesia	-	0.16	0.16	0.16
CIMB Bank Berhad, Malaysia	1.98	2.53	20.20	13.63
CIMB Bank Berhad, Malaysia	1.81	0.66	21.11	1,220.24
EON Bank Berhad, Malaysia	0.98	2.86	1,175.91	76.41
Standard Chartered Bank, Malaysia	0.12	0.11	0.12	54.78
HSBC, Derby		0.01	0.01	0.02
Commercial Bank of Ethiopia	6.84	12.57	23.17	18.82
Nepal SBI Bank Ltd-Dharan	0.56	0.24	0.55	0.71
Nepal SBI Bank Ltd-Kathmandu	18.65	0.06	40.49	8.60
Nepal Bank Ltd-Itahari	1.39	0.55	4.06	5.01
Nepal Bank Ltd-Lahan	0.07	0.47	1.02	0.56
B.I.M (Mozambique)	9.97	5.66	94.71	22.21
B.C.I FOMENTO,Mozambique	34.31	46.20	102.07	80.06
BNP Paribas, Algeria	63.20	-	70.98	-
BNA Algeria	0.06	-	0.25	-
Kabul Bank, Mazar-e-Sharif	0.14	-	0.14	-
Peoples Bank, Galle	2.88	-	22.73	-
<b>TOTAL</b>	<b>143.03</b>	<b>72.26</b>		
<b>Flexi Account</b>				
National Bank Sylhet,Bangladesh		-		6.78
Ultra Bank Limited Sylhet, Bangladesh		0.36		0.79
<b>TOTAL</b>	<b>-</b>	<b>0.36</b>		
<b>Fixed Deposit</b>				
National Bank Sylhet,Bangladesh				7.89
CIMB Bank Berhad, Malaysia	76.09	45.54	76.09	57.98
EON Bank Berhad, Malaysia	1751.08	2919.67	5,225.22	2,919.67
EON Bank Berhad, Malaysia	12.57	8.60	12.57	8.60
EON Bank Berhad, Malaysia	23.54	5.16	84.41	5.16
CIMB Bank Berhad, Malaysia	-	57.61	57.61	114.27
Nepal SBI Bank Ltd-Dharan		0.04	0.04	0.23
Nepal SBI Bank Ltd-Kathmandu		1.17	1.17	8.77
B.C.I FOMENTO,Mozambique	15.92	-	15.92	59.28
Banco International,Mozambique	78.57	-	78.57	15.87
Peoples Bank, Galle	4.35	-	24.02	-
<b>TOTAL</b>	<b>1962.12</b>	<b>3037.79</b>		



Schedule "I"  
**Other Current Assets**

(Rupees million)

Particulars	As at 31st March, 2010	As at 31st March, 2009
<b>Interest Accrued on:</b>		
Staff loans and advances (Secured)	13.47	13.21
Staff loans and advances ( Unsecured)	3.43	4.30
Deferred Dues (Iraq project)	318.21	318.21
Loan to Indian Railway Welfare Organisation	10.10	9.87
Deposits & Advances with:		
Contractors, Suppliers & Others	394.67	287.59
Deposit with Scheduled banks	131.00	19.53
Deposit with Non-scheduled banks	<u>0.17</u>	<u>1.97</u>
	131.17	21.50
Bonds	2.73	53.47
<b>TOTAL</b>	<b>873.78</b>	<b>708.15</b>

**Schedule “J”  
Loans & Advances**

(Rupees million)

Particulars	As at 31st March, 2010	As at 31st March, 2009
<b>Secured(considered good):</b>		
Staff Loans & Advances	25.90	23.67
Advances to Contractors against material & machinery	<u>648.35</u>	<u>1,089.34</u>
	<b>674.25</b>	1,113.01
<b>Unsecured:</b>		
<b>Interest bearing Loans to:</b>		
Indian Railway Welfare Organisation	2.00	4.00
Joint ventures:		
CCFB	749.16	893.63
ISTPL	<u>100.00</u>	<u>          </u>
	<b>851.16</b>	897.63
<b>Advances recoverable in cash or kind for value to be received:</b>		
Deposit with custom, port trust and other authorities:		
- Sales Tax	131.44	12.20
- Custom Authority & Others	<u>98.63</u>	<u>96.12</u>
	<b>230.07</b>	108.32
Deposits & Retention Money	<b>1,709.75</b>	1,525.39
Amount recoverable from Joint venture/s :		
CCFB	15.64	14.53
Amount Recoverable from ISTPL	<u>0.08</u>	<u>0.56</u>
	<b>15.72</b>	15.09
Advances:		
- Contractors / Suppliers & Others	1,434.95	1,064.38
- Staff	18.95	21.48
- Sales-tax (including TDS)	399.09	421.52
- Value added tax ( Net)	207.70	92.91
- Income-tax (including TDS)	<u>3,017.41</u>	<u>2,225.11</u>
[includes Wealth Tax Rs. 1.16 million (Rs.1.15 million)]	<b>5,078.10</b>	3,825.40
Prepaid Expenses	<b>225.36</b>	181.49
<b>T O T A L</b>	<b>8,784.41</b>	7,666.33
<b>Secured Considered Good</b>	<b>674.25</b>	1,113.01
<b>Unsecured Considered Good</b>	<b>7,945.27</b>	6,471.88
<b>Considered Doubtful</b>	<b>164.89</b>	81.44
	<b>8,784.41</b>	7,666.33
Less: Provision for doubtful advances	<b>164.89</b>	81.44
<b>T O T A L</b>	<b>8,619.52</b>	7,584.89

**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
<b>NIL</b>	<b>0.32</b>	Nil	0.88



## Schedule "K" Current Liabilities

(Rupees million)

Particulars	As at 31st March, 2010	As at 31st March, 2009
Sundry Creditors		
-Micro Small & Medium Enterprises	-	-
-Others (1)	5,100.99	4,702.11
Advance from Clients (2)	9,364.94	6,679.59
Advance Work Receipts	175.31	2,725.17
Deposits & Retention Money (3)	2,589.00	2,410.37
Amount Payable to RICON	34.81	4.89
Other Liabilities	413.25	507.89
<b>TOTAL</b>	<b>17,678.30</b>	<b>17,030.02</b>

1. Includes Book-overdraft of **Rs.11.91 million** (Rs.67.04 Million).

2. Includes Interest payable on advance from clients **Rs. 619.78 Million** (Rs. 552.66 million)

3. Includes FDRs received from contractors towards EMD **Rs. 262.31 Million** (Rs.220.51 million).

Note: No amount is due to Micro Small & Medium Enterprises for more than 30 days [refer Schedule-R Note No.18].

## Schedule "L" Provisions

(Rupees million)

Particulars	Opening Balance as at 1.4.2009	During the year 2009-10			Closing Balance as at 31.3.2010
		Additions	Written Back	Utilisation	
<b>Provided for :</b>					
Gratuity	295.65	97.74	-	16.78	376.61
Less: Claims with LIC Gratuity	37.77	-	-	-	41.08
	<b>257.88</b>	97.74	-	16.78	<b>335.53</b>
Leave Salary	298.03	101.42	-	17.64	381.81
Settlement allowances on retirement	25.34	-	12.42	-	12.92
Doubtful debts	83.57	34.12	28.30	-	89.39
Doubtful advances	81.44	87.93	4.45	0.03	164.89
Demobilisation	56.83	44.60	2.63	2.69	96.11
Maintenance	148.43	96.78	7.97	16.60	220.64
Future contingencies (Contracts)	130.77	240.50	33.94	38.25	299.08
Liabilities(Legal cases)	188.07	82.71	16.17	9.75	244.86
Other expenses	708.31	337.49	31.61	192.27	821.92
Income-tax, Fringe Benefit Tax & Wealth tax*	2,267.04	1,155.11*	7.49	34.13	3,380.53
Dividend (Interim & Proposed)	96.01	366.23	-	305.85	156.39
Tax on Dividend (Interim & Proposed)	16.32	62.24	-	51.98	26.58
<b>TOTAL (A)</b>	<b>4,358.04</b>	<b>2,706.87</b>	<b>144.98</b>	<b>685.97</b>	<b>6,230.65</b>
<b>Adjusted for :</b>					
Doubtful debts considered in Schedule-G	83.57				89.39
Doubtful advances considered in Schedule-I	81.44				164.89
Leave Salary, Gratuity, Settlement Allowances included in employee remuneration & benefits Schedule-O		199.16	12.42	34.42	
Income-tax adjusted / considered separately*		1,155.11	7.49	34.13	
Dividend paid / considered separately		366.23	-	305.85	
Corporate-tax on Dividend paid / considered separately		62.24	-	51.98	
<b>TOTAL (B)</b>	<b>165.01</b>	<b>1,782.74</b>	<b>19.91</b>	<b>426.38</b>	<b>254.28</b>
<b>Net: Current Year (A-B)</b>	<b>4,193.03</b>	<b>924.13</b>	<b>125.07</b>	<b>259.59</b>	<b>5,976.37</b>
Previous Year	3,202.23	596.00	84.63	237.13	4,193.03

### NOTES:

	Current Year	Previous Year
Net Provisions (Additions/Write Back) carried to P&L Account	799.06	511.37
Retirement Benefits considered in Schedule-O	152.32	218.44
Provisions (Utilisation) carried to Schedule-O	259.59	237.13

\* Addition includes current year provisions Rs. 1087.02 million and rectification of earlier years Rs. 68.09 million.

**Schedule “M-1”  
Deferred Tax Asset**

(Rupees million)

Particulars	As at 01-04-2009	Addition (Deletion) during 2009-10	As at 31-03-2010
	Total	Total	Total
<b>Asset</b>			
Provision for :			
- Maintenance and demobilisation	43.71	32.45	76.16
- Future Contingencies	44.45	54.90	99.35
- Doubtful debts and advances	48.72	32.27	80.99
- Gratuity	87.66	37.45	125.11
- Legal cases	29.42	21.10	50.52
- Others	212.20	60.83	273.03
<b>Expenses</b>			
- On Voluntary retirement scheme	1.42	(0.30)	1.12
- Allowed for tax purpose when paid	109.91	28.04	137.95
- Capitalised for tax purposes	25.48	(25.46)	0.02
- Loss on investments	-	-	-
<b>Total</b>	<b>602.97</b>	<b>241.28</b>	<b>844.25</b>
Previous Year	353.74	249.24	602.97

**Schedule “M-2”  
Deferred Tax Liability**

(Rupees million)

Particulars	As at 01-04-2009	Addition (Deletion) during 2009-10	As at 31-03-2010
	Total	Total	Total
Depreciation	(9.63)	(19.99)	(29.62)
<b>TOTAL</b>	<b>(9.63)</b>	<b>(19.99)</b>	<b>(29.62)</b>
Previous Year	3.46	(13.09)	(9.63)
<b>Deferred Tax (Net)</b>		<b>(261.27)</b>	<b>873.87</b>





**Schedule “N”  
Income**

(Rupees million)

Particulars	2009-10	2008-09
<b>OPERATING INCOME</b>		
Contract receipts	<b>31,095.10</b>	26,027.27
Loco lease	<b>236.55</b>	214.32
Machinery hire charges	<b>66.64</b>	<u>34.79</u>
	<b>31,398.29</b>	26,276.38
<b>OTHER INCOME</b>		
Interest on Bonds (Gross) (long-term) (1)	<b>5.99</b>	109.36
Bank Interest Gross (2)	<b>477.85</b>	544.67
Less:- Interest reimbursed to client	<b>180.66</b>	<u>400.86</u>
Interest on refund of income-tax received	<b>9.62</b>	-
Interest on Advances	<b>99.12</b>	171.49
Interest on staff advances	<b>3.41</b>	4.27
Exchange Fluctuation Gain	-	201.39
Less:- Exchange Fluctuation Loss	-	<u>80.53</u>
Net Exchange Fluctuation Gain	-	120.86
Profit on sale of assets	<b>5.03</b>	6.48
Miscellaneous receipts (3)	<b>219.90</b>	<u>295.26</u>
	<b>640.26</b>	851.53
<b>TOTAL</b>	<b>32,038.55</b>	27,127.91

(1) Includes Tax deducted at source **Rs. 0.10 million** (previous year Rs.Nil million.).

(2) Includes Tax deducted at source **Rs.50.76 million** (previous year Rs.86.12 million).

(3) Includes unclaimed amount written back **Rs.13.20 million** (Rs.18.59 million).

## Schedule "O" Expenses

(Rupees million)

Particulars	Operating Expenses		Administrative Expenses	
	2009-10	2008-09	2009-10	2008-09
<b>1 Expenses:</b>				
Work expenses	<b>18,038.69</b>	15,223.16	-	-
<b>Total of Work expenses</b>	<b>18,038.69</b>	15,223.16	-	-
<b>2 Decrease/(Increase) in Work-in-progress</b>	<b>108.73</b>	(467.57)	-	-
<b>3 Materials and Stores consumed:</b>				
Opening Balance	<b>1,650.69</b>	619.58	-	-
Add: Purchases during the year	<b>5,882.27</b>	7,404.51	-	-
	<b>7,532.96</b>	8,024.09	-	-
Less: Closing Balance	<b>1,075.04</b>	1,650.69	-	-
<b>Total of Material &amp; Stores consumed</b>	<b>6,457.92</b>	6,373.40	-	-
<b>4 Employee remuneration and benefits (1):</b>				
Salaries, Wages, Bonus, allowances & benefits	<b>919.78</b>	795.18	<b>275.25</b>	158.81
Contribution to provident and other funds	<b>68.63</b>	37.79	<b>24.27</b>	12.68
Foreign service contribution	<b>5.18</b>	1.78	<b>5.34</b>	0.45
Retirement Benefits	<b>152.32</b>	218.44	-	-
VRS Expenses	-	-	<b>0.96</b>	1.05
Staff welfare	<b>28.16</b>	33.61	<b>5.51</b>	5.31
<b>Total of Employee remuneration &amp; benefits</b>	<b>1,174.07</b>	1,086.80	<b>311.33</b>	178.30
<b>5 Other Expenses:</b>				
Design, Drawing, Business Development & Consultancy Charges	<b>619.99</b>	355.51	-	-
Inspection, Geo Technical Investigation & Survey Exp. Etc	<b>15.51</b>	26.27	-	-
Exchange Fluctuation Loss	523.27	-	-	-
Less:- Exchange Fluctuation Gain	216.06	-	-	-
Net Exchange Fluctuation Loss	<b>307.21</b>	-	-	-
Rent - Non-residential	<b>30.72</b>	38.68	<b>2.21</b>	0.07
Rates and Taxes	<b>181.00</b>	256.97	<b>1.91</b>	4.69
Vehicle Operation and Maintenance	<b>163.65</b>	167.98	<b>7.09</b>	7.89
<b>Repairs and Maintenance</b>				
- Machinery	<b>227.33</b>	374.47	-	-
- Building	<b>3.21</b>	5.39	<b>3.87</b>	1.89
- Office and Others	<b>34.26</b>	30.83	<b>15.11</b>	14.90
Power, Electricity and Water charges	<b>24.18</b>	26.12	<b>10.32</b>	11.07
Hire charges of machinery	<b>150.29</b>	233.72	-	-
Insurance	<b>88.58</b>	97.58	<b>0.22</b>	0.86
Travelling & conveyance	<b>85.16</b>	90.85	<b>24.36</b>	28.95
Printing & stationery	<b>21.66</b>	23.48	<b>10.48</b>	7.92
Postage, telephone & telex	<b>26.49</b>	27.03	<b>6.22</b>	6.72
Legal & Professional charges	<b>35.56</b>	36.70	<b>23.80</b>	15.33
Security services	<b>34.25</b>	23.61	<b>2.10</b>	1.88
Business promotion	<b>6.38</b>	4.75	<b>2.36</b>	2.00
Write-off of :				
- Bad debts	-	6.22	-	-
- Bad advances	<b>0.03</b>	1.34	-	-
- Bad assets	<b>0.15</b>	0.11	-	-
Loss on sale of Assets/Stores	-	-	<b>0.12</b>	0.68
Amortisation of premium paid on Invest.	-	-	<b>0.16</b>	16.89
Bank and other finance charges	-	-	<b>124.26</b>	88.71
Director sitting fee	-	-	<b>0.27</b>	0.22
Donation	-	-	<b>1.52</b>	51.90
Auditors remuneration (2)	-	-	<b>4.24</b>	4.28
Advertisement & publicity	-	-	<b>34.38</b>	43.80
Training & Recruitment	-	-	<b>1.73</b>	5.94
Miscellaneous expenses	<b>64.73</b>	16.91	<b>9.85</b>	13.28
<b>Less: Provisions Utilised (3)</b>	<b>2,120.34</b>	1,844.52	<b>286.58</b>	329.87
	<b>259.59</b>	237.13	-	-
<b>Total of Other Expenses</b>	<b>1,860.75</b>	1,607.39	<b>286.58</b>	329.87
<b>T O T A L</b>	<b>27,640.16</b>	23,823.18	<b>597.91</b>	508.17

(1) Includes Income-tax on non-monetary perks **Rs. 4.19 million** (Rs.3.52 million).

(2) <b>Payment to Statutory Auditors:</b>	2009-10	2008-09
(i) Audit Fee - current year	<b>1.93</b>	1.79
(ii) Tax Audit Fees - current year	<b>0.50</b>	0.49
(iii) Certification Fees	<b>0.56</b>	0.45
(iv) Travelling & out of pocket expenses:		
- Local	<b>0.74</b>	1.00
- Foreign	<b>0.51</b>	0.55
<b>Total</b>	<b>4.24</b>	4.28

(3) Details given in Schedule 'L'.



## Schedule "P"

## Prior period adjustments &amp; Extraordinary Items

(Rupees million)

Particulars	2009-10	2008-09	2009-10	2008-09
<b>PRIOR PERIOD ITEMS:</b>				
<b>Income:</b>				
Contract Receipts	(1.59)		(5.53)	
Interest income on deposits/ loans	41.44		0.02	
Miscellaneous receipts	<u>0.45</u>		<u>3.07</u>	
		40.30		(2.44)
<b>Expenses:</b>				
Work expenses	1.79		(5.22)	
Administrative expenses	0.47		0.01	
Depreciation	(2.77)		1.77	
Others	<u>12.16</u>		<u>40.60</u>	
		11.65		37.16
<b>TOTAL</b>		<b>28.65</b>		<b>(39.60)</b>

**Schedule "Q"****SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE ACCOUNTS FOR 2009-2010****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 where 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 at each balance sheet date.
- 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 monthly average of opening and closing TT buying rates.
  - ii) Inventories are translated at the TT buying rates at each balance sheet date.
  - 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.
- (c) The net exchange differences resulting from the translations at (a) & (b) above 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 monthly 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 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, if any.
- (b) Current Investments are valued at lower of cost and fair value.

## 6. Inventories

### (A) Construction Work in Progress

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

- (i) In Cost Plus contracts, the cost of all materials, spares and stores not reimbursable as per the terms of the contract is shown as inventory valued as per (iii) below.
- (ii) 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.
- (iii) Inventories are valued at lower of the cost arrived at on First In First Out (FIFO) basis and net realisable value.
- (iv) 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 and cheques in hand.

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 adjusted 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 are recognised as construction work in progress in the year of incidence and 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 acquired during the year costing upto Rs.5000/-and assets having written down value upto Rs.5000/- at the beginning of the year and camps / caravan/ temporary sheds / furnishing acquired during the year irrespective of the value are fully depreciated.

#### **16. Borrowing Cost**

- (i) Borrowing costs in ordinary course of business are recognised as an expense in the period in which they are incurred.
- (ii) Borrowing costs 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, prepaid 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 Liabilities are 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 Liabilities and Provisions needed against Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.
- (d) Contingent Liabilities disclosed are net of estimated provisions considering possible outflow on settlement.

**Schedule "R"****NOTES FORMING PART OF THE ACCOUNTS INCLUDING DISCLOSURES**

- 1) Contingent liabilities consist of:
- a) Claims against the Company not acknowledged as debt Rs. 2736.49 million (Rs. 4603.43 million). Against this the Company has counter claims of Rs. 1014.16 million (Rs. 889.64 million). In case claims against the Company do materialise, claims for Rs. 1028.93 million (Rs.3224.66 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.1320.26 million (Rs.937.04 million) of which Rs.314.44 million (Rs. 252.40 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.61.10 million (Rs. 8.81 million).
  - e) Outstanding Bank Guarantee of Rs.1.45 million (Rs.1.45 million) to CIDCO towards flats.
  - f) Claims of Provident Fund Commissioner, J & K for Rs.17.55 million (Rs. 17.55 million).
  - g) Itron International Limited (the Company) and Soma Enterprises Limited (Soma) incorporated a joint venture Company called Itron-Soma Tollway Private Limited (ISTPL) on 19.4.2005 with 50% shareholding each, 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 28<sup>th</sup> 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, for a period of 20 years ( 3 years for construction and 17 years for toll collection) at an approximate cost of Rs. 6060.40 million (Rs. 6060.40 million).  
  
The Company's equity investment in the ISTPL is Rs 638.70 million (Rs.638.70 million). To finance the debt portion of the project, ISTPL has arranged a term loan of Rs. 4500 million from a consortium of eight banks, lead by State Bank of India. To secure this term loan the Company along with Soma has by way of promoters' support executed a "Sponsor Support Undertaking" and a "Consent and agreement" on 7<sup>th</sup> August 2006 , in favour of State Bank of India (Security trustee and Lenders' agent), wherein both the Company & Soma have jointly and severally undertaken to extend additional equity/provide 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. In the current year the Company & Soma have contributed Rs 100 million each as loan to meet the cost overrun. On 25<sup>th</sup> October 2009 the toll plaza for 99 km stretch, located at Chandwad has become operational and toll collection started. The balance stretch of 19.158 km has been provisionally declared complete on 03<sup>rd</sup> March 2010 and toll collection at Dhule Plaza has also commenced from 19<sup>th</sup> April 2010.
- 2) Estimated amount of contracts remaining to be executed on capital account (net of advances) is Rs. 5.66 million (Rs 254.70 million)
- 3) Basic earnings per share are computed by dividing net profit after tax Rs.1821.83 million (Rs.1401.82 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	2009-10	2008-09
Work Receipts, Loco lease	12255.88	7702.48
Bank Interest	101.34	68.63
Other Interest	0.71	67.55
Foreign Exchange Fluctuation Gain	216.06	201.39
Others	36.36	43.06
<b>TOTAL</b>	<b>12610.35</b>	<b>8083.11</b>

(b) Expenditure in foreign currency:

(Rupees million)

Particulars	2009-10	2008-09
Operational Expenses	7820.72	6405.55
Consultancy charges	149.38	101.42
Foreign Exchange Fluctuation Loss	523.27	80.53
Administrative & Other Expenses	1475.58	539.82
<b>TOTAL</b>	<b>9968.95</b>	<b>7127.32</b>

(c) CIF value of Imports:

(Rupees million)

Particulars	2009-10	2008-09
Capital Goods	-	3.28
Materials	117.56	91.26
Consumables, Components and Spares	-	-
<b>TOTAL</b>	<b>117.56</b>	<b>94.54</b>

6) Disclosure regarding Leases:

I. Operating Leases for Locos

- a) The Company is also engaged in leasing of locomotives. Total 25 locomotives are on lease to foreign client as on 31.03.2010. The validity of lease has been extended upto 31.12.2010.
- 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
<b>Receivable</b>	130 (119.20)	Nil (Nil )	Nil (Nil)
<b>Payable</b>	Nil (Nil)	Nil (Nil )	Nil (Nil)

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

(Rupees in million)

Particulars of assets	As on 31.03.2010	As on 31.03.2009
Gross carrying amount of assets	248.17	248.09
Accumulated depreciation	63.96	51.32

(Rupees in million)

Particulars	2009-10	2008-09
Depreciation for the year	12.64	8.91

## II. Operating lease for Light Vehicles

The Company has taken five (seven) 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 (0.72)	0.98 (1.67)	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 cancellable, are mostly for one year, and are usually renewable on mutually agreed terms. The Expenses Schedule (Sch O) under Employee Remuneration and Benefits includes Rs. 63.10 million (Rs. 77.60 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. 32.93 million (Rs.38.75 million) shown as rent in Schedule O.

## 7) Segment Reporting:

### Primary Segment information (Geographic):

(Rupees million)

	International		Domestic		Others*		Total	
	09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09
<b>A. Turnover</b>								
Operating Income	11962.47	8027.02	19522.55	18476.77	43.82	39.33	31528.84	26543.12
Other Income	205.56	283.02	148.20	187.87	286.50	380.64	640.26	851.53
Inter-segment								
Total Revenue	12168.03	8310.04	19670.75	18664.64	330.32	419.97	32169.10	27394.65
<b>B. Result</b>								
Profit before Provision, Depreciation, Interest and Tax.	2400.23	924.13	1196.27	1678.29	255.32	227.48	3851.82	2829.90
Less: Provision & write backs ( Net)	89.32	65.16	536.07	141.24	173.67	304.97	799.06	511.37
Depreciation for the year	168.16	196.71	195.14	202.23	49.37	42.93	412.67	441.87
Interest	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Profit Before Tax	2142.75	662.26	465.06	1334.82	32.28	(120.42)	2640.09	1876.66
Provision for Tax	574.50	244.30	227.95	253.42	15.81	(22.88)	818.26	474.84
Profit After Tax	1568.25	417.96	237.11	1081.40	16.47	(97.54)	1821.83	1401.82
<b>C. Other Information</b>								
Assets	11581.38	8992.59	10211.63	11738.21	14278.93	11669.07	36071.94	32399.87
Include Fixed Assets (Net Block)	658.75	751.39	852.70	976.73	850.48	872.36	2361.93	2600.48
Liabilities	9738.70	7971.76	9587.41	10250.41	4699.33	3397.25	24025.44	21619.42
Capital Expenditure: Additions to Fixed Assets	33.92	220.64	65.01	35.17	18.68	3.18	117.61	258.99

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



**Secondary Segment information (Business):**

(Rupees million)

	Operating Income		Segment Assets		Additions to Fixed Assets	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Construction, etc.	<b>31292.29</b>	26328.80	<b>35649.31</b>	31896.02	<b>115.07</b>	171.54
Leasing & operation	<b>236.55</b>	214.32	<b>422.63</b>	503.85	<b>2.54</b>	87.44
<b>Total</b>	<b>31528.84</b>	26543.12	<b>36071.94</b>	32399.87	<b>117.61</b>	258.98

**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.

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, Madan Lal,K K Garg and Deepak Sabhlok.

c) Disclosure of transactions with related parties:

(Rupees million)

Particulars	Transactions		Outstanding Amount	
	2009-10	2008-09	As on 31-3-2010	As on 31-3-2009
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/IrconISL	<b>4.00</b>	127.70	<b>698.04</b>	694.04
Loan to CCFB/ISTPL	<b>(44.47)</b>	311.30	<b>849.16</b>	893.63
Advance recoverable from CCFB/ IrconISL / ISTPL /RICON	<b>3.36</b>	(7.91)	<b>19.56</b>	15.09
Amount payable to RICON	<b>29.92</b>	4.89	<b>34.81</b>	4.89
Income from CCFB/ RICON/ ISTPL / IrconISL	<b>763.80</b>	1262.38	<b>589.54</b>	277.32

**9) Remuneration to Directors are as under:**

(Rupees million)

S. No.	Particulars	2009-10	2008-09
I	Salary & Allowances	<b>5.34</b>	4.54
II	Contribution to Provident Fund	<b>0.62</b>	0.36
III	Superannuation including Retirement Benefits	<b>3.36</b>	1.38
IV	Reimbursement of Medical expenses	<b>0.15</b>	0.63
V	Sitting Fee	<b>0.27</b>	0.22
VI	Other benefits	<b>1.36</b>	0.17
	<b>TOTAL</b>	<b>11.1</b>	7.30

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 31 <sup>st</sup> March	
			2010	2009
1	Ircon-COBRA-ELIOP #	Ircon, India COBRA, Spain ELIOP, Spain	61.22 34.35 4.43	61.22 34.35 4.43
2	Ircon-Sree Bhawani Builders # #	Ircon, India Sree Bhawani Builders, India	24.21 75.79	24.21 75.79
3	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
4	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
5	RICON	Ircon, India RITES, India	49.00 51.00	49.00 51.00
6	SMJ – Ircon@	Ircon, India Sumber Mitra Jaya, Indonesia	25.00 75.00	25.00 75.00
7	Ircon-GANNON Dunkerly	Ircon, India GANNON Dunkerly	55.70 44.30	55.70 44.30
8	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
9	Ircon-SMJ Project JV	Ircon, India Sumber Mitra Jaya, Indonesia	55.00 45.00	55.00 45.00
10	RICON- CETA SARL@@	RICON, India CETA, Mozambique	49.00 51.00	49.00 51.00
11	Ircon –ASKA Consortium@@@	Ircon, India SARL ASKA, Algeria ASKA, Turkey	100.00 – –	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 2010	As at 2009
1	CCFB (Companhia Dos Caminhos De Ferro Da Beira SARL) Mozambique	Ircon, India RITES, India CFM, Mozambique	25.00 26.00 49.00	25.00 26.00 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 the client Ircon has expelled the other two partners Sarl Aska Algeria (15%) and Aska Turkey (15%) from the consortium. The Client later issued 'order to stop the work' followed by communication to close the contract. The contract closure order has since been revoked by the Client and the project restarted in the name of IRCON on 23.05.2010,

c) Statement of Income, Expenditure, Profit, Assets & Liabilities of JCE

S. No.	Particulars	RICON-CETA SARL		RICON		IMCC		MTG		Total	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
1	Income	-	7.24	<b>39.98</b>	39.33	<b>0.24</b>	2.19	<b>90.33</b>	217.98	<b>130.55</b>	266.74
2	Expenditure	-	(45.64)	<b>22.66</b>	19.46	<b>0.19</b>	5.27	<b>85.01</b>	214.71	<b>107.86</b>	193.8
3	Fixed Assets	<b>17.92</b>	17.92	-	-	-	-	<b>1.67</b>	5.73	<b>19.59</b>	23.65
4	Current Assets	<b>229.79</b>	288.82	<b>124.35</b>	83.56	<b>46.07</b>	45.89	<b>65.48</b>	121.88	<b>465.69</b>	540.15
5	Current Liabilities	<b>247.71</b>	253.86	<b>54.12</b>	30.65	<b>13.95</b>	14.02	<b>54.99</b>	97.84	<b>370.77</b>	396.37
6	Loan Fund	-	-	<b>52.91</b>	33.03	-	-	-	-	<b>52.91</b>	33.03

- d) Contingent liability towards the Company's share of bank guarantee in case of IMCC as on 31.03.2010 is Rs. Nil million (Rs. 21.18 million).
- e) Proportionate share of sales-tax liability in case of IMCC as on 31.03.2010 Rs. 42.52 million (Rs.42.52 million).
- f) Contingent liability towards the Company's share of bank guarantee in case of MTG as on 31.03.2010 is Rs. 46.91 million (Rs. 46.71 million )
- g) Contingent liability towards the Company's share of corporate guarantee to Central Excise in case of MTG as on 31.03.2010 is Rs.15.36 million (Rs.15.36 million )
- h) Contingent liability towards the Company's share of bank guarantee in case of Ircon-RCS- PFLEIDERER as on 31.03.2010 is Rs. 9.10 million (Rs.9.10 million )
- i) The Company has committed shareholders loan of USD 10 million in CCFB as a bridge finance but shareholders agreement was signed for USD 7.5 million only. Out of USD 7.5 million, Company had paid USD 1 million during 2008-09 and USD 1 million during 2009-10. Company had received back entire USD 2.00 million from CCFB on 29.01.2010. However, interest on loan on USD 2 million amounting to USD 0.17million still to be received from CCFB.
- j) The Company has extended a loan of Rs 100 million to ISTPL JV during the year.
- k) Commissioner of Service Tax has served a show cause during the year raising a demand of Rs 0.98 million (Nil) IMCC has disputed the demand and same is pending for adjudication.
- l) The assessment by revenue authority for the financial year 2003-04, 04-05 and 05-06 has resulted into a demand aggregating to Rs 32.49 million (Nil) as on 31.03.2010 . The IMCC has disputed the assessment and have filed appeal at various level, which are pending for adjudication.
- 11) 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. There is no impairment loss (Rs. Nil).

- 12) 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 project 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 2<sup>nd</sup> 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 the Company had conveyed its consent to Ministry of Railways vide its letter dt. 26.05.2005 the settlement is yet to be approved by GOI. 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 accounts.

- b) The accrued interest on deferred Iraqi dues and provision for interest to sub-contractors (under Deferred Payment Agreement Protocol) 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 31.03.2010 as per AS-11, Other Current Assets would have been Rs. 954.64 million (increased by Rs. 80.86 million), Provisions would have been Rs. 6014.58 million (increased by Rs. 38.21 million), Profit Before Tax would have been Rs.2682.74 million (increased by Rs. 42.65 million) .
- 13) 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.
- 14) 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. Accumulated balance including interest as on 31.03.2010 in the fund maintained by LIC amounting to Rs. 41.07 million (Rs.37.77 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 L).
- 15) 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. However CIT(A) has considered our claim for the Assessment Year 2004-05, but the department has moved to Tribunal against the order of CIT(A). The deduction upto AY 2009-10 is Rs. 4434.44 million ( 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 2009-10 is Rs. 13.28 million (Rs. 68.46 million).

16) **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 as per actuarial valuation, 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) for which the Company has created a Medical Trust Fund. The amount available in the fund including the return on investments is greater than the obligation of the Company as per actuarial valuation, hence no further provision is considered necessary.

### Leave Encashment

The Company allows earned leave and half pay leave to the employees equal to 30 days and 20 days per annum 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	295.66 (162.60)	298.03 (216.35)	101.96 (68.43)
Interest Cost	22.17 (13.01)	22.35 (17.31)	7.65 (5.47)
Current Service Cost	23.07 (20.60)	33.73 (27.49)	7.24 (5.96)
Past Service Cost	- (63.21)	- (-)	- (-)
Benefit Paid	(17.05) ((6.09))	(16.17) ((10.43))	(2.16) ((1.03))
Actuarial (gain)/loss on obligation	52.76 (42.32)	43.87 (47.30)	54.93 (23.13)
Present Value of Obligation as at the end of the period	376.61 (295.65)	381.81 (298.03)	169.62 (101.96)

#### ii) Changes in the fair value of plan assets

	Gratuity	Leave Encashment	PRMF*
Fair Value of plan assets as at beginning of the period	37.77 (35.17)	- (-)	236.98 (-)
Expected return on Plan Assets	3.30 (3.08)	- (-)	20.74 (-)
Contributions	- (-)	- (-)	- (-)
Benefit Paid	- ((0.44))	- (-)	- (-)
Actuarial (gain)/loss on Plan Assets	- ((0.03))	- (-)	18.81 (-)
Fair Value of Plan Assets as at the end of the period	41.07 (37.77)	- (-)	238.91 (-)

**iii) Fair Value of Plan Assets**

	<b>Gratuity</b>	<b>Leave Encashment</b>	<b>PRMF*</b>
Fair value of Plan Asset at the beginning of period	37.77 (35.17)	- (-)	236.98 (-)
Actual return on Plan Assets	3.30 (3.04)	- (-)	1.93 (-)
Benefits paid	- ((0.44))	- (-)	- (-)
Fair value of Plan Assets at the end of period	41.07 (37.77)	- (-)	238.91 (-)
Funded Status	(335.53) ((257.88))	(381.81) ((298.03))	69.29 ((101.96))
Excess of actual over expected return on plan assets	- ((0.03))	- (-)	(18.81) (-)

\*IRCON Medical Trust has a combined fund of Rs.238.91 million

**iv) Actuarial Gain/Loss recognised for the period**

	<b>Gratuity</b>	<b>Leave Encashment</b>	<b>PRMF</b>
Actuarial gain/(loss) for the period- Obligation	(52.76) ((42.32))	(43.87) ((47.30))	(54.93) ((23.13))
Actuarial gain/(loss) for the period- Plan Assets	- (0.03)	- (-)	(18.81) (-)
Total (gain)/loss for the period	52.76 (42.35)	43.87 (47.30)	73.74 (23.13)
Actuarial (gain)/loss recognised in the period	52.76 (42.35)	43.87 (47.30)	73.74 (23.13)

**v) Amount recognised in Balance Sheet**

	<b>Gratuity</b>	<b>Leave Encashment</b>	<b>PRMF</b>
Present Value of Obligation as at the end of the period	376.61 (295.66)	381.81 (298.03)	169.62 (101.96)
Fair Value of Plan Assets as at 31.03.2010	41.07 (37.77)	- (-)	238.91 (-)
Funded Status	(335.53) ((257.88))	(381.81) ((298.03))	69.29 ((101.96))
Net liability recognised in the Balance Sheet	335.53 (257.88)	381.81 (298.03)	69.29 (101.96)

**vi) Expenses recognised in Profit & Loss Account**

	<b>Gratuity</b>	<b>Leave Encashment</b>	<b>PRMF</b>
Current Service Cost	23.07 (20.60)	33.73 (27.49)	7.24 (5.96)
Past Service Cost	- (63.21)	- (-)	- (-)
Interest Cost	22.17 (13.01)	22.35 (17.31)	7.65 (5.47)
Expected return on plan assets	(3.31) ((3.08))	- (-)	(20.74) (-)
Net actuarial (gain)/ loss recognised in the year	52.76 (42.35)	43.87 (47.30)	73.74 (23.13)
Expenses recognised in the Profit & Loss A/c	94.70 (136.10)	99.95 (92.10)	67.89 (34.56)

**vii) Amount for the Current Period**

	<b>Gratuity</b>	<b>Leave Encashment</b>	<b>PRMF</b>
Present Value of Obligation	376.61 (295.66)	381.81 (298.03)	169.62 (101.96)
Plan Assets	41.07 (37.77)	- (-)	238.91 (-)
Surplus (Deficit)	(335.53) ((257.88))	(381.81) ((298.03))	69.29 ((101.96))
Experience adjustments on plan liabilities - (Loss)/ Gain	(52.76) (69.82)	(43.87) ((42.97))	(54.93) ((17.26))
Experience adjustments on plan assets - (Loss)/ Gain	- ((0.03))	- (-)	(18.81) (-)

**viii) Actuarial Assumptions**

I)	Method used	Projected Unit Credit Method
II)	Discount rate	7.50%
III)	Rate of increase in Compensation Levels	7.50%
IV)	Rate of return on Plan Assets - Gratuity	8.75%
V)	Average Outstanding Service of Employees upto Retirement	16 years
VI)	Estimated term of Benefit Obligations	16 years

17) Disclosure in respect of Contract, in Progress\*

(Rupees million)

Details		<b>Up to 31.03.10</b>
(a)	Aggregate amount of costs incurred and recognized profits (Less recognized losses)	84169.98
		<b>As on 31.03.10</b>
(b)	Amount of Advances received from Client	8239.37
(c)	Amount of Retentions (by Client)	1488.55

\* excluding projects completed upto 31.03.2010

- 18) i) Amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31.03.2010 is Rs. Nil ( 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 31<sup>st</sup> March 2010 is Rs. Nil ( Nil ).
- 19) 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.
- 20) During the year, the Company has changed its Accounting Policy on translation of foreign currency of revenue items from yearly average to monthly average. Due to this change, foreign exchange loss (net) has increased by Rs.52.98 million, other income has decreased by Rs 1.78 million, operating income has decreased by Rs. 73.03 million and total expenditure (excluding foreign exchange gain/loss) has decreased by Rs 127.79 million. However, net impact on Profit/Loss of the company is NIL.
- 21) The company has formed a wholly owned subsidiary company on 30<sup>th</sup> September, 2009 namely Ircon Infrastructure & Services Limited (IrconISL) and has invested Rs. 4 million (including Rs.0.006 million through IRCON's nominees) towards shareholder's equity with the approval of 184<sup>th</sup> BOD held on 30<sup>th</sup> July, 2009. The certificate of commencement of business was issued by ROC on 10<sup>th</sup> November 2009.



22) During the year Company has changed the accounting treatment of loan given to CCFB Mozambique treating it as an Integral Foreign Operation instead of Non-Integral Operation. Due to that foreign exchange fluctuation reserve created in earlier year has been adjusted. This has resulted in net increase in exchange fluctuation gain by Rs.35.08 million. Consequently, profit for the year is higher by Rs. 35.08 million.

23) Previous year's figures have been regrouped, rearranged and recast wherever necessary to make it comparable to the current year's classification.

24) **Balance Sheet Abstract and Company Business Profile:**

**I Registration Details:**

Registration No.	8171	State Code	55
Balance Sheet Date	31-03-2010		

(Rupees in million)

**II Capital raised during the year:**

Public issue	Nil	Rights issue	Nil
Bonus issue	Nil	Private Placement	Nil

**III Position of mobilisation and deployment of funds**

Total liabilities	36071.94	Total Assets	36071.94
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**Sources of funds:**

Paid-up Capital	98.98	Reserves & Surplus	11894.61
Secured Loans	Nil	Unsecured Loans	52.91
		Deferred Tax Liability	Nil

**Application of funds:**

Net fixed assets	2361.93	Investments	1299.37
Net current assets	7511.33	Deferred Tax Asset	873.87
Miscellaneous Expenditure	Nil	Accumulated losses	Nil

**IV Performance of the Company**

Turnover	32169.10	Total expenditure	29557.66
Profit before Tax	2640.09	Profit after Tax	1821.83
Earning per share (Rs.)	184.06	Dividend rate	370%

**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 and on behalf of the Board of Directors

For Wahi & Gupta  
Chartered Accountants  
FRN 2263N

**Y.K. Gupta**  
**Partner**  
**M. No. 16020**

**Lalitha Gupta**  
**Company Secretary**

**K.K. Garg**  
**Director Finance**

**Mohan Tiwari**  
**Managing Director**

Place: New Delhi  
Dated: 6<sup>th</sup> August 2010



## Cash Flow Statement

For the year ended on 31st March, 2010

(Rupees in million)

		2009-10	2008-09
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before taxation & extraordinary items		2,611.44	1,916.26
Adjustment for :			
Depreciation		409.90	443.64
Amortisation of premium on investment		0.16	16.89
Loss / (Profit) on sale of assets(net)		(4.91)	(5.80)
Interest Income		(415.33)	(428.93)
Provisions - Additions (Write back) Net		799.06	511.37
Effect of Exchange differences on translation of Foreign Currency Cash & Cash Equivalents		307.21	(120.86)
<b>Operating Profit before working capital changes</b>	<b>(1)</b>	<b>3,707.53</b>	<b>2,332.57</b>
Adjustment for :			
Decrease(increase) in Trade Receivables/ Loans & Advances		(1,877.04)	(1,127.50)
Decrease(increase) in Inventories		571.61	(2,715.07)
(Decrease)/increase in Sundry Creditors		482.39	1,969.83
Decrease(increase) in JCE Current Assets		74.46	(179.70)
(Decrease)/increase in JCE Current Liabilities		(25.60)	(10.51)
	<b>(2)</b>	<b>(774.18)</b>	<b>(2,062.95)</b>
<b>Cash generated from operation</b>	<b>(1-2)</b>	<b>2,933.35</b>	<b>269.62</b>
<b>Cash flow before prior period &amp; extraordinary items</b>		<b>2,933.35</b>	<b>269.62</b>
Foreign Exchange Fluctuation Reserve		(147.19)	203.70
Prior period & extraordinary items		28.65	(39.60)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(A)</b>	<b>2,814.81</b>	<b>433.72</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets including Capital WIP		(179.48)	(264.02)
Sale of fixed assets		8.98	5.89
Interest received		249.70	366.84
Investment matured ( including profit on sale)		1,600.84	271.52
Investment raised ( long term)		(555.39)	(177.70)
Decrease(increase) in JCE Fixed Assets		4.06	14.39
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(B)</b>	<b>1,128.71</b>	<b>216.92</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend ( including Corporate Tax) paid		(357.83)	(347.41)
(Decrease)/increase in JCE Loan Fund		19.88	11.80
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(C)</b>	<b>(337.95)</b>	<b>(335.61)</b>
Effect of Exchange differences on translation of Foreign Currency Cash & Cash Equivalents		<b>(307.21)</b>	<b>120.86</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENT</b>	<b>(A+B+C)</b>	<b>3,298.36</b>	<b>435.89</b>
<b>CASH AND CASH EQUIVALENT (OPENING)</b>	<b>(D)</b>	<b>9,838.67</b>	<b>9,402.78</b>
<b>CASH AND CASH EQUIVALENT (CLOSING)</b>	<b>(E)</b>	<b>13,137.03</b>	<b>9,838.67</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENT</b>	<b>(E-D)</b>	<b>3,298.36</b>	<b>435.89</b>

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.

4. Cash & Cash Equivalent (closing) Includes FDRs under Lien for **Rs NIL million** ( Rs 50.19)

5. Cash & Cash Equivalent (closing) Includes margin money/under lien **Rs. 722.50 million** (Rs.13.76 million).

### As per our Report of even date attached

For Wahi & Gupta  
Chartered Accountants  
FRN 2263N

For and on behalf of the Board of Directors

**Y.K. Gupta**  
Partner  
M. No. 16020

**Lalitha Gupta**  
Company Secretary

**K.K. Garg**  
Director Finance

**Mohan Tiwari**  
Managing Director

Place: New Delhi  
Date: 06.08.2010



WAHI & GUPTA  
CHARTERED ACCOUNTANTS  
HOTEL REX BUILDING, (OBC BUILDING)  
5, NETAJI SUBHASH MARG,  
DARYA GANJ, NEW DELHI-110002  
PHONE-23269921, 23252597

## 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 31<sup>st</sup> March, 2010, Profit & Loss Account and Cash flow statement for the year ended on that date, annexed thereto in which are incorporated the accounts of Algeria, Mozambique, Ethiopia, Afghanistan, Sri Lanka, Northern Region, 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. 12.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 31.03.2010 is not in conformity with AS-11. As a result, other current assets is lower by Rs.80.86 million, provisions is lower by Rs.38.21 million and profit is lower by Rs. 42.65 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 31.03.2010;

- 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 Wahi & Gupta  
Chartered Accountants  
FRN 2263N

Place: New Delhi  
Date: 6<sup>th</sup> August 2010

Y.K. Gupta  
Partner  
Membership No. 16020

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (3) thereof )

- i.
  - a. The Company has 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 with appropriate Authority 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. According to the information and explanation given to us, there are no undisputed statutory dues which were outstanding as on 31-03-2010 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 31.3.2010.

Nature of the dues	Amount (in Rs. Million)	Period for which amount relate	Forum where pending
Sales Tax	10.61	1988-90	ACIT Delhi
VAT	203.07	2007-09	Commissioner VAT, Delhi
Sales Tax	0.81	1982-83, 1987-88 & 1989-90	DC (Appeal) Jhansi
Custom Duty	58.12	1989-90	Dy Commissioner (Custom), Mumbai
Sales Tax	19.90	1995-96	Maharashtra Sales Tax Tribunal, Mumbai
Sales Tax	15.27	1996-97	
Sales Tax	0.03	1995-96	Tamil Nadu Sales Tax Appellate Tribunal, Chennai
Sales Tax	0.26	2000-2001	
Sales Tax	0.31	2001-2001	
Sales Tax/VAT	2.31	1998-1999	Addl Commissioner, (Commercial Tax) Satna
Sales Tax/VAT	0.11	1999-2000	Addl Commissioner, (Commercial Tax) Satna
Royalty	0.19	1984-85 and 1985-86	High Court , Allahabad
Sales Tax	9.94	2002-03	Commissioner Sales Tax, Orissa
Sales Tax	0.35	1993-94	High Court, M.P.
Sales Tax	0.05	1998-99	Addl. Commissioner ( Commercial Tax) Raipur & Korba
Sales Tax	8.63	1997-2002	Asst Commissioner Sales Tax, Behala
Sales Tax	7.13	2003-04 & 2004-05	
Sales Tax	17.5	1987-88 to 1994-95	Bihar Sales Tax Tribunal
Sales Tax	360.03	2001-02 to 2005-06	Dy Commissioner of Sales Tax (Appeals),J&K
Sales Tax	11.93	2006-07	Dy Commissioner (Appeals), Punjab Sales Tax
Provident Fund	17.54	2003-04 to 2006-07	Provident Fund Commissioner, J&K
Sales Tax	2.12	1997-98	Revenue Board, Gwalior
Sales Tax	114.64	2001-05	Dy Commissioner, Noida
Sales Tax	7.32	2009-10	Dy Commissioner Appeal, Ajmer
Cess	83.50	2001-02	Spl Secretary, Mining Department, Rajasthan
UPVAT	4.96	2009-10	Jt. Commissioner Appeals Jhansi
Entry Tax	0.71	2007-08	
Sales Tax	14.52	2006-07	
Entry Tax	3.41	2006-07	
Entry Tax	0.16	2005-06	Dy Commissioner Sales Tax, Lucknow
Entry Tax	0.33	2009-10	
Sales Tax	0.14	2005-06	High Court/ Allahabad.
Sales Tax	2.80	2002-03	
Sales Tax	1.84	2003-04	
Sales Tax	4.07	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 Wahi & Gupta  
Chartered Accountants  
FRN: 2263N

Y.K. Gupta  
Partner  
M.No.16020

Place: New Delhi  
Date: 6<sup>th</sup> August 2010



**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 31 MARCH 2010**

The preparation of financial statements of Ircon International Limited, New Delhi, for the year ended 31 March 2010 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 6<sup>th</sup> August 2010.

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 31 March 2010. 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 behalf of the  
Comptroller & Auditor General of India

**M.K. Biswas**  
**Principal Director of Commercial Audit &**  
**Ex-officio Member Audit Board -III,**  
**New Delhi**

**Place : New Delhi**  
**Dated : 7<sup>th</sup> September 2010**





Annual Report  
of  
Subsidiary (IrconISL)  
attached pursuant to section 212  
of the Companies Act, 1956

## DIRECTORS' REPORT

### Distinguished Shareholders of IrconISL,

The Directors of your Company have pleasure in presenting their 1<sup>st</sup> Report on the state of affairs of the Company for the Financial Year 2009-10 (covering period 30.09.2009 to 31.03.2010).

Your Company has been incorporated by the name 'Ircon Infrastructure & Services Limited' (IrconISL) on 30<sup>th</sup> September 2009 as a wholly-owned subsidiary of Ircon International Limited (Ircon). The main objects of your company are to undertake infrastructure projects; to carry on infrastructure construction work on Build-Operate-Transfer (BOT), Build-Own-Operate-Transfer (BOOT), Build-Lease-Transfer (BLT), etc. or otherwise or any other scheme or infrastructure projects and other ancillary fields; planning, designing, and development of infrastructure of Multi-Functional Complexes (MFCs), etc. to provide facilities and amenities to users of Indian Railway System; and all matters in the field of real estates and allied areas. This includes providing project management, quality management, safety, health and environment related consultancy services to clients.

Your company, IrconISL, has obtained a Certificate of Commencement of Business on 10<sup>th</sup> November 2009. Ministry of Railways has communicated President's approval dated 18<sup>th</sup> January 2010 in terms of Article – 52(ii) of the Articles of Association of Ircon on the condition that 'Monitoring, review, execution and timely completion of the project to the satisfaction of Indian Railways (IR) shall be direct responsibility of Ircon. IR will not provide any financial support for this project.'

Earlier, Memorandum of Understanding (MoU) had been signed on 21.08.2009 between Ircon and RLDA [Rail Land Development Authority, which is engaged in commercial development of the identified surplus railway land and airspace assigned to it by Ministry of Railways (MoR)], stating therein the responsibilities of RLDA and Ircon for development, operation, and maintenance of infrastructure of multi-functional complexes (MFCs) at/in the vicinity of identified station premises of Railway System and on sites assigned by the MoR. This MoU was entered into pursuant to provisions in the 15<sup>th</sup> Rail Budget (2009-10) proposing development of MFCs at 50 station located across the nations key industrial, tourism, and pilgrimage destinations in India. The objective for MFC development is to ensure availability of convenient amenities for the benefit of railway passengers. The complexes are envisaged to comprise components such as shopping, food stalls and restaurants, book stalls, PCO/ STD/ ISD/ Fax booths, medicine & variety stores, budget hotels, underground parking, etc.

Ircon and RLDA have been entrusted with the development of MFCs at 24 stations in two phases comprising 12 stations in each phase. Phase-wise break-up of stations are as follows:

#### In Phase-I:

Alleppey, Bardwan, Digha, Haridwar, Indore, Jammu Tawi, Rampurhat, Raipur, Siliguri, Madurai, Mysore, and Udaipur;

#### In Phase-II :

Allahabad, Bilaspur, Gwalior, Hyderabad, Hubli, Jabalpur, Jodhpur, Kannur, Khajuraho, Rajgir, Tarapith, and Tiruvalla.

Your Company, has also signed an Agreement with Ircon (holding company) on 3<sup>rd</sup> June 2010, for execution/construction of MFC works.

### PERFORMANCE HIGHLIGHTS

Your company secured during the year 2009 -10 (30.09.2009 to 31.03.2010), the work of development of Multi Functional Complexes and its operation and maintenance on lease land from RLDA for 45 years at 24 locations spread over India. Cost of development of these 24 projects is likely to be about ₹100 crores (approx.). Construction of these MFCs has been assigned to Ircon.

Work on four stations namely: Mysore, Madurai, Siliguri, and Digha, has commenced during the year ended on 31<sup>st</sup> March 2010. Work on another set of 14 stations namely: Alleppey, Bardwan, Haridwar, Rampurhat, Raipur, Udaipur, Allahabad, Gwalior, Hubli, Jabalpur, Jodhpur, Kannur, Tarapith, and Tiruvalla, have also started after 31<sup>st</sup> March 2010. Work on balance 6 stations would be taken up subsequently by Ircon.

### FINANCIAL HIGHLIGHTS

Some of the important indicators of financial performance of the company for the period 30.09.2009 to 31.03.2010 (six months and one day) are given below:



## Financial Performance Indicators.

(in ₹)

	Particulars	2009-10
1	Authorized Share Capital	10,00,00,000
2	Subscribed Share Capital	40,00,000
3	Capital Work-in-progress	77,55,901
4	Total income/Gross sales	Nil
5	Total Operating income	Nil
6	Profit before tax	(1,59,312)
7	Gross margin	Nil
8	Net worth	38,40,688
9	Earnings per share	(0.40)

### Dividend

Your company is in the initial stages of its business, and has not earned any profit. Therefore, no dividend can be declared by the Company now.

### TECHNOLOGY UPGRADATION, CONSERVATION OF ENERGY, R&D, ETC.

IrconISL has advised Ircon to incorporate the feasible elements of Green Building in all the MFCs under construction to conserve energy and environmental concerns.

The Company being new and operating only in India, R&D and foreign exchange earnings do not arise as of now.

### PERSONNEL

As on 31<sup>st</sup> March 2010, the total manpower strength was 2 (two) comprising Chief Operating Officer (COO) and Chief Finance Officer (CFO).

After 31<sup>st</sup> March 2010, the total manpower strength is 4 (four), which includes a woman employee.

Matters related to Personnel Development are being taken care of by Ircon as the holding company, as all the employees are on secondment from Ircon.

### COMPLIANCES

#### Presidential Directive

No Presidential Directive was received during the year.

#### Particulars of employees

There is no employee who has drawn a remuneration of ₹ 24 lakhs or more per annum or ₹ 2 lakhs or more per month during the year 2009-10 in terms of section 217(2A) of the Companies Act, 1956.

### INFORMATION TECHNOLOGY

IrconISL has obtained a separate mail domain namely – IrconISL.com and correspondence through this mail id has started. The website link of IrconISL has been put on Ircon's website. IrconISL's website is under construction.

### CORPORATE GOVERNANCE

Initiatives to implement Corporate Governance principles and measures as contained in the Guidelines on Corporate Governance for Central Public Sector Enterprises dated 14<sup>th</sup> May 2010 issued by the Department of Public Enterprises (DPE) are being taken up, which would get reflected in the Annual Report for 2010-11.

### 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 judgments 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 31<sup>st</sup> March 2010 and of the loss of the company for the said period of 30.09.2009 to 31.03.2010.

- iii) that proper and sufficient care has been 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.

#### COMPLIANCE CERTIFICATE

Compliance Certificate obtained from a Practising Company Secretary regarding compliance of various requirements under the Companies Act and the Rules thereunder, as required by proviso to sub-section (1) of section 383A of the Companies Act, 1956, is placed as an **Annexure** to this Report.

#### BOARD OF DIRECTORS

During October 2009 to March 2010, two meetings of the Board of Directors were held with one meeting in each quarter ended December 2009 and March 2010.

#### The following Director Ceased to hold office after 31<sup>st</sup> March 2010:-

1	Mr. Rajiv Chandra, Director	Ceased to be Director due to appointment of Mr. Deepak Sabhlok in his place by Ircon (Holding Company). Held office from 30.09.2009 to 30.04.2010.
---	-----------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------

#### The following Directors are holding office as on date:-

1	Mr. Mohan Tiwari, Director	Since Incorporation (From 30.09.2009)
2	Mr. Madan Lal, Director	Since Incorporation (From 30.09.2009)
3	Mr. K.K. Garg, Director	From 06.04.2010 onwards
4	Mr. Deepak Sabhlok, Director	From 30.04.2010 onwards

#### AUDITORS

Rohtas & Hans, Chartered Accountants, were appointed by the Comptroller and Auditor General of India, as Statutory Auditors, to audit the accounts of the Company for the year 2009-10 (comprising six months and one day starting from 30.09.2009 up to 31.03.2010).

There is no reservation or qualification in their report.

#### ACKNOWLEDGMENT

We record our appreciation and thanks to Ircon International Limited, your holding company, Ministry of Railways, Rail Land Development Authority (RLDA), and other Ministries for their support to the Company, and also the employees for their efforts to take the company forward.

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

Place: New Delhi  
Dated: 29.07.2010

**Mohan Tiwari**  
Director

**Madan Lal**  
Director



**M. Bangia & Associates**  
Company Secretaries

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

**FORM**  
**[SEE RULE 3]**  
**Compliance Certificate**

TO  
THE MEMBERS  
IRCON INFRASTRUCTURE & SERVICES LIMITED  
PLOT NO.C-4, DISTRICT CENTRE  
SAKET  
NEW DELHI-110017

We have examined the registers, records, books, and papers of Ircon Infrastructure & Services Limited (CIN: U45400DL2009GOI194792; Date of Incorporation: 30/09/2009; a 100% Subsidiary of Ircon International Limited, a government company under the Ministry of Railways), which are required to be maintained under the Companies Act, 1956 (the Act), the rules made thereunder, and the provisions of the Memorandum and Articles of Association of the Company for the period ended on 31st March 2010.

In our opinion and to the best of our information and according to the examination carried out by us and explanation furnished to us by the Company and its officers, we certify that in respect of the aforesaid financial year comprising six months and a day (30.09.2009 to 31.03.2010):

1. The Company has kept and duly maintained all registers as stated in Annexure-"A" to this certificate, as per the provisions of the Act and the rules made thereunder, and all entries have been duly recorded therein.
2. The Company has duly filed the forms and returns, as stated in Annexure-"B" to this certificate, with the Registrar of Companies, within the time prescribed under the Act and the rules made thereunder.
3. The paid-up share capital of the Company as on 31<sup>st</sup> March 2010 is Rs. 40 lakhs which is in due compliance of the minimum requisite paid-up share capital of Rs. 5 lakhs for a public limited company as per section 3 of the Act.
4. The Board of Directors duly met twice on 23/10/2009 and 27/01/2010 in respect of which proper notices were given, and the proceedings were recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the period ended on 31/03/2010.
6. This is the first Annual General Meeting of the Company.
7. No Extra-ordinary General Meeting was held during the period under review.
8. As explained and as per documents produced before us, the Company has not advanced any loan to persons or firms or companies referred in section 295 of the Act.
9. As explained and as per documents produced before us, the Company has not entered into any contract falling within the purview of section 297 of the Act.
10. There was no contract/ arrangement to attract section 301 of the Act.
11. In our opinion and according to documents produced before us for examination and explanation furnished thereon to us, the Company has obtained necessary approval from the Board of Directors and members, wherever applicable.
12. The Company has not issued any duplicate share certificates during the period ended 31/03/2010.
13. (a) The following has been done during the period ended on 31/03/2010:
  - (i) There was an allotment of 400000 equity shares. There was no case of transfer/transmission of securities processed during the period under review.
  - (ii) The Company has duly complied with the requirements of section 217 of the Act.
- (b) The following were not applicable as:
  - i) The Company was not required to post warrants during the period.
  - ii) There was no need to transfer the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund, as they were not applicable.

- iii) The Company has not deposited any amount in a separate Bank Account for dividend as Company was not required to do the same, during the period.
14. The Board of Directors of the Company is duly constituted. There was no change in Directorships of the Company during the period under review.
  15. The Company has not appointed Managing Director/Whole Time Director/Manager during the period under review.
  16. The Company has not appointed any sole-selling agent during the period under review.
  17. As per documents produced before us for examination and explanation provided thereon, the Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrars and/or such other authorities prescribed under the various provisions of the Act, during the period under review.
  18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
  19. The Company has issued 400000 equity shares. Further no debentures or other securities were issued during the period under review.
  20. The Company has not bought back any shares during the period ending on 31st March 2010.
  21. There was no redemption of preference shares/debentures during the period under review.
  22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares, and bonus shares pending registration of transfer of shares.
  23. The Company has not invited/accepted any deposits including any unsecured loans falling within purview of Section 58A during the period under review.
  24. As per documents produced before us for examination and explanation provided thereon, the Company has not taken loan during the period under review.
  25. In our opinion and according to documents produced before us for examination and explanation furnished thereon to us, the Company has not made any loan or advance or given any guarantee or provided any security to any other body corporate except the advance made to its Contractors/Suppliers for normal course of business, and consequently no entry has been made in the register kept for the purpose under section 372A.
  26. The Company had no need to alter the provisions of the Memorandum of Association with respect to situation of the Company's registered office as there was no change from one State to another during the period under scrutiny.
  27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the period under scrutiny.
  28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the period under scrutiny.
  29. The Company has not altered the provisions of the Memorandum of Association with respect to authorized share capital of the Company.
  30. The Company has not altered its Articles of Association during the period under review.
  31. As per the information and explanation provided by the Company, and to the best of our knowledge and belief, there was no prosecution initiated against or show cause notice received by the Company and no fine or penalty or any other punishment was imposed on the Company during the period, for any offence under the Companies Act, 1956.
  32. The Company has not received any money as security from its employees during the period in pursuance of his contract of service.
  33. According to the information and explanations given to us and as per the records of the Company produced to us and examined by us, the provisions of Provident Fund Act were not applicable to the Company as its staff is on nomination/ secondment basis from its holding company, Ircan International Limited and are on the rolls of the said holding company. According to Notes to the Accounts of the Company's Annual Accounts for 2009-10, Provident Fund contribution of the employees on nomination/ secondment basis have been regularly deposited by the holding company with its Provident Fund Trust.

**FOR M. BANGIA & ASSOCIATES**  
**Company Secretaries**

**MANOJ BANGIA**  
**Proprietor**  
**C. P. NO.: 3655**

**SIGNED AT NEW DELHI ON THIS 29TH DAY OF JULY 2010**

**REGISTERS AS PER REQUIREMENT & APPLICABILITY AND AS STATUTORILY REQUIRED HAS BEEN MAINTAINED BY THE COMPANY UNDER COMPANIES ACT 1956.**

1. Register of Allotment of Shares.
2. Register of Directors, Managing Directors, Manager and Secretary u/s 303 of the Act.
3. Register of Members u/s 150 of the Companies Act, 1956.
4. Register of Common Seal as prescribed under the Act.
5. Register of Directors Shareholding u/s 307 of the Act.
6. Register of Disclosure of Interest by Directors u/s 299 of the Act.
7. Minutes Book of Board Meetings u/s 193 of the Companies Act.
8. Minutes Book of General Meetings.
9. Register of Particulars of Contracts in which Directors are interested u/s 301 of the Act.

**FORMS AND RETURNS AS FILED BY THE COMPANY WITH THE REGISTRAR OF COMPANIES, REGIONAL DIRECTOR, CENTRAL GOVERNMENT OR OTHER AUTHORITIES DURING THE FINANCIAL YEAR ENDING ON 31ST MARCH 2010**

<b>Form No. / Return</b>	<b>Purpose</b>	<b>SRN/Date of Filing</b>	<b>Whether filed within prescribed time - Yes/No.</b>	<b>If delay in filing whether requisite additional fee paid - Yes/No.</b>
Form- 18, Form- 1, MOA, AOA, Form- 32	Incorporation of the Company	A69920379 / 25.09.2009	Yes	No
Form- 20, Form- Sch- 3	Statement in lieu of Prospectus u/s 149 (2) (c) of the Act	A71582746 / 28.10.2009	Yes	No





**IRCON INFRASTRUCTURE & SERVICES LIMITED**  
(Wholly owned subsidiary of Ircon International Limited)

**Balance Sheet**

as at 31st March, 2010

(Rupees)

Particulars	Schedule	As at 31st March, 2010	
<b>Source of Funds</b>			
<b>Shareholders' Funds:</b>			
Share Capital	A	4,000,000	
Reserves & Surplus	B	(159,312)	3,840,688
<b>TOTAL</b>			<b>3,840,688</b>
<b>Application of Funds</b>			
<b>Fixed Assets:</b>			
Capital work-in-progress	C & J	7,755,901	7,755,901
<b>Current Assets, Loans and Advances:</b>			
Cash and Bank balances	D	3,192,930	
Loans and advances	E	7,500	
Other current assets	F	4,795	
		<u>3,205,225</u>	
<b>Less: Current Liabilities and provisions:</b>			
Liabilities	G	7,712,854	
Provisions	H	44,832	
		<u>7,757,686</u>	
<b>Net Current Assets</b>			(4,552,461)
<b>Misc. Expenses (to the extent not written off)</b>	I	637,248	
			637,248
<b>TOTAL</b>			<b>3,840,688</b>
<b>Significant Accounting policies</b>			
<b>Notes on Accounts</b>			
Schedules 'A' to 'L' form part of the Accounts.			
	K		
	L		

As per our Report of even date attached

For Rohtas & Hans  
Chartered Accountants  
FRN No. 04372N

**Hans Kumar Jain**  
Partner  
M. No. 082912

**K. M. Saxena**  
CFO

**Parag Verma**  
COO

**Madan Lal**  
Director

**Mohan Tiwari**  
Director

For and on behalf of the Board of Directors

Place: New Delhi  
Date: 29.07.2010



## IRCON INFRASTRUCTURE & SERVICES LIMITED

(Wholly owned subsidiary of Ircon International Limited)

### Profit and Loss Account

for the year ended 31st March, 2010

		(Rupees)
Particulars	Schedule	2009-10
<b>Income:</b>		-
<b>Total Income</b>		-
<b>Expenditure:</b>		
Written off - Preliminary Expenses	I	159,312
<b>Total Expenditure</b>		159,312
<b>Profit for the year before tax</b>		(159,312)
<b>Provision for tax</b>		-
<b>Profit after tax</b>		(159,312)
<b>Balance transferred to Reserves &amp; Surplus</b>		(159,312)
Earnings Per Share-Basic (in Rs.)		(0.40)

As per our Report of even date attached

For Rohtas & Hans  
Chartered Accountants  
FRN No. 04372N

**Hans Kumar Jain**  
Partner  
M. No. 082912

**K. M. Saxena**  
CFO

**Parag Verma**  
COO

**Madan Lal**  
Director

**Mohan Tiwari**  
Director

For and on behalf of the Board of Directors

Place: New Delhi  
Date: 29.07.2010

**Schedule “A”  
Share Capital**

(Rupees)	
Particulars	As at 31st March, 2010
<b>Authorised</b> 10,000,000 Equity shares of Rs.10 each	100,000,000
<b>Issued, Subscribed &amp; Paid-up</b> 4,00,000 Equity shares of Rs.10 each-fully paid	4,000,000
<b>TOTAL</b>	<b>4,000,000</b>

**Schedule “B”  
Reserves and Surplus**

(Rupees)	
Particulars	As at 31st March, 2010
<b>Profit &amp; Loss Account</b> (Addition during the year)	(159,312)
<b>TOTAL</b>	<b>(159,312)</b>

**Schedule “C”  
Capital Work-in-progress\***

(Rupees)	
Particulars	As at 31st March, 2010
Addition during the year: (1)	7,755,901
<b>TOTAL</b>	<b>7,755,901</b>

**\* Break-up of Capital Work in progress**

(Rupees)	
Multi Functional Complex - Digha Project	2,191,943
Multi Functional Complex - Siliguri Project	1,194,838
Common Expenses For all MFC’s pending for allocation	4,369,120
<b>TOTAL</b>	<b>7,755,901</b>

(1) Details in Schedule J

**Schedule “D”  
Cash and Bank Balances**

(Rupees)	
Particulars	As at 31st March, 2010
<b>Balances with scheduled banks</b>	
In Current accounts	692,930
In Fixed deposits (1) & (2)	2,500,000
	<b>3,192,930</b>
<b>TOTAL</b>	<b>3,192,930</b>

(1) FDRs received from contractors towards EMD **Rs. Nil.**

(2) Includes FDRs under Lien for **Rs Nil.**



**Schedule “E”  
Loans & Advances**

(Rupees)

Particulars	As at 31st March, 2010	
Advances:		
Contractors / Suppliers & Others	7,500	
	<u>          </u>	7,500
<b>TOTAL</b>		<b>7,500</b>
<b>Secured Considered Good</b>		-
<b>Unsecured Considered Good</b>		7,500
<b>Considered Doubtful</b>		<u>          </u>
Less: Provision for doubtful advances		7,500
<b>TOTAL</b>		<b>7,500</b>

**Details of amount due from Directors:**

Current year	
Balance at the end of the year	Maximum balance during the year
NIL	NIL

**Schedule “F”  
Other Current Assets**

(Rupees)

Particulars	As at 31st March, 2010	
Interest Accrued on:		
Deposit with Scheduled banks	4,795	
	<u>          </u>	4,795
<b>TOTAL</b>		<b>4,795</b>

**Schedule “G”  
Current Liabilities**

(Rupees)

Particulars	As at 31st March, 2010	
Sundry Creditors		
Amount payable to Ircon International Limited	7,519,412	
Small Scale Industries/undertaking	<u>          </u>	-
Others*	<u>          </u>	-
Outstanding Liability	45,280	
Other Liabilities	<u>148,162</u>	7,712,854
<b>TOTAL</b>		<b>7,712,854</b>

\* Includes Book-Overdraft of **Rs Nil**

**Note:** No amount is due to small scale industrial undertakings for more than 30 days

**Schedule “H”  
Provisions**

(Rupees)

Particulars	During the year 2009-10			Closing Balance as at 31.3.2010
	Additions	Written Back	Utilisation	
<b>Provided for :</b>				
Gratuity	13,670.00	-	-	<b>13,670.00</b>
Leave Salary	31,162.00	-	-	<b>31,162.00</b>
<b>T O T A L</b>	<b>44,832.00</b>	<b>-</b>	<b>-</b>	<b>44,832.00</b>

**Schedule “I”  
Misc. Expenses (to the extent not written off)**

(Rupees)

Particulars	As at 31st March, 2010
Incurring during the year	<b>796,560</b>
Less: Written off - preliminary expenses (1/5th)	<u><b>159,312</b></u>
	<b>637,248</b>
<b>Net Amount</b>	<b>637,248</b>

Preliminary expenses shall to be written off in 5 (Five) years.



Schedule "J"

**Incidental Expenditure during Construction period**

		(Rupees)
Particulars		2009-10
1	<b>Expenses:</b>	
	Work expenses	7,225,571
		-
	<b>Total of Work expenses</b>	<b>7,225,571</b>
2	<b>Decrease/(Increase) in Work-in-progress</b>	-
3	<b>Employee remuneration and benefits:</b>	
	Salaries, Wages, Bonus, allowances & benefits	397,970
	Contribution to provident and other funds	34,918
	Retirement Benefits	44,832
	<b>Total of Employee remuneration &amp; benefits</b>	<b>477,720</b>
4	<b>Other Expenses:</b>	
	Trade Mark Registration fee	2,500
	Rates and Taxes	154
	Legal & Professional charges	11,030
	Bank and other finance charges	356
	Director sitting fee	-
	Donation	-
	Auditors remuneration (1)	37,500
	Miscellaneous expenses	5,865
		57,405
	<b>Less: Interest Income during construction period</b>	<b>4,795</b>
	<b>Total</b>	<b>52,610</b>
<b>TOTAL</b>		<b>7,755,901</b>

\* Transferred to Schedule-C

		(Rs.)
(1) <b>Payment to Statutory Auditors:</b>		2009-10
(i)	Audit Fee - current year	25,000
(ii)	Tax Audit Fees - current year	7,500
(iii)	Certification Fees	-
(iv)	Travelling & out of pocket expenses:	
	- Local	5,000
	- Foreign	-
	<b>Total</b>	<b>37,500</b>

## Schedule "K"

### SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE ACCOUNTS FOR 2009-2010

#### 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.

#### 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 monthly average of opening and closing TT buying rates.
- ii) Inventories are translated at the TT buying rates at each balance sheet date.
- 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.

- (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 monthly 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 and stores not reimbursable as per the terms of the contract is shown as inventory valued as per (iv) below.
- (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) The persons working for the company are posted on nomination/secondment basis and are on the rolls of its Holding Company. Provision of retirement benefits of these employees such as leave encashment, Gratuity and other benefits is made by its holding Company based on actuarial valuation at the year end. Provision for leave encashment and Gratuity for the employees have been made in the books proportionately as per actuarial valuation done by holding company.
- (ii) Similarly, Provident Fund contribution of the employees on nomination/secondment is made by the holding company to its P.F. 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. 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 "L"**

**NOTES FORMING PART OF THE ACCOUNTS INCLUDING DISCLOSURES**

**1. Contingent liability consists of amounts not provided for:**

- a) Claims against the company not acknowledged as debt Rs.Nil excluding the amount of provision for contingent liability.
  - b) Out of the total estimated value of contracts of Rs. 10529.93 lakhs to be carried out as per Memorandum of Understanding dt.17.2.2010 work to the tune of Rs.72.25 lakhs have been carried out which has been considered as Capital work in progress. The estimated amount of contracts amounting to Rs.10457.68 lakhs are remaining to be executed on Capital Accounts and not provided for.
2. Basic earnings per share are computed by dividing net profit after tax Rs.(-)1.59 lakhs by (4,00,000) fully paid equity shares of Rs.10 each. Diluted Earnings per share is not applicable, as there is no dilution involved.
  3. The company was incorporated on 30.09.2009 and the period of audit being first year of operation, the requirements of disclosure of the corresponding figures for the previous year is not applicable.
  4. The 4,00,000 Equity shares of Rs. 10/- each amounting to Rs.40,00,000.00 have been issued as subscribed paid up capital to the shareholders as per Memorandum and Articles of Association.
  5. An amount of Rs.7,96,560.00 has been incurred towards incorporation expenses of the Company and are capitalized as preliminary expenses and shall be written off over a period of Five years ,out of which an amount of Rs.1,59,312.00 has been charged to Profit and loss account during the current financial year.
  6. To the extent information available with the Company, Nil amount were due to Medium & Small Scale Industry.
  7. There are Nil cases of imports and foreign currency expenditure during the year and therefore the disclosure of the CIF value of the imports and foreign currency expenditure does not become applicable.
  8. The persons working for Ircon Infrastructure & Services limited are posted on nomination/secondment basis and are on the rolls of Ircon International limited .Their salary and wages, P.F. contribution have been accounted under Capital work in progress Head on the basis of Invoices/Debit Advices from its Holding company. The provision of nominated employees Retirement Benefits in terms of AS-15(Revised) is being made by its Holding company as per Accounting Policy No.17.

Provident Fund Contribution of the employees on nomination/secondment have been regularly deposited by the holding company with its P.F. Trust.

9. (i) Ministry of Railways vide railway Budget 2009-10 announced development of Multi Functional Complexes(MFC's) at identified sites to be undertaken by Ircon International limited (IRCON) and Rail Land Development Authority (RLDA) jointly.
- (ii) Accordingly Memorandum of Understanding (MOU) was signed on 21.8.2009 between IRCON and RLDA. In terms of Memorandum of Understanding signed between IRCON and RLDA on 21<sup>st</sup> August 2009, the development, operation and maintenance of the Multi Functional Complexes is to be done by wholly owned subsidiary (WOS) of IRCON. Further, the lease agreement for the MFC's shall be signed between RLDA and WOS ie., Ircon Infrastructure and Services limited, which is under finalization.
10. No deferred tax liability has been recognized since the company is yet to start its commercial operation.
11. Accounting Standard 17 on "Segment Reporting" issued by ICAI, is not applicable, since commercial operations have not yet started.
12. A. The entire Equity Share Capital of the Company is held by Ircon International limited, Holding company.
- B. Relation and name of the related parties are:
  - i. Holding Company: Ircon International limited.
  - ii. Key Management personnel:  
Directors: Shri Mohan Tiwari, Shri Madan Lal, Shri Rajiv Chandra, Shri Parag Verma,COO,  
Shri K.M. Saxena, CFO

**C. Related Party Transaction:**

(Rs. In lakhs)

S.No.	Particulars	Holding Company	Key Management Personnel
1.	Purchase	72.25	0.00
2.	Sales	0.00	0.00
3.	Remuneration	0.00	4.33
4.	Reimbursement of remuneration to staff	4.33	0.00
5.	Income	0.00	0.00
6.	Outstanding Balance payable	75.19	0.00
7.	Counter Guarantee given to Bank on behalf of the company	0.00	0.00

13. Remuneration to Key management personnel are as under:

Rs. In lakhs

S.No	Particulars	2009-10
1	Salary & Allowances	3.98 lakhs
2	Contribution to Provident Fund	0.35 lakhs
3	Reimbursement of Medical expenses	-
4	Sitting Fee	-
5	Other retirement benefits	0.45 lakhs
	Total	4.78 lakhs

The Directors of the Company are appointed /nominated by Holding Company and no remuneration is paid by the Company. Hence remuneration of COO and CFO has been shown above.

14. **Balance Sheet Abstract and Company Business profile:**

1) <b>Registration Details:</b> Registration Number Balance Sheet Date	U 45400DL2009GOI194792 31-03-2010	State Code	55
			<b>(Rs. In lakhs)</b>
II) <b>Capital raised during the year</b> Public issue Bonus issue	Nil Nil	Rights issue Private Placement	Nil Nil
III) <b>Position of mobilization and deployment of funds</b> Total liabilities <b>Sources of Funds:</b> Paid up Capital Secured Loans <b>Application of Funds:</b> Net fixed assets Net current assets Miscellaneous Expenditure	77.58 40.00 Nil 77.56 (-) 45.52 6.37	Total Assets Reserves & Surplus Unsecured Loans Deferred Tax Liability Investments Deferred Tax Asset Accumulated Losses	109.61 Nil Nil Nil Nil Nil 1.59
IV) <b>Performance of the Company</b> Turnover Profit before Tax Earnings Per share(Rs.)	Nil (-)1.59 -	Total expenditure Profit after Tax Dividend rate	1.59 (-)1.59 -
V) <b>Generic names of three principal products of the Company (as per monetary terms)</b> Product Description	Other Projects:	Turnkey Construction	

**As per our Report of even date attached**

For Rohtas & Hans  
Chartered Accountants  
FRN No. 04372N

For and on behalf of the Board of Directors

**Hans Kumar Jain**  
Partner  
M. No. 082912

**K. M. Saxena**  
CFO

**Parag Verma**  
COO

**Madan Lal**  
Director

**Mohan Tiwari**  
Director

Place: New Delhi  
Date: 29.07.2010



**IRCON INFRASTRUCTURE & SERVICES LIMITED**  
(Wholly owned subsidiary of Ircon International Limited)

**Cash Flow Statement**

for the year ended 31st March, 2010

(Rupees)

Particulars		2009-10
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before taxation & extraordinary items		(159,312)
Adjustment for :		
Depreciation		-
Written off - preliminary expenses		159,312
<b>Operating Profit before working capital changes</b>	(1)	-
Adjustment for :		
Misc Expenses (Preliminary expenses during the year)		(796,560)
	(2)	<b>(796,560)</b>
<b>Cash generated from operation</b>	(1-2)	<b>(796,560)</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(A)</b>	<b>(796,560)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital Work In progress		(7,755,901)
Current Assets, Loans and advances		(12,295)
Current Liabilities		7,757,686
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(B)</b>	<b>(10,510)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share capital		4,000,000
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(C)</b>	<b>4,000,000</b>
<b>CASH &amp; CASH EQUIVALENTS - CLOSING</b>	<b>(A+B+C)</b>	<b>3,192,930</b>

- Note : 1. Cash and cash equivalents consist of cash in hand and balances with banks.  
2. Figures in brackets represent outflow of cash.  
3. The period of audit being first year of operation, the requirement of disclosure of the corresponding figures of previous year is not applicable

**As per our Report of even date attached**

For Rohtas & Hans  
Chartered Accountants  
FRN No. 04372N

For and on behalf of the Board of Directors

**Hans Kumar Jain**  
Partner  
M. No. 082912

**K. M. Saxena**  
CFO

**Parag Verma**  
COO

**Madan Lal**  
Director

**Mohan Tiwari**  
Director

Place: New Delhi  
Date: 29.07.2010

**AUDITORS' REPORT TO THE MEMBERS OF  
IRCON INFRASTRUCTURE & SERVICES LIMITED, NEW DELHI**

1. We have audited the attached Balance Sheet of Ircon Infrastructure & Services limited as at 31<sup>st</sup> March, 2010, Profit & Loss Account and Cash flow statement for the year ended on that date, annexed thereto:  
  
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.  
  
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.
2. 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.
3. 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 wholly owned subsidiary to 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 K) and Notes on Accounts (Schedule L) 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 31.03.2010;
    - ii) In the case of Profit & Loss account, of the loss 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 Rohtas & Hans  
Chartered Accountants  
FRN No. 04372N

**Hans Kumar Jain**  
**Partner**  
**Membership no. 082912**

Place: New Delhi  
Date: 29.07.2010



**Annexure to the Auditors' Report  
(Referred to in paragraph (2) thereof)**

- i. a. The Company does not have fixed assets except capital work in Progress.  
b. Since company does not have fixed assets, question of physical verification of fixed asset does not arise.  
c. During the year no disposal of fixed assets of the company has taken place.
- ii. a. There is no inventory in the company.  
b. Since there is no inventory, question of physical verification does not arise  
c. Since there is no inventory, question of maintaining any records of inventory does not arise.
- 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 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 (Auditors' Report ) Order 2003 are not applicable to the Company.
- iv. Company has not purchased any inventory and fixed assets during the year.
- 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, as Directors are nominated by Holding company owned by the Government of India and there is no interest of any Director.
- 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 58 A and 58 AA or any other relevant provision of the Companies Act,1956 and rules framed there-under, are not applicable.
- vii. Company is incorporated on 30.09.2009 and most of the transactions during the year have been carried out through its holding company or related with holding Company. Further, there is no inventory and fixed assets and there is no sale of goods and services and hence, Internal audit has not been carried out.
- 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, as 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 31-03-2010 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 there is no undisputed dues on account of sales tax, income tax, custom duty, wealth tax, excise duty and cess matters that have not been deposited as on 31.3.2010
- x. The company has incurred losses to the extent of preliminary expenses written off during the financial year covered by our audit and this is the first financial year of the Company.
- 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 Company has not given guarantees for loans taken by others from banks or financial institutions.
- 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 Rohtas & Hans  
Chartered Accountants  
FRN No. 04372N

**Hans Kumar Jain**  
**Partner**  
**Membership no. 082912**

Place: New Delhi  
Date: 29.07.2010

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**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF IRCON INFRASTRUCTURE & SERVICES LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2010**

The preparation of financial statements of Ircon Infrastructure & Services Limited, New Delhi, for the year ended 31 March 2010 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 Accountant of India. This is stated to have been done by them vide their Audit Report dated 29 July 2010.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Ircon Infrastructure & Services Limited, New Delhi, for the year ended 31 March 2010 and such have no comments to make under Section 619(4) of the Companies Act, 1956.

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

**M. K. BISWAS**  
**Principal Director of Commercial Audit &**  
**Ex-officio Member Audit Board - III,**  
**New Delhi**

Place: New Delhi  
Dated: 13 August 2010

**Statement of holding company's  
interest and consolidated financial statements of  
Ircan and IrcanISL**



**Statement of holding company's interest in subsidiary company pursuant to Section 212(1) (e) of the Companies Act 1956**

<b>Name of the Subsidiary Company</b>	<b>Ircon Infrastructure &amp; Services Limited</b>
1. The financial year of the subsidiary company ended on	31-03-2010
2. Date from which it became subsidiary company	30-09-2009
3. (a) Number of Shares held by Ircon International Ltd., along with its nominees in the subsidiary at the end of financial year of the subsidiary company	4,00,000 shares of Rs. 10 per share
(b) Extent of Shareholding	100%
4. The net aggregate amount of subsidiary company Profit so far as it concerns the members of the holding company	
a) Not dealt within the holding company Accounts:	
i) for the financial year ended 31-03-2010 (Rs. in Millions)	(0.16)
ii) for the previous financial years of the subsidiary company since it became the holding company's subsidiary	NIL
b) Dealt within the holding company Accounts:	
i) for the financial year ended 31-03-2010	NIL
ii) for the previous financial years of the subsidiary company since it became the holding company's subsidiary	NIL

For and on behalf of the Board of Directors

**Lalitha Gupta**  
Company Secretary

**K.K. Garg**  
Director Finance

**Mohan Tiwari**  
Managing Director

Place: New Delhi  
Date: 06.08.2010



## Consolidated Financial Highlights of Iicon and its 100% subsidiary IiconISL

Figures in Millions of Rupees

S. No.	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
1	Total income (Incl.other income)	8110.54	9235.48	8094.05	7922.38	10143.98	11127.90	15432.14	20931.12	27394.65	32161.85
2	Expenditure (Incl.increase/decrease in stock)	7001.83	7562.46	6775.53	7016.92	8924.95	9818.55	14079.81	18914.83	25076.12	29109.90
3	Operating margin	1108.71	1673.02	1318.52	905.46	1219.03	1309.35	1352.33	2016.29	2318.53	3051.95
4	Interest Expenses	16.60	32.10	1.93	1.20	0.00	0.00	0.00	0.00	0.00	0.00
5	Depreciation	108.20	400.88	160.21	117.98	141.45	200.50	242.40	411.65	441.87	412.67
6	Profit before tax	1000.51	1272.14	1158.31	787.48	1077.58	1108.85	1109.93	1604.64	1876.66	2639.28
7	Profit after tax	656.05	1036.97	870.55	616.05	888.31	806.62	756.93	1137.98	1401.82	1821.02
8	Dividend	148.47	173.22	188.06	188.06	202.91	257.35	257.35	296.94	296.94	366.23
9	Foreign projects reserve	1509.75	665.75	605.75	575.75	444.75	442.75	331.00	304.00	279.00	29.00
10	General Reserve	3390.54	5329.28	6042.67	6474.58	7211.45	7677.14	8243.34	9031.83	10116.24	11816.80
11	Other Reserves	—	17.00	22.00	23.50	71.50	74.12	71.50	54.50	253.20	48.00
12	Reserves & Surplus	4900.29	6012.03	6670.42	7073.83	7727.70	8194.01	8645.84	9390.33	10648.44	11893.80
13	Net fixed assets	740.07	602.01	622.46	1234.25	1359.63	1601.02	2602.17	2794.57	2600.48	2368.98
14	Inventories	594.60	735.99	665.98	589.37	413.73	423.48	894.28	1590.13	4305.20	3733.59
15	Foreign exchange earnings	1539.19	2840.03	1898.83	1137.16	727.87	559.68	510.54	373.51	955.79	2641.40
16	Share Capital	49.49	49.49	49.49	49.49	49.49	98.98	98.98	98.98	98.98	98.98
17	Capital employed	5184.04	6312.01	6719.91	7123.32	7781.67	8295.27	8756.80	9510.54	10780.45	12045.69
18	Government Investment	4900.29	6012.03	6670.42	7073.83	7727.70	8194.01	8645.84	9390.33	—	—
19	Net worth	4949.78	6061.52	6719.91	7123.32	7777.19	8292.98	8744.82	9489.31	10747.42	11992.78
20	Profit before tax to capital employed *	19.29	20.15	17.24	11.05	13.85	13.37	12.68	16.87	17.41	21.91
21	Operating margin to capital employed *	21.39	26.51	19.62	12.71	15.67	15.78	15.44	21.20	21.51	25.34
22	Profit after tax to share capital *	1325.62	2095.31	1759.04	1244.80	1794.93	814.93	764.73	1149.71	1416.27	1839.79
23	Expenditure to income *	86.33	81.88	83.71	88.57	87.98	88.23	91.24	90.37	91.54	90.51
24	Number of employees **	1808	1797	1553	1609	1652	1723	1830	1978	1964	1751
25	Income per employee	4.49	5.14	5.15	4.92	6.14	6.46	8.43	10.58	13.95	18.37
26	Foreign exchange earning per employee	0.85	1.58	1.22	0.71	0.44	0.32	0.28	0.19	0.49	1.51
27	Current ratio **	1.58	1.75	1.94	1.79	1.54	1.41	1.25	1.21	1.24	1.31
28	Debt/equity ratio **	0.05	0.04	—	—	—	—	—	—	—	—
29	Investments	657.28	657.28	655.78	1224.11	2001.11	2132.86	2343.80	2455.69	2344.98	1295.37

Notes: \* 20 to 23 are in percentage  
\*\* 24, 27 & 28 are not in Rupees



## Consolidated Balance Sheet

as at 31st March, 2010

(Rupees million)

Particulars	Schedule	As at 31st March, 2010		As at 31st March, 2009	
<b>Sources of Funds</b>					
<b>Shareholders' Funds:</b>					
Share Capital	A	98.98		98.98	
Reserves & Surplus	B	11,893.80	11,992.78	10,648.44	10,747.42
<b>Loan Funds:</b>					
Proportionate portion of Loan fund in Jointly Controlled Entity/s			52.91		33.03
<b>TOTAL</b>		<b>12,045.69</b>		<b>10,780.45</b>	
<b>Application of Funds</b>					
<b>Fixed Assets:</b>					
Gross Block	C	4,841.47		4,826.21	
Less: Depreciation to-date		2,567.56		2,255.94	
Net Block		2,273.91		2,570.27	
Capital work-in-progress	D	22.60		6.56	
Machinery-in-transit		52.88		-	
Proportionate interest in Jointly Controlled Entity/s		19.59		23.65	
			2,368.98		2,600.48
<b>Investments</b>	E		1,295.37		2,344.98
<b>Deferred Tax (Net)</b>	M-1&2		873.87		612.60
<b>Current Assets, Loans and Advances:</b>					
Inventories	F	3,733.59		4,305.20	
Sundry Debtors	G	4,700.08		3,864.75	
Cash and Bank balances	H	13,140.22		9,838.67	
Other current assets	I	873.78		708.15	
Loans and advances	J	8,619.10		7,584.89	
Proportionate interest in Jointly Controlled Entity/s		465.69		540.15	
		31,532.46		26,841.81	
<b>Less: Current Liabilities and provisions:</b>					
Liabilities	K	17,678.49		17,030.02	
Provisions	L	5,976.37		4,193.03	
Proportionate portion in Jointly Controlled Entity/s		370.77		396.37	
		24,025.63	7,506.83	21,619.42	5,222.39
<b>Net Current Assets</b>					
<b>Misc. Expenses (to the extent not written off)</b>	Q		0.64		
<b>TOTAL</b>		<b>12,045.69</b>		<b>10,780.45</b>	
<b>Significant Accounting policies</b>	R				-
<b>Notes on Accounts</b>	S				
Schedules 'A' to 'R' form an integral part of the Accounts.					

As per our Report of even date attached

For Wahi & Gupta  
Chartered Accountants  
FRN 2263N

For and on behalf of the Board of Directors

**Y.K. Gupta**  
Partner  
M. No. 16020

**Lalitha Gupta**  
Company Secretary

**K.K.Garg**  
Director Finance

**Mohan Tiwari**  
Managing Director

Place: New Delhi  
Date: 06.08.2010



## Consolidated Profit and Loss Account

For the year ended 31st March, 2010

(Rupees million)

Particulars	Schedule	2009-10	2008-09
<b>Income:</b>			
Operating Income	N	31,391.04	26,276.38
Proportionate portion of construction work in Jointly Controlled Entity/s		130.55	266.74
Total Operating Income		31,521.59	26,543.12
Other Income	N	640.26	851.53
<b>Total Income</b>		<b>32,161.85</b>	<b>27,394.65</b>
<b>Expenditure:</b>			
Operating Expenditure	O	27,633.63	23,823.18
Administrative & Other Expenditure	O	598.00	508.17
Depreciation	C	412.67	441.87
Provisions & Write backs (net)	L	799.06	511.37
Proportionate portion of expenses in Jointly Controlled Entity/s		107.86	193.80
<b>Total Expenditure</b>		<b>29,551.22</b>	<b>25,478.39</b>
<b>Profit before prior period adjustments/ Extra-ordinary items</b>		<b>2,610.63</b>	<b>1,916.26</b>
Prior period adjustments & Extra-ordinary items	P	28.65	(39.60)
<b>Profit before tax</b>		<b>2,639.28</b>	<b>1,876.66</b>
<b>Provision for tax</b>			
<b>Current tax</b>			
- For the year		1,087.02	728.86
- For earlier years (net)		(7.49)	-
<b>Fringe Benefit Tax</b>			
- For the year		-	8.31
Deferred tax (net)	M-1&2	(261.27)	(262.33)
<b>Profit after tax</b>		<b>818.26</b>	<b>474.84</b>
Add: Housing Projects Reserve written back		1.50	5.00
Add: Foreign Projects Reserve written back		250.00	25.00
<b>Profit available for Appropriation</b>		<b>2,072.52</b>	<b>1,431.82</b>
<b>Appropriations:</b>			
Interim Dividend		209.84	200.93
Tax on Interim Dividend		35.66	34.15
Proposed Final Dividend		156.39	96.01
Tax on Proposed Final Dividend		26.58	16.32
<b>Balance transferred to General Reserve</b>		<b>1,644.05</b>	<b>1,084.41</b>
Earnings Per Share-Basic & Diluted (in Rs.)		<b>183.98</b>	141.63

Schedules 'A' to 'S' form an integral part of the Accounts.

As per our Report of even date attached

For Wahi & Gupta  
Chartered Accountants  
FRN 2263N

For and on behalf of the Board of Directors

**Y.K. Gupta**  
Partner  
M. No. 16020

**Lalitha Gupta**  
Company Secretary

**K.K. Garg**  
Director Finance

**Mohan Tiwari**  
Managing Director

Place: New Delhi  
Date: 06.08.2010





**Schedule “A”  
Share Capital**

(Rupees million)

Particulars	As at 31st March, 2010	As at 31st March, 2009
<b>Authorised</b> 25,000,000 Equity shares of Rs.10 each	<b>250.00</b>	250.00
<b>Issued, Subscribed &amp; Paid-up</b> 9,898,000 Equity shares of Rs.10 each-fully paid	<b>98.98</b>	98.98
<b>TOTAL</b>	<b>98.98</b>	98.98

**Schedule “B”  
Reserves and Surplus**

(Rupees million)

Particulars	As at 31st March, 2010	As at 31st March, 2009
<b>General Reserve:</b>		
Opening Balance	<b>10,116.24</b>	9,031.83
Add: Transfer from Profit & Loss Account	<b>1,644.86</b>	1,084.41
Add: Transfer from Foreign Exchange Fluctuation Reserve	<b>56.51</b>	-
	<b>11,816.80</b>	10,116.24
<b>Foreign Exchange Fluctuation Reserve*</b>		
Opening Balance	<b>203.70</b>	-
Additions during the year	-	203.70
Less:- Transfer to General Reserves	<b>56.51</b>	-
Balance Transfer to Exchange Gain**	<b>147.19</b>	-
	-	203.70
<b>Foreign Projects Reserve:</b>		
Opening Balance	<b>279.00</b>	304.00
Less:Transfer to Profit and Loss Account	<b>250.00</b>	25.00
	<b>29.00</b>	279.00
<b>Housing Projects Reserve:</b>		
Opening Balance	<b>49.50</b>	54.50
Less:Transfer to Profit and Loss Account	<b>1.50</b>	5.00
	<b>48.00</b>	49.50
<b>TOTAL</b>	<b>11,893.80</b>	10,648.44

\* In terms of Accounting Policy 4 (d) (iii) [ Schedule R]

\*\* Refer Note No. 22 of Schedule S.

**Schedule "C"**  
**Fixed Assets as at 31st March, 2010**

(Rupees million)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.04.2009	Additions	Sales/ Adjust- ments	As at 31.03.2010	Upto 31.03.2009	For the year (refer Note-4)	Sales/ Adjust- ments	Upto 31.03.2010	As at 31.03.2010	As at 1.03.2010
Freehold Land	34.46	-	-	<b>34.46</b>	-	-	-	-	34.46	34.46
Lease hold Land (1&6)	363.95	-	-	<b>363.95</b>	1.22	0.14	-	<b>1.36</b>	362.59	362.73
Lease hold Buildings (5)	413.47	-	-	<b>413.47</b>	25.84	7.88	-	<b>33.72</b>	379.75	387.63
Freehold Buildings/ Flats-Residential	131.64	-	(38.69)	<b>92.95</b>	25.28	2.15	-	<b>27.43</b>	65.52	106.36
Freehold Buildings/ Flats-Non-Res.	67.28	0.58	38.51	<b>106.37</b>	1.52	1.10	-	<b>2.62</b>	103.75	65.76
Plant & Machinery (2&3)	3,235.89	68.37	(56.21)	<b>3,248.05</b>	1,777.78	317.48	(53.01)	<b>2,042.25</b>	1,205.80	1,458.11
Survey Instruments	45.02	2.07	(0.35)	<b>46.74</b>	35.86	3.59	(0.33)	<b>39.12</b>	7.62	9.16
Computers	114.95	20.75	(18.57)	<b>117.13</b>	91.12	19.86	(18.24)	<b>92.74</b>	24.39	23.83
Office Equipments	84.43	5.32	(11.52)	<b>78.23</b>	63.95	9.82	(12.06)	<b>61.71</b>	16.52	20.48
	-	-	-	-	-	-	-	-	-	-
Furniture, Fixtures, Furnishings	89.84	2.73	(10.01)	<b>82.56</b>	63.48	14.04	(9.86)	<b>67.66</b>	14.90	26.36
	-	-	-	-	-	-	-	-	-	-
Caravans, Camps & Temp. Sheds	73.55	4.12	(0.68)	<b>76.99</b>	73.52	4.17	(0.76)	<b>76.93</b>	0.06	0.03
Vehicles	171.73	13.67	(4.83)	<b>180.57</b>	96.37	29.67	(4.02)	<b>122.02</b>	58.55	75.36
<b>Current Year Total</b>	<b>4,826.21</b>	<b>117.61</b>	<b>(102.35)</b>	<b>4,841.47</b>	<b>2,255.94</b>	<b>409.90</b>	<b>(98.28)</b>	<b>2,567.56</b>	<b>2,273.91</b>	<b>2,570.27</b>
Previous year's figures	4,720.84	258.98	(153.61)	<b>4,826.21</b>	1,965.82	443.64	(153.52)	<b>2,255.94</b>	2,570.27	2,755.02

**Notes: -**

- Registration in respect of Lease Hold land at Kasba- Kolkata, Gross Block Rs 2.42 million, Net Block Rs. 2.26 million (Gross Block Rs. 2.42 million, Net Block Rs. 2.29 million) is pending. Depreciation is computed thereon at cost including registration charges Rs. 0.24 million on provisional basis.
- Fixed Assets include the followings assets beyond economic repair and held for disposal (at lower of the realizable value & book value): -

(Rupees million)

Assets Block	As at 31/03/2010		As at 31/03/2009	
	Gross Block	Net Block	Gross Block	Net Block
Plant and Machinery	<b>8.30</b>	-	Nil	Nil
Office Equipments	-	-	1.49	0.04
Computers	-	-	12.20	0.15
<b>Total</b>	<b>8.30</b>	-	13.69	0.19

- Includes Loco on short lease and standby
- Depreciation for the year has been allocated as given below :-

(Rupees million)

Description	2009-10	2008-09
Profit & Loss Account		
Current	412.67	441.87
Prior Period	(2.77)	1.77
Capital work in progress	-	-
<b>Total</b>	<b>409.90</b>	<b>443.64</b>

- On Railways land for 30 years lease (Gross value Rs. 33.79 million) 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, 2010	As at 31st March, 2009
Opening Balance	6.56	1.27
Additions during the year:	-	-
- Work Expenses	16.04	5.29
Less:- Capitalised during the year	-	-
<b>TOTAL</b>	<b>22.60</b>	<b>6.56</b>

**\*Break-up of Capital Work in progress**

Central Inspection Cell (CIC, Noida)	<u>22.60</u>	<u>6.56</u>
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Schedule "E"

**Investments**

(Rupees million)

Particulars	As at 31st March, 2010		As at 31st March, 2009	
	Nos.	Amount	Nos.	Amount
<b>LONG TERM INVESTMENTS:</b>				
<b>Quoted (Other than trade):</b>				
Unit Trust of India 6.6% Tax Free Assured Return Scheme Bonds	16,008,489	1,600.94	16,008,489	1,617.37
Less: Amortisation of premium paid on investment		0.10		16.43
		<u>1,600.84</u>		1,600.94
Less:- UTI ARS Bonds Redeemed & Received in Full		<u>1,600.84</u>		-
6.85% Tax Free India Infrastructure Finance Company Limited (IIFCL) Bonds	1,000	101.39	500	50.00
Less: Amortisation of premium paid on investment		0.06		50.00
6.00% Tax Free Indian Railway Finance Company Limited (IRFC) Bonds	5,000	500.00		
		<u>500.00</u>		
<b>Un-Quoted (Trade Investments):</b>				
<b>Investment in integrated Joint venture/s</b>				
CCFB, Mozambique (1)				
1,250,000 equity shares of Meticais 24000 each (2)	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	63,870,000	638.70	63,870,000	638.70
		<u>694.04</u>		694.04
<b>TOTAL</b>		<b>1,295.37</b>		<b>2,344.98</b>

**Disclosure regarding Quoted/Unquoted Investments:**

Aggregate of Unquoted investments - Book value	<b>698.04</b>	694.04
Aggregate of Quoted investments - Book value	<b>601.33</b>	1,650.94
- Market value	<b>602.12</b>	1,650.85

- As per Articles of Association of CCFB, these shares are under restrictions for transfer for a period of 3 years from the date of takeover of concession i.e. 9th/10th December, 2005 subject to the pre-emption right of the other shareholders.
- The value of one equity share of Meticais 24000 is equivalent to Rs. 44.27.
  - Equity shares of ISTPL are Pledged with consortium of eight Banks from whom ISTPL has borrowed loan of Rs. 4,500 million
  - 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 and three years following COD (Commercial Operation Date). 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, 2010	As at 31st March, 2009
<b>Materials &amp; Stores:</b>		
- In hand	<b>981.25</b>	1,457.86
- With third parties	<b>93.79</b>	192.83
- In transit	<b>350.38</b>	<u>282.81</u>
	<b>1,425.42</b>	1,933.50
<b>Contract Work-in-progress</b>		
- at Cost	<b>807.84</b>	916.57
- at Realisable Value	<b>1,500.33</b>	1,455.13
<b>TOTAL</b>	<b>3,733.59</b>	4,305.20

## Schedule "G" Sundry Debtors

(Rupees million)

Particulars	As at 31st March, 2010	As at 31st March, 2009
<b>Unsecured:</b>		
<b>Debts outstanding for more than six months</b>		
- Considered good	<b>181.29</b>	82.41
- Considered doubtful & Provided for:	<b>89.39</b>	<u>83.57</u>
	<b>270.68</b>	165.98
<b>Debts outstanding for less than six months</b>		
- Others, considered good	<b>4,518.79</b>	<u>3,782.34</u>
	<b>4,518.79</b>	3,782.34
	<b>4,789.47</b>	3,948.32
Less: Provision for doubtful debts	<b>89.39</b>	83.57
<b>TOTAL</b>	<b>4,700.08</b>	3,864.75

## Schedule "H" Cash and Bank Balances

(Rupees million)

Particulars	As on 31st March, 2010	As at 31st March, 2009
Cash-in-hand (1)	<b>2.80</b>	3.19
Cheques/Drafts-in-hand	<b>5.13</b>	3.11
<b>Balances with scheduled banks</b>		
In Current accounts	<b>1,029.29</b>	796.18
In Flexi accounts	<b>1,326.59</b>	2,618.29
In Fixed deposits (2), (3) & (4)	<b>8,662.28</b>	<u>3,307.49</u>
	<b>11,018.16</b>	6,721.96
Remittance in transit	<b>8.98</b>	
<b>Balances with other banks (5)</b>		
In Current accounts	<b>143.03</b>	72.26
In Flexi accounts		0.36
In Fixed deposits (6)	<b>1,962.12</b>	<u>3,037.79</u>
	<b>2,105.15</b>	3,110.41
<b>TOTAL</b>	<b>13,140.22</b>	9,838.67

- (1) Includes Stamps in hand **Rs. 0.01 million** (Rs.0.005 million).
- (2) FDRs received from contractors towards EMD **Rs.262.31 million**. (Rs 220.51 Million)
- (3) Includes FDRs under Lien for **Rs NIL** ( Rs 50.19 Million)
- (4) FDR's includes Rs. 2485.52 million (Rs. 2194.63 million) against advances from clients on which interest passed on to them.
- (5) Details given in Schedule "H-1".
- (6) Includes margin money/under lien **Rs.722.50 million** (Rs.13.76 million).



Schedule "H-1"  
**Details of Balances with Other Banks**

(Rupees million)

Name of the Bank	Balance as at		Maximum balance during	
	31-03-2010	31-03-2009	2009-10	2008-09
<b>Current Account</b>				
Rashid Bank, Baghdad Iraq	0.001	0.01	0.01	0.03
Commercial Bank of Kuwait	0.02	0.03	0.03	0.03
Nepal Arab Bank Limited.,Kathmandu		-		0.02
Rafidian Bank, Iraq	0.05	0.05	0.05	0.05
Bank Nergara,Indonesia USD A/C	-	0.09	0.09	0.10
Bank Nergara,Indonesia	-	0.16	0.16	0.16
CIMB Bank Berhad, Malaysia	1.98	2.53	20.20	13.63
CIMB Bank Berhad, Malaysia	1.81	0.66	21.11	1,220.24
EON Bank Berhad, Malaysia	0.98	2.86	1,175.91	76.41
Standard Chartered Bank, Malaysia	0.12	0.11	0.12	54.78
HSBC, Derby		0.01	0.01	0.02
Commercial Bank of Ethiopia	6.84	12.57	23.17	18.82
Nepal SBI Bank Ltd - Dharan	0.56	0.24	0.55	0.71
Nepal SBI Bank Ltd - Kathmandu	18.65	0.06	40.49	8.60
Nepal Bank Ltd - Itahari	1.39	0.55	4.06	5.01
Nepal Bank Ltd - Lahan	0.07	0.47	1.02	0.56
B.I.M (Mozambique)	9.97	5.66	94.71	22.21
B.C.I FOMENTO, Mozambique	34.31	46.20	102.07	80.06
BNP Paribas, Algeria	63.20	-	70.98	-
BNA Algeria	0.06	-	0.25	-
Kabul Bank, Mazar-e-Sharif	0.14	-	0.14	-
Peoples Bank, Galle	2.88	-	22.73	-
<b>TOTAL</b>	<b>143.03</b>	<b>72.26</b>		
<b>Flexi Account</b>				
National Bank Sylhet,Bangladesh		-		6.78
Ultra Bank Limited Sylhet, Bangladesh		0.36		0.79
Nepal SBI Bank Ltd-Dharan				-
Nepal SBI Bank Ltd-Kathmandu				-
<b>TOTAL</b>	<b>-</b>	<b>0.36</b>		
<b>Fixed Deposit</b>				
National Bank Sylhet, Bangladesh				7.89
CIMB Bank Berhad, Malaysia	76.09	45.54	76.09	57.98
EON Bank Berhad, Malaysia	1751.08	2919.67	5,225.22	2,919.67
EON Bank Berhad, Malaysia	12.57	8.60	12.57	8.60
EON Bank Berhad, Malaysia	23.54	5.16	84.41	5.16
CIMB Bank Berhad, Malaysia	-	57.61	57.61	114.27
Nepal SBI Bank Ltd-Dharan		0.04	0.04	0.23
Nepal SBI Bank Ltd-Kathmandu		1.17	1.17	8.77
B.C.I FOMENTO, Mozambique	15.92	-	15.92	59.28
Banco International, Mozambique	78.57	-	78.57	15.87
Peoples Bank, Galle	4.35	-	24.02	-
<b>TOTAL</b>	<b>1962.12</b>	<b>3037.79</b>		

**Schedule "I"**  
**Other Current Assets**

(Rupees million)

Particulars	As at <b>31st March, 2010</b>	As at 31st March, 2009
<b>Interest Accrued on:</b>		
Staff loans and advances (Secured)	<b>13.47</b>	13.21
Staff loans and advances ( Unsecured)	<b>3.43</b>	4.30
Deferred Dues (Iraq project)	<b>318.21</b>	318.21
Loan to Indian Railway Welfare Organisation	<b>10.10</b>	9.87
Deposits & Advances with:		
Contractors, Suppliers & Others	<b>394.67</b>	287.59
Deposit with Scheduled banks	<b>131.00</b>	19.53
Deposit with Non-scheduled banks	<u><b>0.17</b></u>	<u>1.97</u>
	<b>131.17</b>	21.50
Bonds	<b>2.73</b>	53.47
<b>TOTAL</b>	<b>873.78</b>	708.15



**Schedule "J"**  
**Loans & Advances**

(Rupees million)

Particulars	As at 31st March, 2010	As at 31st March, 2009
<b>Secured (considered good):</b>		
Staff Loans & Advances	25.90	23.67
Advances to Contractors against material & machinery	<u>648.35</u>	<u>1,089.34</u>
	<b>674.25</b>	<b>1,113.01</b>
<b>Unsecured:</b>		
<b>Interest bearing Loans to:</b>		
Indian Railway Welfare Organisation	2.00	4.00
Joint ventures:		
CCFB	749.16	893.63
ISTPL	<u>100.00</u>	<u>          </u>
	<b>851.16</b>	<b>897.63</b>
<b>Advances recoverable in cash or kind for value to be received:</b>		
Deposit with custom, port trust and other authorities:		
- Sales Tax	131.44	12.20
- Custom Authority & Others	<u>98.63</u>	<u>96.12</u>
	<b>230.07</b>	<b>108.32</b>
Deposits & Retention Money	<b>1,709.75</b>	<b>1,525.39</b>
Amount recoverable from Joint venture/s :		
CCFB	15.64	14.53
Amount Recoverable from ISTPL	<u>0.08</u>	<u>0.56</u>
	<b>15.72</b>	<b>15.09</b>
Advances:		
- Contractors / Suppliers & Others	1,434.52	1,064.38
- Staff	18.96	21.48
- Sales-tax (including TDS)	399.09	421.52
- Value added tax (Net)	207.70	92.91
- Income-tax (including TDS)	<u>3,017.41</u>	<u>2,225.11</u>
[includes Wealth Tax Rs. 1.16 million (Rs.1.15 million)]	<b>5,077.68</b>	<b>3,825.40</b>
Prepaid Expenses	<b>225.36</b>	<b>181.49</b>
<b>T O T A L</b>	<b>8,783.99</b>	<b>7,666.33</b>
<b>Secured Considered Good</b>	<b>674.25</b>	<b>1,113.01</b>
<b>Unsecured Considered Good</b>	<b>7,944.85</b>	<b>6,471.88</b>
<b>Considered Doubtful</b>	<b>164.89</b>	<b>81.44</b>
	<b>8,783.99</b>	<b>7,666.33</b>
Less: Provision for doubtful advances	<b>164.89</b>	<b>81.44</b>
<b>T O T A L</b>	<b>8,619.10</b>	<b>7,584.89</b>

**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
<b>NIL</b>	<b>0.32</b>	Nil	0.88



## Schedule “K” Current Liabilities

(Rupees million)

Particulars	As at 31st March, 2010	As at 31st March, 2009
Sundry Creditors -Micro Small & Medium Enterprises	-	-
-Others (1)	5,101.03	4,702.11
Advance from Clients (2)	9,364.94	6,679.59
Advance Work Receipts	175.31	2,725.17
Deposits & Retention Money (3)	2,589.00	2,410.37
Amount Payable to RICON	34.81	4.89
Other Liabilities	413.40	507.89
<b>TOTAL</b>	<b>17,678.49</b>	<b>17,030.02</b>

1. Includes Book-overdraft of **Rs.11.91 million** (Rs.67.04 Million).

2. Includes Interest payable on advance from clients **Rs. 619.78 Million** (Rs. 552.66 million)

3. Includes FDRs received from contractors towards EMD **Rs. 262.31 Million** (Rs.220.51 million).

Note: No amount is due to Micro Small & Medium Enterprises for more than 30 days [refer Schedule-S Note No.18].

## Schedule “L” Provisions

(Rupees million)

Particulars	Opening Balance as at 1.4.2009	During the year 2009-10			Closing Balance as at 31.3.2010
		Additions	Written Back	Utilisation	
<b>Provided for :</b>					
Gratuity	295.65	97.74	-	16.78	376.61
Less: Claims with LIC Gratuity	37.77	-	-	-	41.08
	<b>257.88</b>	97.74	-	16.78	<b>335.53</b>
Leave Salary	298.03	101.42	-	17.64	381.81
Settlement allowances on retirement	25.34	-	12.42	-	12.92
Doubtful debts	83.57	34.12	28.30	-	89.39
Doubtful advances	81.44	87.93	4.45	0.03	164.89
Demobilisation	56.83	44.60	2.63	2.69	96.11
Maintenance	148.43	96.78	7.97	16.60	220.64
Future contingencies (Contracts)	130.77	240.50	33.94	38.25	299.08
Liabilities (Legal cases)	188.07	82.71	16.17	9.75	244.86
Other expenses	708.31	337.49	31.61	192.27	821.92
Income-tax, Fringe Benefit Tax & Wealth tax*	2,267.04	1,155.11*	7.49	34.13	3,380.53
Dividend (Interim & Proposed)	96.01	366.23	-	305.85	156.39
Tax on Dividend (Interim & Proposed)	16.32	62.24	-	51.98	26.58
<b>TOTAL (A)</b>	<b>4,358.04</b>	<b>2,706.87</b>	<b>144.98</b>	<b>685.97</b>	<b>6,230.65</b>
<b>Adjusted for :</b>					
Doubtful debts considered in Schedule-G	83.57				89.39
Doubtful advances considered in Schedule-I	81.44				164.89
Leave Salary, Gratuity, Settlement Allowances included in employee remuneration & benefits Schedule-O		199.16	12.42	34.42	
Income-tax adjusted / considered separately*		1,155.11	7.49	34.13	
Dividend paid / considered separately		366.23	-	305.85	
Corporate-tax on Dividend paid / considered separately		62.24	-	51.98	
<b>TOTAL (B)</b>	<b>165.01</b>	<b>1,782.74</b>	<b>19.91</b>	<b>426.38</b>	<b>254.28</b>
<b>Net: Current Year (A-B)</b>	<b>4,193.03</b>	<b>924.13</b>	<b>125.07</b>	<b>259.59</b>	<b>5,976.37</b>
Previous Year	3,202.23	596.00	84.63	237.13	4,193.03

### NOTES:

	Current Year	Previous Year
Net Provisions (Additions/Write Back) carried to P&L Account	<b>799.06</b>	511.37
Retirement Benefits considered in Schedule-O	<b>152.32</b>	218.44
Provisions (Utilisation) carried to Schedule-O	<b>259.59</b>	237.13

\* Addition includes current year provisions Rs. 1087.02 million and rectification of earlier years Rs. 68.09 million.



**Schedule “M-1”  
Deferred Tax Asset**

(Rupees million)

Particulars	As at 01-04-2009	Addition (Deletion) during 2009-10	As at 31-03-2010
	Total	Total	Total
<b>Asset</b>			
Provision for :			
- Maintenance and demobilisation	43.71	32.45	76.16
- Future Contingencies	44.45	54.90	99.35
- Doubtful debts and advances	48.72	32.27	80.99
- Gratuity	87.66	37.45	125.11
- Legal cases	29.42	21.10	50.52
- Others	212.20	60.83	273.03
<b>Expenses</b>			
- On Voluntary retirement scheme	1.42	(0.30)	1.12
- Allowed for tax purpose when paid	109.91	28.04	137.95
- Capitalised for tax purposes	25.48	(25.46)	0.02
- Loss on investments	-	-	-
<b>Total</b>	<b>602.97</b>	<b>241.28</b>	<b>844.25</b>
Previous Year	353.74	249.24	602.97

**Schedule “M-2”  
Deferred Tax Liability**

(Rupees million)

Particulars	As at 01-04-2009	Addition (Deletion) during 2009-10	As at 31-03-2010
	Total	Total	Total
Depreciation	(9.63)	(19.99)	(29.62)
<b>T O T A L</b>	<b>(9.63)</b>	<b>(19.99)</b>	<b>(29.62)</b>
Previous Year	3.46	(13.09)	(9.63)
<b>Deferred Tax (Net)</b>		<b>(261.27)</b>	<b>873.87</b>

**Schedule "N"**  
**Income**

(Rupees million)

Particulars	2009-10	2008-09
<b>OPERATING INCOME</b>		
Contract receipts	<b>31,087.85</b>	26,027.27
Loco lease	<b>236.55</b>	214.32
Machinery hire charges	<b>66.64</b>	<u>34.79</u>
	<b>31,391.04</b>	26,276.38
<b>OTHER INCOME</b>		
Interest on Bonds (Gross) (long-term) (1)	<b>5.99</b>	109.36
Bank Interest Gross (2)	<b>477.85</b>	544.67
Less:- Interest reimbursed to client	<b>180.66</b>	<u>400.86</u>
Interest on refund of income-tax received	<b>9.62</b>	-
Interest on Advances	<b>99.12</b>	171.49
Interest on staff advances	<b>3.41</b>	4.27
Exchange Fluctuation Gain	-	201.39
Less:- Exchange Fluctuation Loss	-	<u>80.53</u>
Net Exchange Fluctuation Gain	-	120.86
Profit on sale of assets	<b>5.03</b>	6.48
Miscellaneous receipts (3)	<b>219.90</b>	<u>295.26</u>
	<b>640.26</b>	851.53
<b>TOTAL</b>	<b>32,031.30</b>	27,127.91

- (1) Includes Tax deducted at source **Rs. 0.10 million** (previous year Rs.Nil million. ).  
(2) Includes Tax deducted at source **Rs.50.76 million** (previous year Rs.86.12 million).  
(3) Includes unclaimed amount written back **Rs.13.20 million** (Rs.18.59 million).



## Schedule "O" Expenses

(Rupees million)

Particulars	Operating Expenses		Administrative Expenses	
	2009-10	2008-09	2009-10	2008-09
<b>1 Expenses:</b>				
Work expenses	18,032.69	15,223.16	-	-
<b>Total of Work expenses</b>	<b>18,032.69</b>	<b>15,223.16</b>	-	-
<b>2 Decrease/(Increase) in Work-in-progress</b>	<b>108.74</b>	<b>(467.57)</b>	-	-
<b>3 Materials and Stores consumed:</b>				
Opening Balance	1,650.68	619.58	-	-
Add: Purchases during the year	5,882.28	7,404.51	-	-
	7,532.96	8,024.09	-	-
Less: Closing Balance	1,075.04	1,650.69	-	-
<b>Total of Material &amp; Stores consumed</b>	<b>6,457.92</b>	<b>6,373.40</b>	-	-
<b>4 Employee remuneration and benefits (1):</b>				
Salaries, Wages, Bonus, allowances & benefits	919.73	795.18	275.24	158.81
Contribution to provident and other funds	68.63	37.79	24.27	12.68
Foreign service contribution	5.17	1.78	5.34	0.45
Retirement Benefits	152.27	218.44	-	-
VRS Expenses	-	-	0.96	1.05
Staff welfare	28.16	33.61	5.51	5.31
<b>Total of Employee remuneration &amp; benefits</b>	<b>1,173.96</b>	<b>1,086.80</b>	<b>311.32</b>	<b>178.30</b>
<b>5 Other Expenses:</b>				
Design, Drawing, Business Development & Consultancy Charges	619.75	355.51	-	-
Inspection, Geo Technical Investigation & Survey Exp. Etc	15.51	26.27	-	-
Exchange Fluctuation Loss	523.27	-	-	-
Less:- Exchange Fluctuation Gain	216.06	-	-	-
Net Exchange Fluctuation Loss	307.21	-	-	-
Rent - Non-residential	30.72	38.68	2.21	0.07
Rates and Taxes	181.00	256.97	1.91	4.69
Vehicle Operation and Maintenance	163.65	167.98	7.09	7.89
<b>Repairs and Maintenance</b>				
- Machinery	227.33	374.47	-	-
- Building	3.21	5.39	3.87	1.89
- Office and Others	34.26	30.83	15.11	14.90
Power, Electricity and Water charges	24.18	26.12	10.32	11.07
Hire charges of machinery	150.26	233.72	-	-
Insurance	88.58	97.58	0.22	0.86
Travelling & conveyance	85.10	90.85	24.36	28.95
Printing & stationery	21.66	23.48	10.48	7.92
Postage, telephone & telex	26.49	27.03	6.22	6.72
Legal & Professional charges	35.56	36.70	23.80	15.33
Security services	34.25	23.61	2.10	1.88
Business promotion	6.31	4.75	2.36	2.00
Write-off of :	-	-	-	-
- Bad debts	-	6.22	-	-
- Bad advances	0.03	1.34	-	-
- Bad assets	0.15	0.11	-	-
Preliminary expenses written off	-	-	0.16	-
Loss on sale of Assets/Stores	-	-	0.12	0.68
Amortisation of premium paid on Invest.	-	-	0.16	16.89
Bank and other finance charges	-	-	124.26	88.71
Director sitting fee	-	-	0.27	0.22
Donation	-	-	1.52	51.90
Auditors remuneration (2)	-	-	4.24	4.28
Advertisement & publicity	-	-	34.38	43.80
Training & Recruitment	-	-	1.73	5.94
Miscellaneous expenses	64.71	16.91	9.85	13.28
	2,119.91	1,844.52	286.68	329.87
<b>Less: Provisions Utilised (3)</b>	<b>259.59</b>	<b>237.13</b>	-	-
<b>Total of Other Expenses</b>	<b>1,860.32</b>	<b>1,607.39</b>	<b>286.68</b>	<b>329.87</b>
<b>T O T A L</b>	<b>27,633.63</b>	<b>23,823.18</b>	<b>598.00</b>	<b>508.17</b>

(1) Includes Income-tax on non-monetary perks **Rs. 4.19 million** (Rs.3.52 million).

(2) <b>Payment to Statutory Auditors:</b>	2009-10	2008-09
(i) Audit Fee - current year	1.93	1.79
(ii) Tax Audit Fees - current year	0.50	0.49
(iii) Certification Fees	0.56	0.45
(iv) Travelling & out of pocket expenses:		
- Local	0.74	1.00
- Foreign	0.51	0.55
<b>Total</b>	<b>4.24</b>	<b>4.28</b>

(3) Details given in Schedule 'L'.

Schedule "P"

**Prior period adjustments & Extraordinary Items**

(Rupees million)

Particulars	2009-10	2008-09
<b>PRIOR PERIOD ITEMS:</b>		
<b>Income:</b>		
Contract Receipts	(1.59)	(5.53)
Interest income on deposits/ loans	41.44	0.02
Miscellaneous receipts	<u>0.45</u>	<u>3.07</u>
	40.30	(2.44)
<b>Expenses:</b>		
Work expenses	1.79	(5.22)
Administrative expenses	0.47	0.01
Depreciation	(2.77)	1.77
Others	<u>12.16</u>	<u>40.60</u>
	11.65	37.16
<b>TOTAL</b>	<b>28.65</b>	<b>(39.60)</b>

Schedule "Q"

**Misc. Expenses (to the extent not witten off)**

(Rupees million)

Particulars	2009-10	2008-09
<b>Incurred during the year</b>	<b>0.80</b>	-
Less:- written off- preliminary expenses (1/5th)	<u>0.16</u>	-
	0.64	-
<b>TOTAL</b>	<b>0.64</b>	<b>-</b>

Preliminary expenses shall be written off in 5 (Five) years.



Schedule "R" (CONSOLIDATED)

## SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE ACCOUNTS FOR 2009-2010

### 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 where otherwise stated.

### 2. Consolidated Financial Statements

The financial statements of Irrcon International limited and its subsidiary have been consolidated on a line -by- line basis by adding together the book value of the like items of assets, liabilities, income and expenses, after eliminating intra-group balances and unrealized profits/losses on intra –group transactions, and are presented to the extent possible, in the same manner as the Company's independent financial statements.

### 3. 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.

### 4. 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 at each balance sheet date.
- 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 monthly average of opening and closing TT buying rates.
  - ii) Inventories are translated at the TT buying rates at each balance sheet date.
  - 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.
- (c) The net exchange differences resulting from the translations at (a) & (b) above 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 monthly 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 period in which gain or loss on disposal is recognised.

## 5. 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.

## 6. Investments

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

## 7. Inventories

### (A) Construction Work in Progress

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

- (i) In Cost Plus contracts, the cost of all materials, spares and stores not reimbursable as per the terms of the contract is shown as inventory valued as per (iii) below.
- (ii) 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.
- (iii) Inventories are valued at lower of the cost arrived at on First In First Out (FIFO) basis and net realisable value.
- (iv) Loose tools are expensed in the year of purchase.

## 8. Cash and Cash Equivalents

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

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

## 9. 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.



#### 10. 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.

#### 11. 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.

#### 12. 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.

#### 13. Liquidated Damages and Escalations

- (i) Liquidated damages actually paid/recovered are adjusted 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.

#### 14. Research & Development Expenses

Expenses on research & development are charged to revenue.

#### 15. Mobilisation Expenses

The initial contract expenses on new projects for mobilisation are recognised as construction work in progress in the year of incidence and 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.

#### 16. 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 acquired during the year costing upto Rs.5000/-and assets having written down value upto Rs.5000/- at the beginning of the year and camps / caravan/ temporary sheds / furnishing acquired during the year irrespective of the value are fully depreciated.

#### **17. Borrowing Cost**

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

#### **18. 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.

#### **19. Prior period adjustment, prepaid 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.

#### **20. 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.

#### **21. 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).

#### **22. Contingent Liabilities and Contingent Assets**

- (a) Contingent Liabilities are 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 Liabilities and Provisions needed against Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.
- (d) Contingent Liabilities disclosed are net of estimated provisions considering possible outflow on settlement.



Schedule "S" (CONSOLIDATED)

**NOTES FORMING PART OF THE ACCOUNTS INCLUDING DISCLOSURES**

- 1) Contingent liabilities consist of:
- a) Claims against the Company not acknowledged as debt Rs. 2736.49 million (Rs. 4603.43 million). Against this the Company has counter claims of Rs. 1014.16 million (Rs. 889.64 million). In case claims against the Company do materialise, claims for Rs. 1028.93 million (Rs.3224.66 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.1320.26 million (Rs.937.04 million) of which Rs.314.44 million (Rs. 252.40 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.61.10 million (Rs. 8.81 million)
  - e) Outstanding Bank Guarantee of Rs.1.45 million (Rs.1.45 million ) to CIDCO towards flats.
  - f) Claims of Provident Fund Commissioner, J & K for Rs.17.55 million ( Rs. 17.55 million ).
  - g) Ircon International Limited (the Company) and Soma Enterprises Limited (Soma) incorporated a joint venture Company called Ircon-Soma Tollway Private Limited (ISTPL) on 19.4.2005 with 50% shareholding each, 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 28<sup>th</sup> 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, for a period of 20 years ( 3 years for construction and 17 years for toll collection) at an approximate cost of Rs. 6060.40 million (Rs. 6060.40 million).

The Company's equity investment in the ISTPL is Rs 638.70 million (Rs.638.70 million). To finance the debt portion of the project, ISTPL has arranged a term loan of Rs. 4500 million from a consortium of eight banks, lead by State Bank of India. To secure this term loan the Company along with Soma has by way of promoters' support executed a "Sponsor Support Undertaking" and a " Consent and agreement" on 7<sup>th</sup> August 2006 , in favour of State Bank of India (Security trustee and Lenders' agent), wherein both the Company & Soma have jointly and severally undertaken to extend additional equity/provide 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. In the current year the Company & Soma have contributed Rs 100 million each as loan to meet the cost overrun. On 25<sup>th</sup> October 2009 the toll plaza for 99 km stretch, located at Chandwad has become operational and toll collection started. The balance stretch of 19.158 km has been provisionally declared complete on 03<sup>rd</sup> March 2010 and toll collection at Dhule Plaza has also commenced from 19<sup>th</sup> April 2010.

- 2) (a) Estimated amount of contracts remaining to be executed on capital account (net of advances) is Rs. 5.66 million (Rs 254.70 million)
- (b) In case of subsidiary ( Ircon Infrastructure & Services Limited), the estimated amount of contract amounting to Rs.1045.77 million are remaining to be executed on capital account and not provided for.
- 3) Basic earnings per share are computed by dividing net profit after tax Rs.1821.05 million (Rs.1401.82 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	2009-10	2008-09
Work Receipts, Loco lease	12255.88	7702.48
Bank Interest	101.34	68.63
Other Interest	0.71	67.55
Foreign Exchange Fluctuation Gain	216.06	201.39
Others	36.36	43.06
TOTAL	12610.35	8083.11

(b) Expenditure in foreign currency:

(Rupees million)

Particulars	2009-10	2008-09
Operational Expenses	7820.72	6405.55
Consultancy charges	149.38	101.42
Foreign Exchange Fluctuation Loss	523.27	80.53
Administrative & Other Expenses	1475.58	539.82
TOTAL	9968.95	7127.32

(c) CIF value of Imports:

(Rupees million)

Particulars	2009-10	2008-09
Capital Goods	-	3.28
Materials	117.56	91.26
Consumables, Components and Spares	-	-
TOTAL	117.56	94.54

6) Disclosure regarding Leases:

I. Operating Leases for Locos

- a) The Company is also engaged in leasing of locomotives. Total 25 locomotives are on lease to foreign client as on 31.03.2010. The validity of lease has been extended upto 31.12.2010.
- 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	130 (119.20)	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 31.03.2010	As on 31.03.2009
Gross carrying amount of assets	248.17	248.09
Accumulated depreciation	63.96	51.32

(Rs in million)

Particulars	2009-10	2008-09
Depreciation for the year	12.64	8.91

II. Operating lease for Light Vehicles

The Company has taken five (seven) 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-

(Rs in million)

Lease Rent	Not later than 1 year	Later than 1 year to 5 years	Later than 5 years
Payable	0.72 (0.72)	0.98 (1.67)	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 cancellable, are mostly for one year, and are usually renewable on mutually agreed terms. The Expenses Schedule (Sch O) under Employee Remuneration and Benefits includes Rs. 63.10 million (Rs. 77.60 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. 32.93 million (Rs.38.75 million) shown as rent in Schedule O.

### IV Disclosure regarding lease in case of Ircon Infrastructure & Services Limited

- (i) Ministry of Railways vide Railways Budget 2009-10 announced development of Multi Functional Complexes (MFC's) at identified sites to be undertaken by Ircon International Limited (IRCON) and Rail Land Development Authority ( RLDA) jointly.
- (ii) Accordingly Memorandum of Understanding (MOU) was signed on 21.08.2009 between IRCON and RLDA. In terms of Memorandum of Understanding signed between IRCON and RLDA on 21.08.2009, the development, operation and maintenance of the Multi Functional Complexes is to be done by Wholly Owned Subsidiary (WOS) of IRCON. Further, the lease agreements for the MFC's shall be signed between RLDA and WOS i.e Ircon Infrastructure & Services Limited, which is under finalisation.

### 7) Segment Reporting:

#### Primary Segment information (Geographic):

(Rupees million)

	International		Domestic		Others*		Total	
	09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09
<b>A. Turnover</b>								
Operating Income	<b>11962.47</b>	8027.02	<b>19522.55</b>	18476.77	<b>36.57</b>	39.33	<b>31521.59</b>	26543.12
Other Income	<b>205.56</b>	283.02	<b>148.20</b>	187.87	<b>286.50</b>	380.64	<b>640.26</b>	851.53
Inter-segment								
Total Revenue	<b>12168.03</b>	8310.04	<b>19670.75</b>	18664.64	<b>323.07</b>	419.97	<b>32161.85</b>	27394.65
<b>B. Result</b>								
Profit before Provision, Depreciation, Interest and Tax.	<b>2400.23</b>	924.13	<b>1196.27</b>	1678.29	<b>254.51</b>	227.48	<b>3851.01</b>	2829.90
<b>Less: Provision &amp; write backs ( Net)</b>	<b>89.32</b>	65.16	<b>536.07</b>	141.24	<b>173.67</b>	304.97	<b>799.06</b>	511.37
Depreciation for the year	<b>168.16</b>	196.71	<b>195.14</b>	202.23	<b>49.37</b>	42.93	<b>412.67</b>	441.87
Interest	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Profit Before Tax	<b>2142.75</b>	662.26	<b>465.06</b>	1334.82	<b>31.47</b>	(120.42)	<b>2639.28</b>	1876.66
Provision for Tax	<b>574.50</b>	244.30	<b>227.95</b>	253.42	<b>15.81</b>	(22.88)	<b>818.26</b>	474.84
Profit After Tax	<b>1568.25</b>	417.96	<b>237.11</b>	1081.40	<b>15.66</b>	(97.54)	<b>1821.02</b>	1401.82
<b>C.Other Information</b>								
Assets	<b>11581.38</b>	8992.59	<b>10211.63</b>	11738.21	<b>14278.31</b>	11669.07	<b>36071.32</b>	32399.87
Include Fixed Assets (Net Block)	<b>658.75</b>	751.39	<b>852.70</b>	976.73	<b>857.53</b>	872.36	<b>2368.98</b>	2600.48
Liabilities	<b>9738.70</b>	7971.76	<b>9587.41</b>	10250.41	<b>4699.52</b>	3397.25	<b>24025.63</b>	21619.42
Capital Expenditure: Additions to Fixed Assets	<b>33.92</b>	220.64	<b>65.01</b>	35.17	<b>18.68</b>	3.18	<b>117.61</b>	258.99

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

**Secondary Segment information (Business):**

(Rupees million)

	Operating Income		Segment Assets		Additions to Fixed Assets	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Construction, etc.	<b>31285.04</b>	26328.80	<b>35648.69</b>	31896.02	<b>115.07</b>	171.54
Leasing & operation	<b>236.55</b>	214.32	<b>422.63</b>	503.85	<b>2.54</b>	87.44
<b>Total</b>	<b>31521.59</b>	26543.12	<b>36071.32</b>	32399.87	<b>117.61</b>	258.98

**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.

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, Madan Lal, K K Garg and Deepak Sabhlok.

## c) Disclosure of transactions with related parties:

(Rupees million)

Particulars	Transactions		Outstanding Amount	
	2009-10	2008-09	As on 31-3-2010	As on 31-3-2009
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/IrconISL	<b>4.00</b>	127.70	<b>698.04</b>	694.04
Loan to CCFB/ISTPL	<b>(44.47)</b>	311.30	<b>849.16</b>	893.63
Advance recoverable from CCFB/ IrconISL / ISTPL /RICON	<b>3.36</b>	(7.91)	<b>19.56</b>	15.09
Amount payable to RICON	<b>29.92</b>	4.89	<b>34.81</b>	4.89
Income from CCFB/ RICON/ ISTPL / IrconISL	<b>763.80</b>	1262.38	<b>589.54</b>	277.32

**9) Remuneration to Directors are as under:**

(Rupees million)

S. No.	Particulars	2009-10	2008-09
I	Salary & Allowances	<b>5.34</b>	4.54
II	Contribution to Provident Fund	<b>0.62</b>	0.36
III	Superannuation including Retirement Benefits	<b>3.36</b>	1.38
IV	Reimbursement of Medical expenses	<b>0.15</b>	0.63
V	Sitting Fee	<b>0.27</b>	0.22
VI	Other benefits	<b>1.36</b>	0.17
	<b>TOTAL</b>	<b>11.1</b>	7.30

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 31 <sup>st</sup> March	
			2010	2009
1	Ircon-COBRA-ELIOP #	Ircon, India COBRA, Spain ELIOP, Spain	61.22 34.35 4.43	61.22 34.35 4.43
2	Ircon-Sree Bhawani Builders # #	Ircon, India Sree Bhawani Builders, India	24.21 75.79	24.21 75.79
3	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
4	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
5	RICON	Ircon, India RITES, India	49.00 51.00	49.00 51.00
6	SMJ – Ircon@	Ircon, India Sumber Mitra Jaya, Indonesia	25.00 75.00	25.00 75.00
7	Ircon-GANNON Dunkerly	Ircon, India GANNON Dunkerly	55.70 44.30	55.70 44.30
8	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
9	Ircon-SMJ Project JV	Ircon, India Sumber Mitra Jaya, Indonesia	55.00 45.00	55.00 45.00
10	RICON- CETA SARL@@	RICON, India CETA, Mozambique	49.00 51.00	49.00 51.00
11	Ircon –ASKA Consortium@@@	Ircon, India SARL ASKA, Algeria ASKA, Turkey	100.00 – –	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 2010	As at 2009
1	CCFB (Companhia Dos Caminhos De Ferro Da Beira SARL) Mozambique	Ircon, India RITES, India CFM, Mozambique	25.00 26.00 49.00	25.00 26.00 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 the client Ircon has expelled the other two partners Sarl Aska Algeria (15%) and Aska Turkey (15%) from the consortium. The Client later issued 'order to stop the work' followed by communication to close the contract. The contract closure order has since been revoked by the Client and the project restarted in the name of IRCON on 23.05.2010,

c) Statement of Income, Expenditure, Profit, Assets & Liabilities of JCE

S. No.	Particulars	RICON-CETA SARL		RICON		IMCC		MTG		Total	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
1	Income	-	7.24	<b>39.98</b>	39.33	<b>0.24</b>	2.19	<b>90.33</b>	217.98	<b>130.55</b>	266.74
2	Expenditure	-	(45.64)	<b>22.66</b>	19.46	<b>0.19</b>	5.27	<b>85.01</b>	214.71	<b>107.86</b>	193.8
3	Fixed Assets	<b>17.92</b>	17.92	-	-	-	-	<b>1.67</b>	5.73	<b>19.59</b>	23.65
4	Current Assets	<b>229.79</b>	288.82	<b>124.35</b>	83.56	<b>46.07</b>	45.89	<b>65.48</b>	121.88	<b>465.69</b>	540.15
5	Current Liabilities	<b>247.71</b>	253.86	<b>54.12</b>	30.65	<b>13.95</b>	14.02	<b>54.99</b>	97.84	<b>370.77</b>	396.37
6	Loan Fund	-	-	<b>52.91</b>	33.03	-	-	-	-	<b>52.91</b>	33.03

d) Contingent liability towards the Company's share of bank guarantee in case of IMCC as on 31.03.2010 is Rs. Nil million (Rs. 21.18 million).

e) Proportionate share of sales-tax liability in case of IMCC as on 31.03.2010 Rs. 42.52 million (Rs.42.52 million).

f) Contingent liability towards the Company's share of bank guarantee in case of MTG as on 31.03.2010 is Rs. 46.91 million (Rs. 46.71 million).

g) Contingent liability towards the Company's share of corporate guarantee to Central Excise in case of MTG as on 31.03.2010 is Rs.15.36 million (Rs.15.36 million).

h) Contingent liability towards the Company's share of bank guarantee in case of Ircon-RCS- PFLEIDERER as on 31.03.2010 is Rs. 9.10 million (Rs.9.10 million).

i) The Company has committed shareholders loan of USD 10 million in CCFB as a bridge finance but shareholders agreement was signed for USD 7.5 million only. Out of USD 7.5 million, Company had paid USD 1 million during 2008-09 and USD 1 million during 2009-10. Company had received back entire USD 2.00 million from CCFB on 29.01.2010. However, interest on loan on USD 2 million amounting to USD 0.17million still to be received from CCFB.

j) The Company has extended a loan of Rs 100 million to ISTPL JV during the year.

k) Commissioner of Service Tax has served a show cause during the year raising a demand of Rs 0.98 million (Nil) IMCC has disputed the demand and same is pending for adjudication.

l) The assessment by revenue authority for the financial year 2003-04, 04-05 and 05-06 has resulted into a demand aggregating to Rs 32.49 million (Nil) as on 31.03.2010 . The IMCC has disputed the assessment and have filed appeal at various level, which are pending for adjudication.

11) 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. There is no impairment loss (Rs. Nil).

- 12) 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 project 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 2<sup>nd</sup> 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 the Company had conveyed its consent to Ministry of Railways vide its letter dt. 26.05.2005 the settlement is yet to be approved by GOI. 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 accounts.

- b) The accrued interest on deferred Iraqi dues and provision for interest to sub-contractors (under Deferred Payment Agreement Protocol) 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 31.03.2010 as per AS-11, Other Current Assets would have been Rs. 954.64 million (increased by Rs. 80.86 million), Provisions would have been Rs. 6014.58 million (increased by Rs. 38.21 million), Profit Before Tax would have been Rs.2681.96 million (increased by Rs. 42.65 million) .
- 13) 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.
- 14) 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. Accumulated balance including interest as on 31.03.2010 in the fund maintained by LIC amounting to Rs. 41.07 million (Rs.37.77 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 L).
- 15) 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. However CIT(A) has considered our claim for the Assessment Year 2004-05, but the department has moved to Tribunal against the order of CIT(A). The deduction upto AY 2009-10 is Rs. 4434.44 million ( 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 2009-10 is Rs. 13.28 million (Rs. 68.46 million).

16) **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 as per actuarial valuation, 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) for which the Company has created a Medical Trust Fund. The amount available in the fund including the return on investments is greater than the obligation of the Company as per actuarial valuation, hence no further provision is considered necessary

### Leave Encashment

The Company allows earned leave and half pay leave to the employees equal to 30 days and 20 days per annum 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	295.66 (162.60)	298.03 (216.35)	101.96 (68.43)
Interest Cost	22.17 (13.01)	22.35 (17.31)	7.65 (5.47)
Current Service Cost	23.07 (20.60)	33.73 (27.49)	7.24 (5.96)
Past Service Cost	- (63.21)	- (-)	- (-)
Benefit Paid	(17.05) ((6.09))	(16.17) ((10.43))	(2.16) ((1.03))
Actuarial (gain)/loss on obligation	52.76 (42.32)	43.87 (47.30)	54.93 (23.13)
Present Value of Obligation as at the end of the period	376.61 (295.65)	381.81 (298.03)	169.62 (101.96)

#### ii) Changes in the fair value of plan assets

	Gratuity	Leave Encashment	PRMF*
Fair Value of plan assets as at beginning of the period	37.77 (35.17)	- (-)	236.98 (-)
Expected return on Plan Assets	3.30 (3.08)	- (-)	20.74 (-)
Contributions	- (-)	- (-)	- (-)
Benefit Paid	- ((0.44))	- (-)	- (-)
Actuarial (gain)/loss on Plan Assets	- ((0.03))	- (-)	18.81 (-)
Fair Value of Plan Assets as at the end of the period	41.07 (37.77)	- (-)	238.91 (-)

**iii) Fair Value of Plan Assets**

	<b>Gratuity</b>	<b>Leave Encashment</b>	<b>PRMF*</b>
Fair value of Plan Asset at the beginning of period	37.77 (35.17)	- (-)	236.98 (-)
Actual return on Plan Assets	3.30 (3.04)	- (-)	1.93 (-)
Benefits paid	- ((0.44))	- (-)	- (-)
Fair value of Plan Assets at the end of period	41.07 (37.77)	- (-)	238.91 (-)
Funded Status	(335.53) ((257.88))	(381.81) ((298.03))	69.29 ((101.96))
Excess of actual over expected return on plan assets	- ((0.03))	- (-)	(18.81) (-)

\*IRCON Medical Trust has a combined fund of Rs.238.91 million

**iv) Actuarial Gain/Loss recognised for the period**

	<b>Gratuity</b>	<b>Leave Encashment</b>	<b>PRMF</b>
Actuarial gain/(loss) for the period- Obligation	(52.76) ((42.32))	(43.87) ((47.30))	(54.93) ((23.13))
Actuarial gain/(loss) for the period- Plan Assets	- (0.03)	- (-)	(18.81) (-)
Total (gain)/loss for the period	52.76 (42.35)	43.87 (47.30)	73.74 (23.13)
Actuarial (gain)/loss recognised in the period	52.76 (42.35)	43.87 (47.30)	73.74 (23.13)

**v) Amount recognised in Balance Sheet**

	<b>Gratuity</b>	<b>Leave Encashment</b>	<b>PRMF</b>
Present Value of Obligation as at the end of the period	376.61 (295.66)	381.81 (298.03)	169.62 (101.96)
Fair Value of Plan Assets as at 31.03.2010	41.07 (37.77)	- (-)	238.91 (-)
Funded Status	(335.53) ((257.88))	(381.81) ((298.03))	69.29 ((101.96))
Net liability recognised in the Balance Sheet	335.53 (257.88)	381.81 (298.03)	69.29 (101.96)

**vi) Expenses recognised in Profit & Loss Account**

	<b>Gratuity</b>	<b>Leave Encashment</b>	<b>PRMF</b>
Current Service Cost	23.07 (20.60)	33.73 (27.49)	7.24 (5.96)
Past Service Cost	- (63.21)	- (-)	- (-)
Interest Cost	22.17 (13.01)	22.35 (17.31)	7.65 (5.47)
Expected return on plan assets	(3.31) ((3.08))	- (-)	(20.74) (-)
Net actuarial (gain)/ loss recognised in the year	52.76 (42.35)	43.87 (47.30)	73.74 (23.13)
Expenses recognised in the Profit & Loss A/c	94.70 (136.10)	99.95 (92.10)	67.89 (34.56)

**vii) Amount for the Current Period**

	Gratuity	Leave Encashment	PRMF
Present Value of Obligation	376.61 (295.66)	381.81 (298.03)	169.62 (101.96)
Plan Assets	41.07 (37.77)	- (-)	238.91 (-)
Surplus (Deficit)	(335.53) ((257.88))	(381.81) ((298.03))	69.29 ((101.96))
Experience adjustments on plan liabilities - (Loss)/ Gain	(52.76) (69.82)	(43.87) ((42.97))	(54.93) ((17.26))
Experience adjustments on plan assets - (Loss)/ Gain	- ((0.03))	- (-)	(18.81) (-)

**viii) Actuarial Assumptions**

I)	Method used	Projected Unit Credit Method
II)	Discount rate	7.50%
III)	Rate of increase in Compensation Levels	7.50%
IV)	Rate of return on Plan Assets - Gratuity	8.75%
V)	Average Outstanding Service of Employees upto Retirement	16 years
VI)	Estimated term of Benefit Obligations	16 years

**17) Disclosure in respect of Contract, in Progress\***

(Rupees million)

Details		Up to 31.03.10
(a)	Aggregate amount of costs incurred and recognized profits (Less recognized losses)	84169.98
		<b>As on 31.03.10</b>
(b)	Amount of Advances received from Client	8239.37
(c)	Amount of Retentions (by Client)	1488.55

\* excluding projects completed upto 31.03.2010

- 18) i) Amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31.03.2010 is Rs. Nil ( 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 31<sup>st</sup> March 2010 is Rs. Nil ( Nil ).
- 19) 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.
- 20) During the year, the Company has changed its Accounting Policy on translation of foreign currency of revenue items from yearly average to monthly average. Due to this change, foreign exchange loss (net) has increased by Rs.52.98 million, other income has decreased by Rs 1.78 million, operating income has decreased by Rs. 73.03 million and total expenditure (excluding foreign exchange gain/loss) has decreased by Rs 127.79 million. However, net impact on Profit/Loss of the company is NIL.
- 21) The company has formed a wholly owned subsidiary company on 30<sup>th</sup> September, 2009 namely Ircon Infrastructure & Services Limited (IrconISL) and has invested Rs. 4 million (including Rs.0.006 million through IRCON's nominees) towards shareholder's equity with the approval of 184<sup>th</sup> BOD held on 30<sup>th</sup> July, 2009. The certificate of commencement of business was issued by ROC on 10<sup>th</sup> November 2009.



- 22) During the year Company has changed the accounting treatment of loan given to CCFB Mozambique treating it as an Integral Foreign Operation instead of Non-Integral Operation. Due to that foreign exchange fluctuation reserve created in earlier year has been adjusted. This has resulted in net increase in exchange fluctuation gain by Rs.35.08 million. Consequently, profit for the year is higher by Rs. 35.08 million.
- 23) Previous year's figures have been regrouped, rearranged and recast wherever necessary to make it comparable to the current year's classification.

24) **Balance Sheet Abstract and Company Business Profile:**

**I Registration Details:**

Registration No.	8171	State Code	55
Balance Sheet Date	31-03-2010		

(Rupees in million)

**II Capital raised during the year:**

Public issue	Nil	Rights issue	Nil
Bonus issue	Nil	Private Placement	Nil

**III Position of mobilisation and deployment of funds**

Total liabilities	36070.53	Total Assets	36070.53
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**Sources of funds:**

Paid-up Capital	98.98	Reserves & Surplus	11892.81
Secured Loans	Nil	Unsecured Loans	52.91
		Deferred Tax Liability	Nil

**Application of funds:**

Net fixed assets	2368.98	Investments	1295.37
Net current assets	7506.83	Deferred Tax Asset	873.87
Miscellaneous Expenditure	0.64	Accumulated losses	Nil

**IV Performance of the Company**

Turnover	32161.85	Total expenditure	29551.19
Profit before Tax	2639.31	Profit after Tax	1821.05
Earning per share (Rs.)	183.98	Dividend rate	370%

**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 Wahi & Gupta  
Chartered Accountants  
FRN 2263N

For and on behalf of the Board of the Directors

**Y.K.Gupta**  
Partner  
M. No. 16020

**Lalitha Gupta**  
Company Secretary

**K.K.Garg**  
Director Finance

**Mohan Tiwari**  
Managing Director

Place: New Delhi  
Dated: 6<sup>th</sup> August 2010



## Consolidated Cash Flow Statement

For the year ended on 31st March 2010

(Rupees in million)

		2009-10	2008-09
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before taxation & extraordinary items		2,610.63	1,916.26
<b>Adjustment for :</b>			
Depreciation		409.90	443.64
Amortisation of premium on investment		0.16	16.89
Preliminary expenses written off		0.16	
Loss / (Profit) on sale of assets(net)		(4.91)	(5.80)
Interest Income		(415.33)	(428.93)
Provisions - Additions(Write back) Net		799.06	511.37
Effect of Exchange differences on translation of Foreign Currency Cash & Cash Equivalents		307.21	(120.86)
<b>Operating Profit before working capital changes</b>	<b>(1)</b>	<b>3,706.88</b>	<b>2,332.57</b>
<b>Adjustment for :</b>			
Decrease(increase) in Trade Receivables/ Loans & Advances		(1,869.54)	(1,127.50)
Decrease(increase) in Inventories		571.61	(2,715.07)
(Decrease)/increase in Sundry Creditors		482.58	1,969.83
Decrease(increase) in JCE Current Assets		74.46	(179.70)
(Decrease)/increase in JCE Current Liabilities		(25.60)	(10.51)
Misc. Expenses( Preliminary expenses during the year)		(0.80)	
	<b>(2)</b>	<b>(767.29)</b>	<b>(2,062.95)</b>
<b>Cash generated from operation</b>	<b>(1-2)</b>	<b>2,939.59</b>	<b>269.62</b>
<b>Cash flow before prior period &amp; extraordinary items</b>		<b>2,939.59</b>	<b>269.62</b>
Foreign Exchange Fluctuation Reserve		(147.19)	203.70
Prior period & extraordinary items		28.65	(39.60)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(A)</b>	<b>2,821.05</b>	<b>433.72</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets including Capital WIP		(186.53)	(264.02)
Sale of fixed assets		8.98	5.89
Interest received		249.70	366.84
Investment matured ( including profit on sale)		1,600.84	271.52
Investment raised ( long term)		(551.39)	(177.70)
Decrease(increase) in JCE Fixed Assets		4.06	14.39
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(B)</b>	<b>1,125.66</b>	<b>216.92</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend ( including Corporate Tax) paid		(357.83)	(347.41)
(Decrease)/increase in JCE Loan Fund		19.88	11.80
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(C)</b>	<b>(337.95)</b>	<b>(335.61)</b>
Effect of Exchange differences on translation of Foreign Currency Cash & Cash Equivalents		(307.21)	120.86
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENT</b>	<b>(A+B+C)</b>	<b>3,301.55</b>	<b>435.89</b>
<b>CASH AND CASH EQUIVALENT (OPENING)</b>	<b>(D)</b>	<b>9,838.67</b>	<b>9,402.78</b>
<b>CASH AND CASH EQUIVALENT (CLOSING)</b>	<b>(E)</b>	<b>13,140.22</b>	<b>9,838.67</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENT</b>	<b>(E-D)</b>	<b>3,301.55</b>	<b>435.89</b>

- 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.  
 4. Cash & Cash Equivalent (closing) Includes FDRs under Lien for **Rs NIL million** ( Rs 50.19)  
 5. Cash & Cash Equivalent (closing) Includes margin money/under lien **Rs. 722.50 million** (Rs.13.76 million).

### As per our Report of even date attached

For Wahi & Gupta  
 Chartered Accountants  
 FRN 2263N

For and on behalf of the Board of Directors

**Y.K.Gupta**  
 Partner  
 M. No. 16020

**Lalitha Gupta**  
 Company Secretary

**K.K. Garg**  
 Director Finance

**Mohan Tiwari**  
 Managing Director

Place: New Delhi  
 Date: 06.08.2010





WAHI & GUPTA  
CHARTERED ACCOUNTANTS  
HOTEL REX BUILDING, (OBC BUILDING)  
5, NETAJI SUBHASH MARG,  
DARYA GANJ, NEW DELHI-110002  
PHONE-23269921, 23252597

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

1. We have audited the attached Consolidated Balance Sheet of Ircan International Limited and its subsidiary as at 31<sup>st</sup> March, 2010, the Consolidated Profit & Loss Account and the Consolidated Cash flow Statement for the period ended on that date, annexed thereto, which we have signed under reference to this report. These Consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express opinion on these consolidated 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. We did not audit the financial statements of the company's subsidiary whose financial statements reflect total assets of Rs.10.96 million as at 31<sup>st</sup> March, 2010 and total revenues of Rs. NIL and net cash in flow of Rs. 3.19 million for the period ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these concerns, is based solely on the reports of the other auditors.
4. We report that the Consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Ircan International Limited and its subsidiary included in the consolidated financial statements.
5. We draw attention to Notes to Accounts (Schedule 'S') & Significant Accounting Policies (Schedule "R") Note no. 12.b.):The accrued interest on deferred Iraqi dues and provision for interest to sub contractors (under Deferred Payment Agreement Protocol) 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 31.03.2010 as per AS-11, other Current Assets would have been Rs. 954.64 million (increased by Rs. 80.86 million), Provisions would have been Rs. 6014.58 million (increased by Rs. 38.21 million), Profit before tax would have been Rs. 2681.96 million (increased by Rs. 42.65 million)
6. Further to our comments in para 5 above and based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of Consolidated Balance Sheet, of the state of affairs of the Ircan International Limited and its subsidiary as at 31<sup>st</sup> March, 2010;
  - b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of the operations of Ircan International Limited and its subsidiary for the period ended on that date.
  - c) in the case of the Consolidated Cash Flow Statement, of the Cash flow for the period ended on that date.

For WahI & Gupta  
Chartered Accountants  
FRN: 2263N

Y.K. Gupta  
Partner  
M.No.16020

Place: New Delhi  
Date: 6<sup>th</sup> August 2010