



36th Annual Report
2011-2012



IRCON INTERNATIONAL LIMITED

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 scenario 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.

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Registered Office

C-4, District Centre, Saket,
New Delhi-110017

Company Secretary & GM (Law)

Lalitha Gupta

Main Bankers

Indian Overseas Bank
State Bank of India
HDFC Bank

Statutory Auditors

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



Corporate Office Building of Ircon at Saket, New Delhi

BOARD OF DIRECTORS

Chairman



A.P. MISHRA
Part-time Director (Official)

Whole-time Directors



MOHAN TIWARI
Managing Director



HITESH KHANNA
Director Works



K.K. GARG
Director Finance



DEEPAK SABHLOK
Director Projects

Part-time Director (Official)



D. K. SARAF

Independent Directors



DR. G. V. RAO



PROF. (DR.) S.S. CHATTERJI

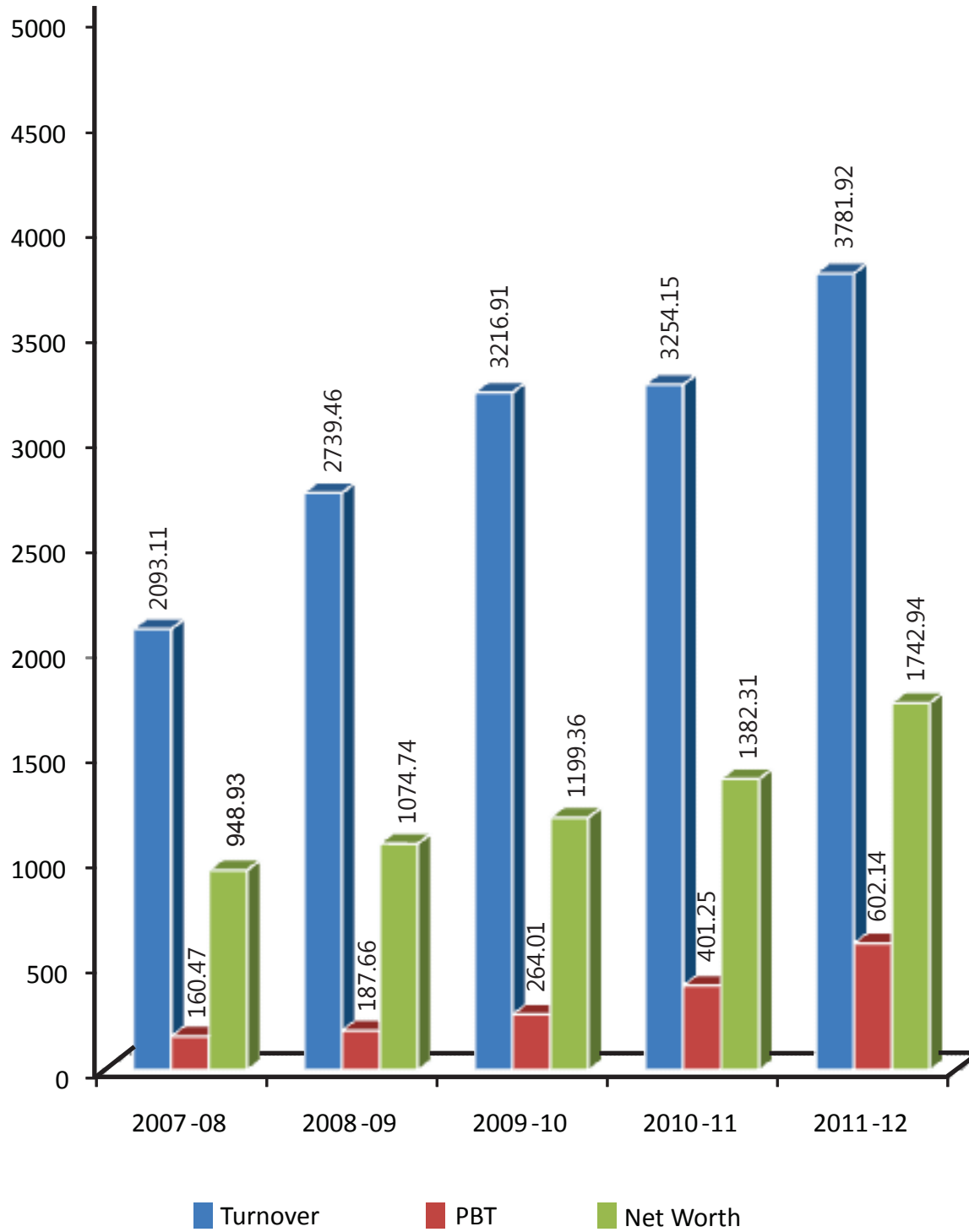


B. M. SHARMA



Performance During Last Five Years

₹ in crores



CHAIRMAN'S ADDRESS



Distinguished Shareholders,

I extend a warm and hearty welcome to all of you on the 36th Annual General Meeting of Itron. The commendable performance of your Company during the year can be judged from the audited annual accounts and other reports for the year ended 31st March 2012 which are before you.

Highlights

Respected Shareholders, you have two reasons to rejoice.

Your Company has recommended a final dividend of ₹ 64 crores @ 650% of the paid-up share capital of ₹ 9.898 crores which, when declared at this AGM, coupled with the already paid interim dividend of 300%, would take the total dividend for the year 2011-12 to a record level of 950% of the paid-up share capital. The all time high total dividend amounts to ₹ 94.03 crores and is 90% higher than the dividend of ₹ 49.49 crores paid for the year 2010-11.

Your Board of Directors has recommended a bonus issue of 1:1 which is proposed for approval at this AGM. It will take the paid-up share capital of the Company from ₹ 9.898 crores to ₹ 19.796 crores.

Financial Performance

The impressive financial performance of the Company is evident from the quantum jump of 95% in profit after tax from ₹ 240 crores in 2010-11 to ₹ 470 crores in 2011-12 and an increase of 50% in profit before tax from ₹ 401 crores in 2010-11 to ₹ 602 crores in 2011-12. The increased profit before tax has been predominantly from foreign projects. The Company deserves appreciation for enhancing its profitability in the backdrop of a modest increase of 16% in turnover from ₹ 3254 crores in 2010-11 to ₹ 3782 crores in 2011-12.

Growth profile

The profits of the Company have trebled in the last four years, i.e. from 2008-09 to 2011-12, as against an increase of 38% in turnover during this period. This is largely attributable to income from foreign projects which has increased from 30% to 49%.

Further, the operating income from projects in the railway sector has also been consistently increasing over the last four years from 55% in 2008-09 to 81% in 2011-12 as against the operating income from highway sector which has declined from 35% in 2008-09 to 14% in 2011-12.

During the last five years, your Company has recorded a compounded growth rate of 19.63% in terms of turnover and 40.24% in terms of profit before tax. However, there is an urgent need to enhance the order book to sustain growth.



Operational Performance

Your Company is executing several major projects in India which includes Rail cum road bridge across river Ganga, Road Over Bridges in the State of Rajasthan and Bihar, New Rail Coach Factory at Rae Barielly, Sivok-Rangpo new rail line project, etc., apart from the Nation building projects under Pradhan Mantri Gram Sadak Yojana (PMGSY), Rashtriya Sam Vikas Yojana (RSVY), and J&K Rail Link Project. The Company has secured additional works worth ₹ 1280.29 crores during the year with respect to the Rail Coach Factory work at Rae Bareilly.

Five out of the ten foreign projects being executed by the Company are in Sri Lanka, the value of which is USD 652 million. Your Company has completed the upgradation of Colombo-Matara coastal railway line project in Sri Lanka in April 2012, six months ahead of schedule. The Company is also executing projects in Afghanistan and Ethiopia along with large value projects in Malaysia and Algeria.

Corporate Governance and Responsibilities

I would like to draw your attention to the initiatives taken by the Company in the areas of good Corporate Governance, Corporate Social Responsibility, Sustainable Development, etc.

The Company has put in place, during the year, a formal Fraud Prevention, Detection, and Control Policy along with a Whistle Blower Policy as well as a Board Charter which contains the Corporate Governance Objectives and Role & Responsibility of Directors and the Management. This apart, your Company is duly complying with the DPE Corporate Governance Guidelines.

Your Company is aware of its social responsibilities, and has spent about ₹ 2.25 crores towards CSR activities comprising development of infrastructure and other logistics in ITI Dholpur; disbursement of books, bags, fees, etc. to school students; provision of solar lights; establishment of primary health centre and providing ambulance; plantation/ maintenance of park, etc., in the vicinity of Ircon's projects/ offices during the year.

A report on the initiatives taken by the Company in the area of sustainable development during 2011-12 and the identified activities for 2012-13 has been attached to the Directors' Report. Recently, your Company has taken steps towards spreading awareness and training on sustainable development.

Your Company which is already certified for Quality Management System – ISO 9001:2008 is now also certified for Environmental Management System -- ISO 14001:2004.

Subsidiaries of Ircon

It is noteworthy that Ircon is progressively expanding.

During the year, your Company, along with Rail Land Development Authority (RLDA), has promoted a company by the name Indian Railway Stations Development Corporation Limited (IRSDC). The main object of this subsidiary of Ircon (with equity participation of 51% by Ircon and 49% by RLDA) is to develop new railway station (s) and re-develop existing ones for upgrading the level of passenger amenities to better standards. RLDA has already entrusted five stations to IRSDC for development / re-development.

You will be glad to know that the first 100% subsidiary of your Company, Ircon Infrastructure & Services Limited (IrconISL), incorporated on 30th September 2009 for undertaking infrastructure projects and services including Multi-Functional Complexes, has earned a profit before tax of ₹ 3.82 crores and profit after tax of ₹ 2.56 crores during the year 2011-12, though no dividend has been proposed by the subsidiary.

Acknowledgements

Before I conclude, I extend, on behalf of the Board of Directors and the Company, our heartfelt thanks to our customers, Railway Board and other Ministries, Bankers, and all the shareholders for the valuable advice, support, and co-operation extended by them. We look forward to their continued support. I would also like to place on record our appreciation for the sincere and dedicated services rendered by the employees of the Company.

I am sure that your Company would continue to earn accolades in the years to come.

A.P. Mishra
Chairman

Place: New Delhi

Dated: 25.09.2012

DIRECTORS' REPORT

Distinguished Shareholders,

The Directors of your Company have pleasure in presenting their 36th Report on the affairs of the Company for the financial year 2011-12.

PERFORMANCE HIGHLIGHTS

Your Company has achieved its highest ever operating income of ₹ 3601 crores, approx. 13% more than that achieved in 2010-11, out of which 51% is from foreign projects.

Further, your Company has enhanced its profitability considerably with a quantum jump of more than 50% in profit before tax from ₹ 401 crores in 2010-11 to ₹ 602 crores in 2011-12. The profit after tax has nearly doubled from ₹ 240 crores in 2010-11 to ₹ 470 crores in 2011-12 because of higher Profit Before Tax, lower tax expense on foreign projects, write back of tax provision of earlier years, and reduction of surcharge from 7.5% to 5%.

Most of the targets under the Memorandum of Understanding for 2011-12 between your Company and Ministry of Railways have been achieved which would keep the Company under "Excellent MoU rating."

FINANCIAL HIGHLIGHTS

Some important indicators of financial performance of the Company for the year 2011-12 vis-à-vis 2010-11 are given below:

Financial Performance Indicators:

(₹ in crores)

		2011-12	2010-11	% increase
1.	Total income/Gross sales	3782	3254	16
2.	Total Operating income	3601	3175	13
3.	Operating income from Foreign Projects	1850	1577	17
4.	Profit before tax	602	401	50
5.	Profit after tax	470	240	95
6.	Gross margin	670	440	52
7.	Net worth	1743	1382	26
8.	Earnings per share (₹)	474.76	242.99	95
9.	Total Foreign Exchange Earnings	1862	1545	21
10.	Foreign Exchange Outgo	1418	1118	27
11.	Net Foreign Exchange Earnings	444	427	4
12.	Dividend	94.03	49.49	90

Foreign Exchange Earnings

Net Foreign Exchange earnings have increased by a nominal 4% from ₹ 427 crores in 2010-11 to ₹ 444 crores in 2011-12 because of import of material and services in foreign currency by Banihal (J&K) Project, even though the operating income from foreign projects has increased by 17% in the last one year.

Dividend

The Board of Directors had declared in November 2011 an interim dividend of ₹ 29.694 crores @ ₹ 30 per share i.e. 300% on the paid-up share capital of ₹ 9.898 crores which was paid in December 2011 to the shareholders. The BoD has recommended a dividend @ ₹ 65 per share i.e. 650% on the paid-up share capital for declaration by the shareholders, which would amount to ₹ 64.34 crores. With this, the total dividend for the year 2011-12 would amount to ₹ 94.03 crores @ ₹ 95 for every ₹ 10 share which works out to 20% of the post-tax profits as against ₹ 49.49 crores @ ₹ 50 per share during the previous year. After approval and payment of the proposed dividend, the cumulative dividend to shareholders up to 2011-12 will then stand at ₹ 426.54 crores.

The Board of Directors of your Company has decided, subject to approval by the members of the Company in the Annual General Meeting, to issue bonus shares during 2012-13 in the ratio of 1:1, that is, one bonus share of ₹ 10/- each for every equity share of ₹ 10/- each held by the existing members as on the date of the Annual General Meeting.



Appropriations/ Tax Provisions/ Reserves:

(₹ in crores)

		2011-12	2010-11
1	Interim Dividend	29.69	25.73
2	Proposed Final Dividend	64.34	23.76
3	Tax on Interim Dividend	4.82	4.28
4	Tax on Proposed final dividend	10.44	3.85
5	Transfer from Housing Projects Reserve	-	4.80
6	Transfer from Foreign Projects Reserve	-	2.90
7	Transfer to General Reserve	360.63	190.65

ORDER BOOK

The Company secured works worth ₹ 4073 crores during the year 2011-12 out of which ₹ 1139.50 crores pertain to projects secured abroad. The work load as on 31.3.2012 stood at ₹ 12609 crores.

FINANCIALS OF SUBSIDIARY

The Board of Directors of your Company at its meeting held on 25th July 2012 has, along with the Annual Accounts of the Company, approved the Audited Consolidated Financial Statements for the financial year 2011-12, which include financial information of the subsidiary company, IrconISL. Stand-alone Balance Sheet with Statement of Profit & Loss and Reports of the subsidiary have not been made a part of the Annual Report of Ircon based on consent of the BoD in terms of General Circular No.2/2011 dated 8th February 2011, issued by the Ministry of Corporate Affairs (MCA) under section 212(8) of the Companies Act, 1956. Instead, a set of consolidated financial statements comprising the consolidated Balance Sheet with Statement of Profit & Loss along with Auditors' Report on the consolidated financial statements forms a part of the Annual Report of your Company. A summary of key financials of the subsidiary is given in Notes no. 36(c) forming part of the Consolidated financial statements.

As required by the said MCA circular, your Company would make available the Balance Sheet, Statement of Profit & Loss, Directors' report, and Auditors' report of IrconISL upon request by any member of your Company and of the subsidiary. These documents would be made available on the website of the Company (www.ircon.org), and would also be available for inspection by any member at the registered office of the Company and of the subsidiary.

OPERATIONAL PERFORMANCE

A. Foreign Projects Completed:

1. Your Company completed on 30th April 2011 the Seremban to Sungai Gadut section (Phase I of the USD 1 billion SGGT Malaysia project), at a value of USD 156 million. The commuter train operation was inaugurated and commenced from 24th May 2011.



Sungai Gadut Yard - Ph-I of Seremban Gemas Double Tracking Project, Malaysia

2. The entire project of upgradation of Colombo-Matara coastal railway line, at a value of USD 78 million funded by Indian line of credit, has been completed, soon after the close of the year, six months ahead of schedule.

Phase-I of the project (Galle – Matara section) valued at USD 36.24 million got completed and passenger traffic was commenced on this section from 16th February 2011. The work on phase II (Kalutara – Galle) (at a value of USD 41.26 million) was taken up in October 2010. One section from Galle to Hikkaduwa was completed and opened for passenger traffic during the year on 19th January 2012. The work in the balance section (Hikkaduwa to Kalutara) has also been completed and the section has been opened for passenger traffic on 19th April 2012.



Commissioning of Upgraded Railway Track Kalutara - Galle - Matara Section

B. New/ On-going Foreign projects:

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

Malaysia

1. Your Company continued to operate 25 meter gauge diesel locomotives on Malaysian Railway System (KTMB) as per the lease and maintenance contract, which has been extended up to 31st December 2012.



Rembau Station Building of Seremban-Gemas Electrified Double Track Project, Malaysia



2. The Company was awarded a double tracking project (about 98 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 Transport, Government of Malaysia, at a value of ₹ 4084 crores (about 1 billion USD). Overall physical progress of the project up to March 2012 is 88%. Due to delays at isolated locations for want of possession of site, the work is likely to be completed by August 2013.

Sri Lanka

3. The Company had also signed agreements with Ministry of Transport, Sri Lanka, for reconstruction of following Railway Lines, in Northern Province of Sri Lanka:
 - (i) from Omanthai to Pallai {₹ 815 crores (USD 185.36 million)}. The project is expected to be completed by December 2013.
 - (ii) from Madhu Road to Talai Mannar {₹ 659 crores (USD 149.74 million)}. The project is expected to be completed by September 2013.
 - (iii) from Medawachchiya to Madhu Road {₹ 358 crores (USD 81.31 million)}. The project is expected to be completed by March 2013.

With the signing of loan agreement between EXIM Bank of India and Government of Sri Lanka and payment of advances to the Company, these projects had come into operation in March 2011.

4. During the year, your Company has entered into two more contracts with Sri Lanka Railways:
 - (iv) Design, Supply, installation, testing, and commissioning of signaling and telecommunication system for the entire railway network in northern province of Sri Lanka, valued at ₹ 392 crores (USD 86.51 million), agreement signed on 17th August 2011.
 - (v) Reconstruction of railway line from Pallai to Kankesanthurai in Northern province of Sri Lanka, valued at ₹ 747 crores (USD 149.37 million), agreement signed on 18th November 2011.

The loan agreement between EXIM Bank of India and Government of Sri Lanka for funding these two contracts has also been signed on 18th January 2012.

Afghanistan

5. Your Company had secured a project from Ministry of Energy & Water, Afghanistan, on 28th December 2008, for supply and installation of 220/20 kv new Aybak sub-station and bay expansion work at an existing Mazar-e-Sharif sub-station in Afghanistan. The progress of project suffered a setback on account of late approval of drawings/ designs by consultant. Physical work had commenced after these approvals in April 2010. Physical erection work at Mazar-e-Sharif and Aybak is in progress. The project now valued at ₹ 44 crores is likely to be completed by October 2012.

Ethiopia

6. Your Company had secured a project in August 2008 for procurement of sub-station equipment which include supply and testing and commissioning of equipments at substations for Ethiopian Electric Power Corporation (EPCO), at a value of ₹ 66.3 crores. The Company had completed the work of design and supply of equipment in March 2010. Erection work by EPCO on some sub-stations is still continuing. Your Company is supervising the testing and commissioning and the project is scheduled for completion by December 2012.

Algeria

7. Your Company was awarded a contract for installation of a double line (93 km) between Oued Sly and Yellel in Algeria by ANISERIF, Government of Algeria, at a value of ₹ 1103 crores (USD 230 million)}. The contract involves construction of second line and upgradation of existing line from Oued Sly to Yellel in Algier – Oran section of Algerian railways.

During the year 70% of earthwork and 50% of the culverts have been completed. However, on account of delay in the issue of amendment for change in quantities in the contract by the client, the work at project has come to a standstill since January 2012 and the contract period has also expired in March 2012 as per the client. The value of the contract will get increased by almost 60% on account of increase in quantities of many items. The proposal for revision of contract value and extension of contract period has been forwarded by the client to the Government of Algeria, and it is expected that the amendment in this regard would be done by September 2012. The work at project is expected to gather momentum after issue of the above said amendment.

C. Likely Foreign projects

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

D. Projects Completed in India

During the year, four projects were completed in India. These are:

- Construction of Road Over Bridges (ROBs) in Northern Region (J&K and Punjab) for National Highways Authority of India (NHAI)
- Construction of six ROBs in Madurai - Kanyakumari section of NH-7 including approaches and culverts in the state of Tamil Nadu for National Highways Authority of India (NHAI).
- 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), Sushant Lok (Gurgaon), and Sarita Vihar (Non JBIC funded).
- Construction of Vertical Expansion of Main Academic Building of Central Institute of Fisheries Education (CIFE) at Versova, Mumbai.

After the close of the year, Aligarh Ghaziabad Rail Project for Rail Vikas Nigam Limited was completed and opened for passenger traffic on 19th May 2012.

E. New Indian Projects:

During 2011-12, your Company secured following new projects in India, including additional works:

- Construction of Road over Bridges (ROBs) in Rajasthan, at a value of ₹ 892.32 crores.
- Phase II works in New Rail Coach Factory at Rae Bareilly, at a total value of ₹ 1280.29 crores.
- Further work in J&K Rail Link Project viz. construction of tunnel T-74R (between Km 125 and 134) on Dharam-Qazigund section of Udhampur – Srinagar – Baramulla New BG Railway line project, at a value of ₹ 761 crores.



Breakthrough Ceremony of Tunnel T-80 (Pir Panjal Tunnel) J&K Rail Link Project

F. Joint Venture Companies

JVC in Mozambique

A Joint Venture Company called Companhia Dos Caminhos De Ferro Da Beira (CCFB), was incorporated in Mozambique during 2004, in which your company has 25% equity stake, RITES has 26%, and CFM, a railway undertaking of Mozambique, has 49%.

Investment in CCFB is comprised of:

		Total disbursement as on date (USD million)
(a)	Equity	1.25
(b)	Shareholders' Loans	21.08
	Total	22.33



CCFB had defaulted in repayment of principal including interest amounting to USD 0.81 million on the above said loans up to 31.03.2012. Interest accrued after 1st April 2011 on the above said loans has not been recognised in the books of accounts due to termination of the Concession. A suitable provision has also been made against the investment following a conservative approach.

Termination of Concession:

CCFB was issued a notice for termination of the Concession by the Conceding Authority (Minister of Transport & Communications, Government of Mozambique) due to alleged delay in completion of rehabilitation works which was contested and replied by CCFB.

Government of Mozambique wanted CCFB to agree on an unreasonable tariff for coal transportation which was not agreed to by CCFB. Accordingly the efforts for amicable settlement by way of selling equity stake of IRCON and RITES in CCFB were initiated. All the three shareholders (CFM, RITES and IRCON) had agreed and signed the amicable settlement but the same was not agreed to by the Conceding Authority as it wanted the agreement entirely in their favour. Although the line had been rehabilitated and trains started un-interrupted movements for carrying coal, the conceding authority terminated and took over the Concession in December 2011 citing the delay in rehabilitation of work and failure to conclude negotiations on amicable settlement as the reason.

CCFB has invoked Arbitration Clause to settle the matter, and claims are being prepared which are expected to be filed soon.

JVC in India

A joint venture company (JVC) called "Ircon-Soma Tollway Private Limited" (ISTPL) was incorporated on 19th April 2005, with 50% equity participation by both Ircon and Soma Enterprise Limited (a construction company), for 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).

Ircon's Investment in ISTPL is comprised of ₹ 63.87 crores, being 50% share in the equity capital of ISTPL.

Pledge of Shares and Undertaking:

Your Company had earlier pledged its entire shareholding (with a face value of ₹ 63.87 crores) in ISTPL in connection with a term loan of ₹ 450 crores taken by ISTPL from 8 banks, State Bank of India (SBI) being the lead bank lender. During the year, your Company's BoD has approved, as 50% equity partner of ISTPL, extension of security in favour of Punjab National Bank (PNB) (after the existing 100% pledge in favour of SBI is discharged), to facilitate ISTPL to avail a term loan not exceeding ₹ 600 crores from PNB to meet its fund requirement for its various liabilities, repayment of loans from shareholders, including pre-payment of the balance of the said term loan of ₹ 450 crores to SBI. ISTPL has actually availed a loan of ₹ 521.53 crores.

In connection with the said term loan from PNB, your Company, as 50% equity partner in ISTPL, has extended an undertaking to PNB:

- (a) to make good 50% of any shortfall in the dues, if any, to PNB in the event of termination of the Concession Agreement entered between ISTPL and NHAI; and
- (b) to pledge 30% of its shareholding in favour of PNB and not to dispose off 21% of its shareholding, after discharge of existing 100% pledge in favour of SBI.

The project has been completed in 2010-11 and the entire stretch of 118.158 km has generated toll collection on an average of ₹ 40 lakhs approx. per day during 2011-12.

G. Subsidiary Companies

1. Ircon Infrastructure & Services Limited (IrconISL)

Your Company had formed a wholly owned subsidiary company by the name "Ircon Infrastructure & Services Limited" (IrconISL) on 30th September 2009 with an authorised share capital of ₹ 10 crores. It had obtained its Certificate for Commencement of Business on 10th November 2009. Its paid-up share capital is ₹ 4.90 crores. The main object of IrconISL was to undertake infrastructure projects including 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. During the year, IrconISL enlarged the scope of its operations to include the business of hire purchasing, leasing of all kinds of movable and immovable properties, to provide consultancy for all kinds of engineering projects including providing maintenance, support, and all kinds of services including social welfare measures.

IrconISL had been assigned the work of development of Multi Functional Complexes (MFCs) at identified station premises for providing facilities to rail users by Rail Land Development Authority. Out of 23 station premises taken

up by IrconISL, the work has been completed at 18 stations, and work on balance 5 stations is in progress. IrconISL would be commissioning the completed MFCs only after signing of Lease agreement with Rail Land Development Authority.

IrconISL also secured a project of Ministry of External Affairs for providing Consultancy Services for "Design Review and Re-Design of road section from Kaletwa to India-Myanmar border as per NH standards" at a total price of approximately ₹ 3 crores. IrconISL is also implementing identified projects of Corporate Social Responsibility of Ircon.



Multi Functional Complex at Udaipur

Investment in IrconISL is comprised of:

	Total Investment (₹ crores)
Equity (100% shareholding)	4.90
Loan (committed ₹ 75 crores)	50.92
Total	55.82

2. Indian Railway Stations Development Corporation Limited (IRSDC)

Your Company formed a subsidiary by the name "Indian Railway Stations Development Corporation Limited" (IRSDC) on 12th April 2012 with an authorised share capital of ₹ 100 crores. Your Company holds 51% shares in IRSDC and Rail Land Development Authority, a statutory authority under the Ministry of Railways, holds 49% shares. It has obtained its Certificate of Commencement of Business on 9th May 2012. Its paid-up share capital as on 30.06.2012 is ₹ 2.50 crores, your company's 51% share being ₹ 1.27 crores.

One of the main objects of IRSDC as enshrined in its Memorandum of Association is to develop/ re-develop the existing / new railway station (s) which will consist of upgrading the level of passenger amenities by new constructions/ renovations including re-development of the station buildings, platform surfaces, circulating area, etc., to better standards so as to serve the need of the passengers in India, and commercial development of land/ air space.

COMPLIANCES

A. 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. The details are given in Note no. 40(c) forming part of the Financial Statements.



2. **Dues of Beira Rail Concession Project** -- Principal and Interest accrued on loans extended to CCFB have been translated at the exchange rate prevailing as on 31st March 2011 (i.e. 1 USD = ₹ 44.23), based on prudence, instead of rates on the date of balance sheet as required under the provisions of AS-11. The details are given in Note no. 41 forming part of the Financial Statements.

B. Presidential Directive

No Presidential directive was received during the year 2011-12.

C. Official language

Official Language implementation is being done with regular quarterly meetings of Official Language Implementation Committee and workshops for effective use of the Unicode system. All computers have bilingual facility. Officers and staff are being encouraged through various incentive schemes for implementation of Annual Program of Official Language Department.

D. Right to Information Act, 2005

As per the requirements of the RTI 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. The queries are usually in the nature of service matters and details of, and work related to, contractors and vendors.

During the year, the Company received 117 queries, out of which 103 were replied. In case of balance 14 queries, the appellant had not deposited the requisite fee/ further fees towards the cost of providing information, in terms of RTI Act.

E. Particulars of employees

No employee has drawn a remuneration of ₹ 60 lakhs or more per annum or ₹ 5 lakhs or more per month during the year 2011-12 {section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended vide notification dated 31st March 2011}.

PERSONNEL DEVELOPMENT

Cordial and harmonious industrial relations prevailed in the Company during the year. Your Company has been continuously taking steps for human resource capacity building through training in functional and general management areas, information technology, as well as soft skills. Fresh recruits are given induction training. External faculty is arranged wherever required. In addition, officials are nominated for workshops, seminars, etc. with reputed institutes.

The total manpower strength as on 31st March 2012 stands at 1703 which includes 108 deputationists, majority of whom (85) are deployed on foreign projects. 1416 are regular employees out of which 1188 are employed on Indian projects. The total number of women employees is 78, out of which 46 are executives. 841 (49.38%) employees of the Company are engineers.

Your Company has various schemes for staff welfare 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. Yoga classes are also held for both men and women in addition to provision of Gym facilities in corporate office, in Rae Bareilly Project office, and in the training centre at Gurgaon.

Meritorious women employees of Ircon are rewarded through Railway Women Welfare Organisation awards for taking interest in social activities and sports in addition to their job. 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 36th Annual Day was celebrated on 28th April 2012 with traditional fervor and gaiety. On this occasion, exemplary work done by employees in Indian as well as foreign projects, and select projects was appreciated and rewarded. Educational awards to meritorious children of the employees were also given on this occasion.

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 Sueddeutschland Private Limited (TUV).



Your Company has been re-certified by TUV in October 2011 after an audit, as per latest revised code ISO-9001-2008. Corporate Quality Council and Project Quality Council meetings are conducted quarterly at Corporate Office and projects respectively to review the implementation of QMS. The Quality objectives are measured and reviewed both at the Corporate and at the Project levels. Internal Quality Audit as well as Quality Assurance Audit are conducted every year in all offices and projects. Reports of these audits not only contain details of non conformities encountered during the audit but also the salient features, progress, positive points, if any, etc. There has been significant improvement in Testing facilities, labs, Master Quality Control Plan, and test records.

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.

Your Company has a Safety, Health, and Environment (SH&E) policy, along with a SH&E Manual in place. During the year, the Company has initiated revision/ upgradation of the manual in order to meet the latest requirements pertaining to environment. Regular training programmes are organized on Safety, Health, and Environment Management System (EMS). This year the focus was on requirement of Environment Management System and Safety. Your Company has also established an Environment Lab in Jammu for studying impact of construction activities on environment.

Quality Management (QM) department has successfully implemented Environment Management System, as per ISO 14001:2004, in October 2011. This certificate is valid for next three years. QM Department has also initiated implementation of requirements of (Operational Health Safety Assessment Series) OHSAS 18001 for Occupational, Health & Safety, after the close of the year.

This apart, awareness about conservation of energy among employees has resulted in steady reduction in energy consumption at Corporate Office. Environment friendly equipments like solar heater/ solar lights are being installed in projects/ offices of the Company. Projects have also contributed in protecting environment through plantation of trees and control of air and water pollution, and implementation of EMS.

RESEARCH & DEVELOPMENT (R&D)

Your Company does not undertake any pure research project but takes the help of consultants and firms to innovate and to develop methods and techniques to execute projects in a cost effective manner, with requisite quality, to enhance the technological competence and efficiency.

R&D activities during the year involved indigenisation of track laying equipments, development of competency in Environment Impact Assessment (EIA) study, etc. The Company has formulated a Plan which aims to establish R&D system for items pertaining to core areas with an objective to improve project delivery, to reduce costs, and for general business sustainability, with specific focus on the cutting edge technology and to improve the skills of technical manpower.

TECHNOLOGY UPGRADATION AND ABSORPTION

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 modern technology and state of the art equipments in execution of infrastructure projects.

INFORMATION TECHNOLOGY AND DEVELOPMENT OF ERP

The Company is maintaining state of the art data center facilities. The Data Centre is connected to national and international projects at all times with dedicated leased lines. Data center is also equipped with network and internet security devices with high speed (Gigabit) LAN and WAN connectivity for secured application and data for Management Information System (MIS).

Project Management software like Primavera are effectively used for efficient monitoring and control of domestic and international projects along with computer aided Drawing and Design software including cost effective communication facility like video conferencing.

The Company has also configured business critical application on latest version of SAP ECC 6.0 EHP5 to take benefit of newer/ better functional enhancement with improved business processes.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has a CSR Policy matching with its long term business plan in tune with CSR Guidelines issued by the Department of Public Enterprises.



Health Unit Maintained at Medawachchiya in Sri Lanka under CSR Scheme

CSR Projects earmarked under the Memorandum of Understanding for 2011-12 focussed on five areas in select locations in the vicinity of projects, after a base-line survey, viz. development of infrastructure and other logistics at ITI Dholpur adopted by the Company; disbursement of books, bag, fee, etc. to identified schools in select stations; installations of solar lights in villages; creation of primary health centre/ provision of ambulance and medical equipments; supply, installation and commissioning of emergency medical equipments for a Trauma Centre in Jodhpur, etc.; and plantation/ maintenance of parks.

VIGILANCE ACTIVITIES

Vigilance Department is headed by a full time Chief Vigilance Officer (CVO) appointed by the Central Vigilance Commission (CVC). CVO heads a Vigilance Team of Engineers. This Department plays an advisory role for top management in all matters pertaining to vigilance by exercising preventive as well as punitive vigilance. It takes steps to prevent unethical practices in functioning and execution of contracts as well as carrying out investigations into complaints received from different sources. Outcome of cases are put up to the top management to take steps for effecting system improvements so that a relapse of irregularities/ procedural errors is avoided/ pre-empted.

During the year this Department carried out 14 preventive inspections including regular and surprise checks on the basis of Annual Action Plan 2011-12. The other prime activities have been investigations into complaints raised against officials, procedures, etc. up to their logical culmination; taking steps for closure of paras raised by the Chief Technical Examiner's Office (CTEO), expediting punitive vigilance cases, taking up scrutiny of immovable property returns of employees, and creating awareness among employees through workshops/ trainings sessions/ publications, etc. on rules/ procedures and common irregularities.

A vigilance section / portal has been developed and placed on the website 'www.ircon.org'. Moving one step forward on the agenda of leveraging of technology, facility for online submission of complaints has been provided on the portal. Procurement of items of general nature and supply items has been started through e-tendering. Efforts are on to get the system of e-tendering/ e-procurement implemented in a comprehensive manner for achieving greater transparency.

DE-LISTING

Railway Ministry had communicated vide its letter of 19.05.2010 that your Company should get its shares de-listed. Accordingly, after completing the necessary formalities, the shares of the Company have been got de-listed from the records of BSE w.e.f 3rd November 2011 and DSE w.e.f. 15th March 2012.

AWARDS

The Company has received the following awards during the year:

1. Gold Award under 'India Pride Awards' instituted by Dainik Bhaskar and Daily News & Analysis (DNA) for Excellence in Central PSUs in Transport for 2011. The award was presented by Mr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission, Government of India, to Mr. Mohan Tiwari, Managing Director, Ircon, at a function held in New Delhi on 21st October 2011. This is the second India Pride Award won by your Company in two consecutive years.



India Pride Award being presented to M.D., IRCON

2. Vishwakarma Award from Construction Industry Development Council (CIDC) in the category of best professionally managed company having turnover exceeding ₹ 1000 crores. Mr. Mohan Tiwari, Managing Director, Ircon, received the award on 10th March 2012 in New Delhi from Mr. Virbhadra Singh, the then Union Minister for Micro, Small, and Medium Industries.
 3. Silver Trophy from EEPIC for Export Excellence in the category of Top Merchant Exporter for the year 2010-11. Mr. D.K. Sharma, JGM, Ircon, received the award on 23rd March 2012 in Mumbai, from Mr. Milan Hovorka, Deputy Minister of Industry and Trade of Czech Republic
- The Company received the following award after the close of the financial year 2011-12:
4. Dun & Bradstreet PSU award and India's Top PSU in the category of the best PSU in Engineering & Construction for the year 2012. The award was presented by Dr. M. Veerappa Moily, Minister for Corporate Affairs, to Mr. Mohan Tiwari, Managing Director, Ircon, at a function held in New Delhi on 28th May 2012.

INTEGRAL REPORTS

A "Sustainable Development Report", "Management Discussion and Analysis Report", and a "Corporate Governance Report" with its sub-annexures form an integral part of this Directors' Report, and have been placed as Annexures "A", "B", and "C" respectively.

Sustainable Development Report projects the sustainable development Plan, Policy, and activities initiated during the year.

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 2011-12 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 and Key Values from all Board members and Senior Management personnel during the year 2011-12 (placed at Annexure "C-1");
- (ii) Certificate from Managing Director and Director Finance with respect to the truth and fairness of the Financial Statements, due compliances, and financial reporting (placed at Annexure "C-2"); and
- (iii) Certificate of compliance of Corporate Governance provisions signed by a practising company secretary (placed at Annexure "C-3").

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed and there has been no material departure except as otherwise stated in the annual accounts.
- ii) that such accounting policies were selected and applied consistently and such judgements and estimates were made that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended on 31st March 2012 and of the profit of the Company for the year 2011-12.
- 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 2011 to March 2012, five meetings of the Board of Directors were held with two meeting in quarter ended June 2011, and one meeting in each of the quarter ended on September 2011, December 2011, and March 2012.

Mr. B. N. Rajasekhar, part-time (official) Director, ceased to be Director due to relinquishment of charge of the post of Addl Member (PIng.), Railway Board on 10.11.2011 (AN). He has held office from 25.10.2010 to 10.11.2011.

The following Directors are holding office as on date:-

	Name	With effect from
1	Mr. A.P. Mishra Part-time Chairman (official)	27.10.2010
2	Mr. Mohan Tiwari Managing Director	01.02.2009
3	Mr. K.K. Garg Director Finance	03.11.2009
4	Mr. Deepak Sabhlok Director Projects	16.04.2010
5	Mr. Hitesh Khanna Director Works	07.03.2011
6	Dr. G.V. Rao Part-time Director (non-official)	08.10.2010
7	Prof. (Dr.) S.S. Chatterji Part-time Director (non-official)	16.09.2011
8	Mr. B.M. Sharma Part-time Director (non-official)	19.09.2011
9	Mr. D. K. Saraf Part-time Director (official)	17.02.2012

AUDITORS

The auditors of the Company appointed by the Comptroller & Auditor General of India for 2011-12 are:-

Statutory Auditors:	
Wahi & Gupta, New Delhi	For Company as a whole
Branch Auditors for projects in India:	
A S P N & Co., New Delhi	All projects under Northern and Kanpur Region
Gupta Gupta & Associates, Jammu (Jammu & Kashmir)	All projects at Jammu & Kashmir
K. K. S. & Co., Kolkata (West Bengal)	All projects under Eastern Region
G P Kapadia & Co., Mumbai (Maharashtra)	All projects under Western Region
G.D. Apte & 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
Raj Seth & 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, various banks, Reserve Bank of India, EXIM Bank, Export Credit and Guarantee Corporation, Embassies, Protector of Immigration, Passport Authority, Doordarshan, and our esteemed clients both in India and abroad for their continued interest in and support to the Company.

We place on record our sincere appreciation for all the employees of the Company at all levels for their untiring efforts, dedication, and sincerity of purpose in improving the performance and profitability of the Company.

For and on behalf of the Board of Directors

K.K. Garg
Director Finance

Mohan Tiwari
Managing Director

New Delhi
Dated: 25.07.2012

SUSTAINABLE DEVELOPMENT REPORT

1. Sustainable Development (SD) Activities – 2011-12

During 2011-12, the Company took initiatives in the direction of sustainable development. As committed under the MoU for 2011-12, steps were taken for use of recycled water for general consumption like garden, etc. in buildings at Corporate office, Central Inspection Cell (CIC) Noida, and Centre for Construction Management (CCM) Gurgaon. Green building features were incorporated in the design for select buildings in Rae Bareilly Rail Coach Factory project.

2. Sustainable Development (SD) Plan

The Company has a BoD approved SD Plan for the Company which aims to integrate, *inter alia*, environmental considerations into its business planning and decision making processes including Project Research and Development, acquisitions/ diversifications, etc. The Company has a Board level SD Committee headed by an Independent Director which had its meeting on 24th July, 2012, and reviewed and fine tuned the SD Plan.

3. SD Policy

The SD Policy as enshrined in the SD Plan resolves to:-

- (i) Develop and implement sustainable development plan for energy management, water management, waste management, and material & natural resources management at its projects and offices.
- (ii) Take measures to mitigate air, water, land, and noise pollution.
- (iii) Ensure that all employees understand and become fully aware of the requirement of sustainable development.
- (iv) Incorporate sustainable development parameters in planning & design of projects and continually improve the same.

4. SD Budget

The Budget for SD activities for 2012-13 is " ₹ 50 lakhs plus 0.1% of the amount of PAT for 2011-12 which is in excess of ₹ 100 crores", that is, ₹ 87 lakhs approximately as the PAT for 2011-12 is ₹ 469.92 crores.

5. SD Activities – 2012-13

The SD activities identified under MoU for 2012-13 entered into between Ircon and Ministry of Railways which are in progress are:-

- (i) Sequential Batch Reactor (SBR) type Sewerage Treatment Plant (STP) and recycling of water.
- (ii) Providing new type rain water harvesting system at Rae-Bareilly.
- (iii) Provision of Pipe light in a workshop shed.
- (iv) Training of employee on aspects of SD.
- (v) Training of local community and other stakeholders.

6. Evaluation

Apart from internal review, the final evaluation of major SD activities would be got done by an independent External Agency/Expert/Consultant.

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 execution of Railway Projects 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. 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 36 years both in the Country and abroad. In India, in particular, it has also been 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.

LEGAL STATUS AND AUTONOMY

The Company, a legal entity separate from the Government, is legally, functionally, and financially autonomous, operates under the corporate laws as an independent commercial enterprise, does not receive any budgetary or financial support from the Government, nor is it a dependent agency of the Government. However the Government of India through the Railway Ministry and the Department of Public Enterprises under the Ministry of Heavy Industries, monitors its performance through a system of Memorandum of Understanding (MoU) as regards targets to be achieved every year as part of accountability to the Parliament in respect of all government companies. Government can issue and does issue guidelines to regulate and bring about some uniform pattern in the functioning of the Company. However, no Government Department has any supervisory authority or ability to exercise influence or control over the Company which is managed and run under the superintendence, control, and direction of its Board of Directors as per the Companies Act.

BUSINESS ENVIRONMENT

Gross Domestic Product (GDP) of India is estimated to have grown at 6.9% in 2011-12, after having grown at the rate of 8.4% in each of the two preceding years. The slowdown is attributed to many global and domestic factors, like crisis in Eurozone, near-recessionary conditions prevailing in Europe, stagnation in Japan, hardening of international prices of crude oil, tightening of monetary policy in India resulting in slowing down of investment and growth particularly in the industrial sector, etc. The economic growth forecast for India by International Monetary Fund's World Economic Outlook (July 2012) is 6.1%.

Financing infrastructure will be a big challenge in the coming years and will require innovative ideas and new models of financing. The Planning Commission has projected an investment requirement of over ₹ 45 lakh crores (USD 1 trillion approx.) during the 12th Five year Plan (2012-17), out of which 50% is anticipated from private sector.

The success of 11th Five year Plan in garnering private sector investment in infrastructure through the public private partnership (PPP) route has laid foundation for a substantial step in private sector funding in coming years. PPPs are expected to augment resource availability as well as improve the efficiency of infrastructure service delivery.

Opportunities for the Company in creation of physical infrastructure lies in the following areas:

Railways - "Indian Railways Vision 2020" envisages laying of 25000 km of new lines, quadrupling 6000 Km network with segregation of passenger and freight lines, electrification of 14000 km, completion of gauge conversion, construction of 2000 km of high-speed corridors. Dedicated Freight Corridor (DFC) project involving Western corridor from Mumbai to Rewari and Eastern corridor from Ludhiana to Dankuni is also being implemented through a mix of bilateral/ multilateral debt, budgetary support, and PPP. The corridors are targeted for completion in the terminal year of the 12th plan i.e. 2016-17. Upgradation of passenger amenities and development of Railway Stations are the other two areas where opportunities exist for the Company.

Roads – Focus in road sector continues to be on development of the entire National Highway network to minimum acceptable two-lane standards, special accelerated road development programme in the North-eastern region, development of roads in Left Wing Extremism affected areas, Prime Minister's Reconstruction Plan (PMRP) for construction/ re-construction of roads in the State of Jammu and Kashmir, road connectivity in rural areas under ongoing Pradhan Mantri Gram Sadak Yojna (PMGSY), etc.



Electrical projects – Electrical projects under BOT/ BOOT/ BOLT may provide opportunity for the Company directly or as a member of joint venture/ consortium. The other areas of interest are Railway electrification and extra high voltage (at 765 kv) sub-stations.

Signaling & Telecommunication projects – There are opportunities for the Company in securing international projects in Signaling & Telecommunication (S&T).

Your Company is already executing projects under Pradhan Mantri Gram Sadak Yojna (PMGSY) and Rashtriya Sam Vikas Yojana (RSVY), construction of road over bridges (ROBs) for Indian Railways and National Highways Authority of India, port connectivity project, electrical sub-stations, railway electrification, power supply distribution network and industrial electrification projects, S & T Projects, etc.

The Company is also executing projects in Malaysia, Sri Lanka, Algeria, Ethiopia, and Afghanistan. Opportunities are coming up in **Bangladesh, Myanmar, 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 2012-13 are:-

Vision

To be recognized 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 ₹ 5500 crores by the year 2016-17.
- ii) To achieve reasonable returns on the capital employed.

FINANCIAL PERFORMANCE

In the year 2011-12, the Company has registered an all time high total income of ₹ 3782 crores, as compared to the total income of ₹ 3254 crores achieved in 2010-11. Nearly 95% of the total income (amounting to ₹ 3601 crores) has arisen from construction, out of which 51% (₹ 1850 crores) has been contributed by foreign projects. In absolute terms operating income from foreign projects has increased by nearly 17% in the last one year. Profit before tax increased by 50% from ₹ 401 crores in 2010-11 to ₹ 602 crores in 2011-12, and Profit after Tax has nearly doubled. Net Worth has increased by 26% and Gross Margin has increased by 52% during the year. Earning per share has increased by 95% from ₹ 242.99 in 2010-11 to ₹ 474.76 in 2011-12.

The Board of Directors has recommended a dividend @ ₹ 65 per share (650% on the paid-up share capital) for consideration and declaration by the shareholders. The Company has already paid an interim dividend @ ₹ 30 per share (300%) in December 2011. The dividend of ₹ 64.34 crores payable after declaration at the Annual General Meeting together with the interim dividend already paid (₹ 29.69 crores) would take the total dividend pay-out for the year 2011-12 to ₹ 94.03 crores, which is 950% of the paid-up share capital of the Company.

OPERATIONAL PERFORMANCE

Sectoral Performance

Railways and Highways continued to be the primary sectors of interest. During 2011-12, Railways accounted for 81% of operating income, Highways accounted for 14%, and the balance 5% resulted from buildings, electrical sub-stations etc. A sector-wise comparative position is given below. The table below shows that proportion of railway works vis-à-vis highway works has progressively increased in the last three years. The proportion of operating income from railway construction works has increased from 64% in 2010-11 to 81% in 2011-12, whereas the proportion of income from highway sector has gone down from 29% in 2010-11 to 14% in 2011-12.

The share of income from electrical projects and sub-stations (which form part of "Others") has also decreased by about 1% as compared to last year.

(₹ in crores)

	2009-10		2010-11		2011-12	
	Operating Income	%	Operating Income	%	Operating Income	%
Railways	1801	57	2033	64	2907	81
Highways	1004	32	935	29	489	14
Buildings	27	1	61	2	76	2
Others*	321	10	146	5	129	3
Total	3153		3175		3601	

*Includes income from Electrical Projects (₹ 285 crores during 2009-10, ₹ 128 crores during 2010-11, and ₹ 124 crores during 2011-12).

Segment-wise Performance

Foreign projects contributed 49% to total income during 2011-12 and 2010-11 as compared to 38% in 2009-10. A comparative position for the last three years is given below:

(₹ in crores)

	2009-10		2010-11		2011-12	
	Total Income	%	Total Income	%	Total Income	%
Foreign	1217	38	1587	49	1865	49
Domestic	1967	61	1613	50	1764	47
Unallocated	33	1	54	1	153	4
Total	3217		3254		3782	

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, and competent manpower. 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 opened up several opportunities for securing more business. The Company is gearing itself to benefit from the opportunity presented by BOT projects both in Railway and real estate to leverage financial strength of the Company.

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.

STRATEGY

The Company is focussed towards strategic business development to sustain and improve its order book position by giving a thrust to its areas of core competence and international business. Core competence of the Company namely, Railways, electric sub-stations, Railway Electrification, and Commercial Complexes is being further consolidated.

RISKS AND CONCERNS

A. Project Risk Management

A formal Risk Management framework is in place from August 2007. The Company has a Risk Management Committee of whole-time directors and a Rapid Action Group at General Manager / Executive Director (below board) level 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. Reports from Rapid Action Group for managing and mitigating risks are submitted to the Audit Committee through the Risk Management Committee.



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. Some of the NHAI projects being executed by the Company are delayed considerably due to continued non-availability of encumbrance free land. However, the Company has not withdrawn from such projects despite heavy losses.

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. Policies and procedures are in place for ensuring health and safety.

B. Treasury Risk Management

Your company was assigned a 'CARE AAA' rating by Credit Analysis & Research Limited (CARE) for long-term non-fund based credit facilities and an 'A1+' rating (earlier denoted as 'PR1+', and has now been standardized in accordance with circular dated 15th June 2011 issued by SEBI) for short-term non-fund based credit facilities in 2008-09 based on BASEL II norms of the Reserve Bank of India (RBI). These rating have been reaffirmed in an annual surveillance review by CARE in December 2011.

In order to mitigate foreign currency risk, foreign exchange movements are constantly monitored and surplus funds are repatriated to India in accordance with the applicable laws. Efforts are made to maximize the overall return considering the interest rates in domestic market and by keeping funds in foreign currency for providing a natural hedge based on projected inflows and outflows. Investment guidelines for foreign projects are in place to ensure placement of funds with foreign banks in a transparent and systematic manner.

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.

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 in place a structured Organizational Chart and a system of delegation of Powers. This coupled with robust internal MIS systems (online reporting format), ensures appropriate information flow to facilitate effective monitoring. Adherence to these processes is monitored through Internal Audits in two phases during every financial year. The company has an Internal Audit System that requires the Internal Audit firms to give comments on the existence of adequate internal control systems and compliance therewith in addition to the opinion on existence of proper risk assessment and mitigation mechanism. The Internal Auditors are Chartered Accountants firms directly reporting to the Management which also ensures their independence. Reports of the Internal Auditors are reviewed, compliances are ensured, and a synopsis of Audit Reports along with the compliance are put up by Internal Audit Department for consideration by the Audit Committee.

The internal control and audit system are being reviewed periodically by the Management as well as the Audit Committee, followed up by corrective action. During the year a structured Fraud Prevention, Detection, and Control Policy (FPDC Policy) along with a Whistle Blower Policy was finalized and approved by the Board of Directors.

HUMAN RESOURCE

The Company aims to achieve the right size and right mix of human resource/ employees for the organization. Since your Company is a project based company, manpower requirements are temporary in nature. Therefore recruiting employees on deputation, contract, and service contract are preferred modes. Recruitment strategies have been re-engineered to make them more in line with the overall strategy of the Company. There has been a significant increase in number of employees hired on contract/ service contract basis during the last year. This ensures availability of technically qualified staff as and when required at various projects without putting pressure on the regular stream of the Company.

Training programmes are designed so as to enhance both technical and managerial skills of employees. Employees are also provided training before promotion to make them capable of getting through the promotion processes and to ensure that they have a better understanding of working processes and responsibilities at higher levels.

A Performance Management System based on the 2nd Pay Revision Committee recommendations is in place which focuses on Key Result Areas for all projects and functions in line with the goals, objectives, and targets for the Company under the Memorandum of Understanding signed with the Ministry of Railways.

The Company has evolved, based on the 2nd Pay Revision Committee recommendations, a Pension Scheme as part of superannuation benefits which is under the process of getting the necessary approvals from the Ministry of Railways. The Company offers the benefits of Contributory Provident Fund, Gratuity, and Post retirement Indoor Medical benefits through a Medical Trust.

REPORT ON CORPORATE GOVERNANCE

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

1.1 The Code of Corporate Governance is **"To Be Professional, Profitable, and Accountable with excellence in every sphere of activity of the Company."**

1.2 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 nine comprising three independent directors, four whole-time directors (Managing Director, Director Finance, Director Projects, and Director Works) and two government nominated [part-time (official)] directors including Chairman. Independent Directors constitute one third of the total strength which is in conformity with section 292A of the Companies Act, 1956, DPE Corporate Governance Guidelines (DPE CG Guidelines), as well as Mini Ratna requirements of DPE.

2.2 The details of directors as on the date of this report are given below:

**BOARD OF DIRECTORS AND
THEIR MEMBERSHIPS OF BOD / COMMITTEES
(As on the date of this report)**

Directors	Whole-time/ Part-time (official) / Independent	Memberships of the Boards of public companies (excluding Iicon)	No. of Committee memberships in public companies (including Iicon)	
			As Chairman	As Member (other than Chairman)
A. P. Mishra	Chairman – Part-time (official)	3 [RVNL, DMRC, and KRCL]	NIL	NIL
Mohan Tiwari	Managing Director – Whole-time	1 [IRSDC]	1	NIL
K.K. Garg	Director Finance – Whole-time	2 [IRSDC and CCFB]	1	2
Deepak Sabhlok	Director Projects – Whole-time	1 [IRSDC]	NIL	3
Hitesh Khanna	Director Works – Whole-time	1 [IiconISL]	NIL	1
G. V. Rao	Independent – Part-time (non-official)	NIL	1	2
S.S. Chatterji [w.e.f.16.09.2011 (FN)]	Independent – Part-time (non-official)	1 [RVNL]	1	2
B.M. Sharma [w.e.f.19.09.2011 (FN)]	Independent – Part-time (non-official)	NIL	1	1
D.K. Saraf [w.e.f.17.02.2012(FN)]	Part-time (official)	1[MRVC]	1	2



Notes:

1. The number of Directorships is within the maximum limit of fifteen (15) under the Companies Act, 1956.
2. The Committees covered under the last column are Audit Committee, Shareholders' / Investors' Grievance Committee, Remuneration Committee, Sustainable Development Committee, Share Issue Committee, and Investment Committee.
3. The number of committee memberships of directors is within the maximum limit of ten including the permitted limit of five chairmanships. Only Audit Committee and Shareholders' / Investors' Grievance Committee are to be counted for the said limit.
4. The term 'whole-time director' used in this report refers to functional / executive directors.
5. The term 'part-time director' used in this report refers to non-executive directors.
6. The term 'official' indicates part-time Government nominated directors who hold office in the Government.
7. The term 'non-official/ independent' indicates part-time directors who hold no office in the Government and are independent.
8. Apart from the remuneration to directors as per the terms and conditions of their appointment and entitled sitting fee to part-time (non-official) directors, as detailed in para 4 of this Report, none of the directors has any material or pecuniary relationship with the Company which can affect their independence of judgment.
9. Full name of companies referred:
 - a) MRVC –Mumbai Rail Vikas Corporation Limited
 - b) RVNL –Rail Vikas Nigam Limited
 - c) DMRC–Delhi Metro Corporation Limited
 - d) KRCL–Konkan Railway Corporation Limited
 - e) CCFB–Companhia Dos Caminhos De Ferro Da Beira, a JV Company in Mozambique
 - f) IrconISL–Ircon Infrastructure & Services Limited, a wholly owned subsidiary company of Ircon
 - g) IRSDC–Indian Railway Stations Development Corporation Limited, a joint venture between Ircon and Rail Land Development Authority and a subsidiary of Ircon

**Directors who Ceased to hold office
(during 2011-12 and thereafter till the date of this report)**

Directors	Whole-time/ Part-time (official) / Independent	Memberships of the Boards of public companies (excluding Ircon)	No. of Committee memberships held of public companies (including Ircon)	
			As Chairman	As Member
B.N. Rajasekhar {Held office from 25.10.2010 (FN) to 10.11.2011 (AN). Ceased to hold office on relinquishment of the charge of the post of Additional Member (Planning), Railway Board}	Part-time (Official)	1 [MRVC]	1	2

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. Since appointment of all the directors including part-time directors is not in the hands of the Company and is done by the Government in the name of the President of India, 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 2/3rd 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 the 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 not been possible 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.

3.1 Brief Resume of Directors who joined the Board as part-time directors.

a) Mr. Deo Kumar Saraf, Part-time (Official) Director, Ircon

[with effect from 17.02.2012]

Mr. D.K. Saraf, Additional Member (Planning), Railway Board, is a Part-time Official Director of Ircon w.e.f. 17.02.2012 in terms of his Presidential Orders dated 03.02.2012 issued by the Ministry of Railways.

Born on 01.07.1953, Mr. Saraf's qualifications are B.E. (Mechanical) and MBA. He belongs to Indian Railway Service of Mechanical Engineers (IRSME) and joined Indian Railways on 04.10.1976. He has over 33 years of rich experience of working in various capacities in the Indian Railways. He has had training in prestigious Institutions like Institute of British Rail Engineering Limited, UK, International Centre for Extrication Techniques, Netherlands, and Institute of Management, Paris, France.

b) Mr. Brijmohan Mahadeoprasad Sharma, Independent Director

[with effect from 19.09.2011]

Mr. B. M. Sharma, practising Cost Accountant, member of Cost Accounting Standards Board (CASB) of Institute of Cost Accountants of India (erstwhile ICWAI) and former President of the Institute, has joined the Board of Ircon as Independent Director [Part-time (Non-Official)] w.e.f. 19.09.2011 in terms of Presidential Order dated 05.09.2011 issued by the Ministry of Railways.

Born on 01.04.1964, Mr. Sharma's qualifications are M.Com., FCMA [Fellow member of Institute of Cost Accountants of India], FIPA [Fellow member of Institute of Public Accountants (Australia)], and FCMASL [Fellow member of Institute of Certified Management Accountants of Sri Lanka].

Mr. Sharma has held different professional positions in various organizations, Institutions, etc., which include Directorship, Chairmanship, Presidentship, membership of various Committees, visiting faculty, etc. As a Council member and President/ Vice-President of the Institute of Cost Accountants of India, Mr. Sharma has travelled extensively all over India and abroad and also represented India in various committees and meetings of International Body of Accountants. He has contributed extensively to various professional development publications relating to Guidance Notes on Cenvat Audit, Valuation Audit, Internal Audit, Input Tax credit in Service Tax, etc. and also Management Accounting Guidelines.

c) Prof.(Dr.) Subhrangsu Shekhar Chatterji, Independent Director

[with effect from 16.09.2011]

Prof. (Dr.) S.S. Chatterji, Head and Dean, Faculty of Law, University of Calcutta, Kolkata, joined the Board of Ircon as Independent Director on 16.09.2011 in terms of Presidential Order dated 05.09.2011 issued by the Ministry of Railways. He is also an Independent Director on the Board of Rail Vikas Nigam Limited (RVNL) w.e.f. 13.05.2011.

Born on 15.05.1955, Prof. (Dr.) Chatterji's qualifications are LL.M. and Ph.D. in Law. He started his career as an advocate with Varanasi Bar Association. Apart from being Head and Dean, Faculty of Law, he is also a member of senate and syndicate in the University of Calcutta. He has been teaching in Calcutta University for the last 23 years. He has written/ published books and articles on different law subjects besides delivering lectures in National and International Seminars, conducting workshops in different Universities and Law colleges, and facilitating Ph.Ds in Law. He was awarded 'Shiksha Rattan Puraskar' by the Indian International Friendship Society, New Delhi, in 2007 for his brilliant academic performance. He was also awarded best citizen of India in 2008 by Hindu Publishing House, New Delhi.

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 including part-time Chairman do not draw any remuneration from the Company for their role as director but draw their remuneration under Central Dearness Allowance (CDA) pay scales from the Government as Government officials.

The Shareholders at 31st Annual General Meeting held on 26th September 2007 authorised the Board of Directors, to fix remuneration payable to part-time (non official)/ independent directors by way of sitting fees within the ceiling prescribed by Rule 10-B of the Companies (Central Government's) General Rules and Forms. Pursuant to this authority, the Board of Directors at its 174th meeting held on 26th October 2007, have fixed the sitting fee at ₹ 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 2011-12:

(in ₹)

Sl. No.	Name of the Directors	Salary & Allowances	Other Benefits & Perks	Performance Linked Incentive*	Retirement Benefits	Bonus/ Commission/ Ex-gratia	Stock Option during the year	Total
1	Mr. Mohan Tiwari, Managing Director (throughout 2011-12)	20,99,901	6,16,803	19,76,880	1,89,787	-	-	48,83,371
2	Mr. K.K. Garg, Director Finance (throughout 2011-12)	19,70,702	3,89,128	5,55,000	1,69,845	-	-	30,84,675
3	Mr. Deepak Sabhlok Director Projects (throughout 2011-12)	18,60,661	2,87,454	-	1,67,519	-	-	23,15,634
4	Mr. Hitesh Khanna Directors Works (throughout 2011-12)	18,01,285	3,75,744	5,89,652	1,64,854	-	-	29,31,535

* Pertaining to the year 2009-10.

4.2 Details of payments made to Independent Directors/ Part-time (Non-official) Directors during 2011-12:

(in ₹)

Sl. No.	Name of the Independent Directors/ Part-time (Non-official) Directors	Sitting Fee		Total
		Board Meetings	Committee Meetings	
1	Dr. G. V. Rao (throughout 2011-12)	50,000	50,000	1,00,000
2	Prof. (Dr.) S.S. Chatterji (w.e.f. 16.09.2011)	20,000	20,000	40,000
3	Mr. B.M. Sharma (w.e.f. 19.09.2011)	20,000	20,000	40,000

5. Board Procedure

5.1 BoD Charter

- The Company has in place a BoD approved Formal Board Charter with Corporate Governance objectives & approach and Role & Responsibility of BoD (including Whole-time Directors, Independent Directors, Government Directors), and Management (Senior Management).
- This BoD Charter sets out essentially the composition & structure and role & responsibilities of the Board of Directors of the Company keeping the Corporate Governance objectives and approach in perspective.
- To facilitate the part-time directors including the part-time Chairman to discharge their responsibilities, independent office space in the registered office of the Company has been earmarked for them.

5.2 BoD Meetings and Attendance during 2011-12:

- The Board of Directors met five times during the financial year 2011-12 on: 10th May 2011, 28th June 2011, 10th August 2011, 7th November 2011, and 6th February 2012.
- Leave of absence was granted in terms of section 283(1)(g) of the Companies Act, 1956.

c) Details of attendance of the Directors during 2011-12:

Director	No. of Board Meetings during 2011-12		Attended last Annual General Meeting
	Held (during their respective tenures)	Attended	
A. P. Mishra	5	5	YES
Mohan Tiwari	5	5	YES
K. K. Garg	5	5	YES
Deepak Sabhlok	5	4	YES
Hitesh Khanna	5	5	YES
G. V. Rao	5	5	YES
S. S. Chatterji	2	2	YES
B. M. Sharma	2	2	NO
B. N. Rajasekhar	4	2	YES
D. K. Saraf	Nil	Nil	NA

NA means - Not Applicable

Ms. Lalitha Gupta, Company Secretary & GM (Law), attended four out of the five Board Meetings held during the year 2011-12. The meeting (November 2011) in which she was absent was attended by Asst. Co. Secy.

6. Code of Conduct for Board Members and Senior Management of the Company and Key Values for entire organization

The Company has in place a Code of Conduct for Board Members and for Senior Management (including whole-time directors, Additional General Managers and above, and Project/ Functional heads) and also Key Values for the Company as a whole. These Codes came into effect from 1st April 2005 and have been posted on the website of the Company – www.ircon.org. The declaration signed by MD affirming receipt of compliance with the Code of Conduct and Key Values from Board of Directors and Members of Senior Management team during 2011-12 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 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.
- 9) Reviewing the Risk Policy and its implementation as regards risk assessment and risk mitigation, etc.

The Audit Committee had reviewed the matters as per the said Terms of Reference including the financial reporting process, the Annual Financial Statements for 2011-12, the declarations of due compliance by Managing Director and Director Finance, role of auditors, internal control systems, etc. before recommending the Annual Accounts for 2011-12 for approval by the Board of Directors. The Audit Committee had also reviewed the financial statements and performance of the subsidiary company.

7.2 Audit Committee – Composition and Attendance during 2011-12:

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.

The Audit Committee was last re-constituted in October 2011 as under with all the three independent directors in full compliance of all the governing laws:

Mr. B. M. Sharma, Independent Director	–	Chairman
Prof. (Dr.) S.S. Chatterji, Independent Director	–	Member
Dr. G. V. Rao, Independent Director	–	Member

The Audit Committee had four meetings during 2011-12 on 10th May 2011, 10th August 2011, 7th November 2011, and 6th February 2012.

The attendance details are:

Member	Status	Meetings held (during their respective tenures)	Meetings attended
B. M. Sharma	Chairman (w.e.f. 20.10.2011)	2	2
S.S. Chatterji	Member (w.e.f. 20.10.2011)	2	2
G. V. Rao	Chairman (up to 19.10.2011) and Member (w.e.f. 20.10.2011)	4	4
B.N. Rajasekhar	Member (up to 19.10.2011)	2	1
Mohan Tiwari	Member (up to 19.10.2011)	2	2

Ms. Lalitha Gupta, Company Secretary & GM (Law), is the Secretary of the Audit Committee and attended three out of the four meetings held during 2011-12. The meeting (November 2011) in which she was absent was attended by Asst. Co. Secy.

8. Shareholders' / Investors' Grievance Committee

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

Mr. D.K. Saraf, Part -time official Director	–	Chairman
Mr. K.K. Garg, Director Finance	–	Member
Mr. Deepak Sabhlok, Director Projects	–	Member

Ms. Lalitha Gupta, Company Secretary & GM (Law), is the Compliance Officer. No complaint has been received so far and no share transfer is pending. A half yearly report stating that 'there has been no investor grievance regarding transfer of shares, non-receipt of balance sheet, or non-receipt of declared dividend' was circulated to all the members of this Committee.

9. Other Committees

9.1 Remuneration Committee

Remuneration committee has been constituted pursuant to para 5.1 of the DPE CG Guidelines for deciding the annual bonus/ variable pay pool and policy for its distribution across executives and non-unionized supervisors. It has been reconstituted as and when there has been a change in independent directors. The Committee was last re-constituted in March 2012 as under:

Dr. G.V. Rao, Independent Director	–	Chairman
Mr. B.M. Sharma, Independent Director	–	Member
Mr. D.K. Saraf, Part-time Official Director	–	Member

The Committee had one meeting on 7th November 2011. The attendance details are:

Member	Status	Meetings held	Meetings attended
G. V. Rao	Chairman	1	1
A. P. Mishra	Member	1	1
B. N. Rajasekhar	Member	1	1

Ms. Lalitha Gupta, Company Secretary & GM (Law), Secretary of the Remuneration Committee, could not attend the said meeting which was attended by Asst. Co. Secy.

9.2 Sustainable Development Committee

Sustainable Development Committee has been constituted pursuant to para 3.3 of the DPE Sustainable Development Guidelines for approving Sustainable Development Plan and to oversee the Sustainable Development performance. The Committee was constituted in November 2011 as under:

Prof.(Dr.) S.S. Chatterji, Independent Director	–	Chairman
Mr. Deepak Sabhlok, Director Projects	–	Member
Mr. Hitesh Khanna, Director Works	–	Member

The Committee had a meeting on 24th July 2012 to review and fine tune the Sustainable Development Plan, which was attended by all the members of the Committee. Ms. Lalitha Gupta, Company Secretary & GM (Law), is the Secretary of the Sustainable Development Committee and attended this meeting.

9.3 Share Issue Committee

The Company constituted Share Issue Committee as per the Companies (Issue of Share Certificates) Rules, 1956, for approving the issue of share certificate, etc. The Committee was last re-constituted in March 2012 as under:

Mr. K.K. Garg, Director Finance	–	Chairman
Dr. G.V. Rao, Independent Director	–	Member
Mr. D.K. Saraf, Part -time Official Director	–	Member

Ms. Lalitha Gupta, Company Secretary & GM (Law), is the Secretary of the Share Issue Committee. No meeting of the Committee was necessary during the year 2011-12.

9.4 Investment Committee

Investment Committee was constituted pursuant to section 292 of the Companies Act, 1956 to invest the surplus funds of the Company as and when the need arises. The Committee was last re-constituted in November 2010 as under:

Mr. Mohan Tiwari, Managing Director	-	Chairman
Mr. K.K. Garg, Director Finance	-	Member
Mr. Deepak Sabhlok, Director Projects	-	Member



The Committee had three meetings during 2011-12 on 10th May 2011, 21st October 2011, and 25th January 2012. The attendance details are:

Member	Status	Meetings held	Meetings attended
Mohan Tiwari	Chairman	3	3
K.K. Garg	Member	3	3
Deepak Sabhlok	Member	3	1

Ms. Lalitha Gupta, Company Secretary & GM (Law), is the Secretary of the Investment Committee and attended all the meetings held during 2011-12.

10. Compliance of provisions relating to subsidiary(ies)

Ircon Infrastructure & Services Limited (IrconISL) is a 100% subsidiary company of Ircon. Indian Railway Stations Development Corporation Limited (IRSDC) is a subsidiary of Ircon and also a joint venture between Ircon and Rail Land Development Corporation Limited (RLDA) in which Ircon has 51% equity. IrconISL and IRSDC are not listed companies.

Turnover / net worth of IrconISL did not exceed 20% of the turnover or net worth of Ircon (holding company) during either 2010-11 or 2011-12. Therefore, IrconISL was neither a 'material subsidiary' under the Listing agreement nor a 'subsidiary' as per the DPE CG Guidelines. IRSDC was formed only after the close of the year 2011-12. The minutes of the Board meetings of both IrconISL and IRSDC and their significant transactions and arrangements/ performance were placed before the Board of Directors of Ircon.

11. General Body Meetings

Financial Year	Date of holding meeting	Time	Location/Venue
2010-11	20 th September 2011	12.30 P.M.	Company's Registered Office, Delhi
2009-10	22 nd September 2010	05:00 P.M.	Company's Registered Office, Delhi
2008-09	4 th September 2009	05:00 P.M.	Company's Registered Office, Delhi

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

11.2 No special resolution was required or passed in the last three Annual General Meetings (from 2008-09 to 2010-11). However, one special resolution was passed through Postal Ballot during the year 2010-11 for the proposal of delisting of equity shares of Ircon from Mumbai and Delhi Stock Exchanges and, based on Scrutinizer's Report, it was declared at the Annual General Meeting held on 22nd September 2010.

Details relating to the voting pattern of postal ballot was as follows:

Particulars	No. of Postal Ballot Forms	No. of Votes (Equity Shares)	% of Valid Votes
Number of valid Postal Ballot Forms received	12	9897800	100
Votes in favour of the Resolution	12	9897800	100
Votes against the Resolution	Nil	Nil	0
Number of invalid Postal Ballot Forms received	Nil	Nil	0

11.3 The Company had appointed Mr. Manoj Bangia, Practising Company Secretary in whole-time Practice of M/s. M. Bangia & Associates, Company Secretaries, as Scrutinizer for the purpose of the Postal Ballot exercise.

11.4 No special resolution is proposed to be conducted through Postal Ballot in the ensuing Annual General Meeting as Ircon is no more a listed company w.e.f. 15th March 2012. However, the Articles of Ircon are proposed to be amended through a special resolution for introducing a provision for buy-back of own shares and position and designation of Chairman-cum-Managing Director, and deletion of a redundant provision.

12. Disclosures

12.1 There has been no related party transaction of material nature with potential conflict of interest.

12.2 The Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India in the preparation of Financial Statements. Deviations from Accounting Standards have been

explained in self explanatory notes given in note no. 40(c) and 41 forming part of the Financial Statements and also in Directors' Report under the heading "Compliances".

- 12.3** There are no items of expenditure debited in books of accounts, other than for the business purposes of the Company. Also, no expenses have been incurred by the Company which are personal to the Directors and Top Management except for the remuneration as per Government approved pay and perks (Details given in para 4 of this report and also disclosed in Note no. 37 forming part of Financial Statements).
- 12.4** Administrative and office expenses as a percentage of total expenses vis-a-vis financial expenses are given below:

(₹ in crores)

Particulars	2010-11	2011-12	Remarks
Administrative & other Expenses	27.04	26.21	
Bank & Other Finance Charges	8.34	6.51	
Total Expenses	2852.90	3179.78	
Administration expenses/Total expenses (in %)	0.95	0.82	There is no increase in expense as compared to previous year
Bank & Financial Charges/ Total expenses (in %)	0.29	0.20	

- 12.5** The Company informs the Board every quarter about the risks associated with its projects in risky areas and foreign exchange management. Details pertaining to risk management have been given in Management Discussion and Analysis Report under the heading 'Risks and Concern'.
- 12.6** The Company has in place a BoD approved Fraud Prevention, Detection, and Control Policy (FPDC Policy) so as to provide a system for detection and prevention of fraud, reporting of any fraud that is detected or suspected and fair dealing of matters pertaining to fraud.
- 12.7** The Company has in place a BoD approved Whistle Blower Policy under which there is a mechanism for employees to report to the Management, concerns about unethical behaviour, actual or suspected fraud, or violation of the Company's Code of conduct or ethics policy. The policy also provides for adequate safeguards against victimization of employees who avail the mechanism. It provides for direct access to the Chairman of the Audit Committee in exceptional cases.
- 12.8** Question of denying access to audit committee to any of the personnel has not arisen so far.
- 12.9** The Company made no public issue of shares nor issued any prospectus or letter of offer during 2011-12.
- 12.10** There has been no instance of non-compliance of any statutory regulation or government guidelines nor there has been any penalties or strictures imposed on the Company on any matter related to the capital market and guidelines issued by government.
- 12.11** Itron has achieved an annual score of '95' out of 100 and 'Excellent' grade for the year 2011-12, as per self-evaluation of Compliance of DPE CG Guidelines.

13. CEO/CFO Certification

The Managing Director and Director Finance have certified in writing with respect to the truth and fairness of the financial statements, due compliances, and financial reporting which was placed before the Board of Directors (placed as **Annexure "C – 2" to this Report**).

14. General Information for shareholders

14.1 De-listing of equity shares from the Stock Exchanges

Itron is not a listed company w.e.f. 15.03.2012. The Company had complied with the requirements of Listing Agreement up to September 2011 quarter. Since the Company got de-listed from Bombay Stock Exchange (BSE) on 03.11.2011, need for compliances thereafter did not arise, as advised by Delhi Stock Exchange (DSE) vide its email dated 04.11.2011, though DSE actually de-listed the equity shares of Itron w.e.f. 15.03.2012 after completing all the formalities at their end.

14.2 Means of communication

- a) Apart from the annual report etc., being sent to the shareholders before the AGM, 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.



- b) Quarterly results for the 1st quarter of 2011-12 were published in viz. Indian Express and Financial Express (English) and Jansatta (Hindi) and were also put on the website till the delisting of equity shares of Ircon. The Annual Report including the audited annual accounts for the year 2010-11 are available on the website of the Company.
- c) The following have also been displayed on the Company's website:
- Shareholding pattern of the Company
 - Important corporate governance policies like Fraud, Prevention, Detection, and Control policy, and Whistle blower policy
 - Code of Conduct for Board Members and Senior Management
- d) E - mail ID of the compliance officer exclusively for the purpose of registering complaints by investors has been displayed on the website under the head "Investor Corner" for creating investor awareness.

14.3 Annual General Meeting of the Current Year

Date	:	25 th September 2012
Time	:	5:00 p.m.
Venue	:	Board Room of the Company registered office - C-4, District Centre, Saket, New Delhi – 110 017

14.4 Dates of book closure

The Register of Members and Transfer Books will remain closed on 24.09.2012 and 25.09.2012.

14.5 Stock Code

Prior to delisting of equity shares of Ircon, the stock code of the Company was:

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

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

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

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

14.7 Plant Locations/ Operating Units

The Company does not have plant locations, but is widespread with operating units/ offices in more than eleven different States in the Country and five other countries. A list of the units is available on the website of the Company: www.ircon.org

14.8 Address for correspondence with the Registered Office (regarding Corporate Governance matters covered under this report)

Company Secretary & GM (Law)
Ircon International Limited,
C-4, District Centre, Saket, New Delhi - 110 017
Telephone: 91-11-26545265 / 26530456
Fax: 91-11-26522000 / 26854000
E-Mail: lalitha.gupta@ircon.org
Website : www.ircon.org



15. Training of Board Members

The Company has a regular practice of imparting introductory training to new Board members through a presentation about the Company in the first BoD meeting after their appointment and also periodically every year during consideration of Annual Accounts of the Company. They are also given documents which includes Brochure, Annual Report, latest unaudited financial results, Corporate Plan with MoU targets & achievements, Memorandum and Articles of Association and practical handbooks on Corporate Governance and Duties, Rights, Role, and Responsibilities of Directors. Independent Directors were nominated for training organised by SCOPE which was for 2-3 days only during 2011-12.

16. Compliance on Corporate Governance

This Report duly complies with the legal requirements in respect of data that should be disclosed in a corporate governance report for the year 2011-12.

Certificate obtained from a Practising Company Secretary regarding compliance of the conditions of Corporate Governance is **placed as Annexure "C – 3" to this Report.**

K.K. Garg
Director Finance

Mohan Tiwari
Managing Director

Place: New Delhi
Date: 12.09.2012

* Corporate Governance Report approved by the BoD on 25.07.2012, and consequential amendments thereto approved vide BoD notes dated 05.09.2012 and 11.09.2012 due to change in the date of AGM from 07.09.2012 to 13.09.2012 and thereafter to 25.09.2012.

Annexure "C-1"

DECLARATION BY MANAGING DIRECTOR REGARDING COMPLIANCE WITH THE CODE OF CONDUCT BY BOD MEMBERS AND SENIOR MANAGEMENT DURING THE FINANCIAL YEAR 2011-12.

I, Mohan Tiwari, Managing Director, Ircan International Limited, do hereby declare that all the members of the Board of Directors and the Senior Management Team of the Company have affirmed their compliance of the Code of Conduct and Key Values of the Company during 2011-12.

Mohan Tiwari
Managing Director

Place: New Delhi
Date: 25.07.2012



Annexure "C-2"

MANAGING DIRECTOR AND FINANCE HEAD CERTIFICATION

We have reviewed financial statements and the cash flow statement for the financial year 2011-12 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: 25.07.2012



Annexure "C-3"

M. Bangia & Associates

Company Secretaries

Tel. : 91-11-41625462
Mobile : 98734-26246
E-mail : m_bangia@hotmail.com
B- 152, Dayanand Colony, Lajpat Nagar-IV,
New Delhi-110024

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

To
The Members of
Ircan Intentional Limited
New Delhi

In respect of the compliance of the conditions of Corporate Governance for the year ended 31st March 2012, by Ircan International Limited, a Government Company under section 617 of the Companies Act, 1956, as required by the Guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE) and as stipulated in clause 49 of the Listing Agreement entered into by the said Company with Delhi and Mumbai Stock Exchanges TILL the Company was required to comply with it before de-listing of its shares took effect from 3rd November 2011 from BSE and 15th March 2012 from DSE.

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 in all material respects as required by the Guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE) and as stipulated in clause 49 of the Listing Agreement entered into by the said Company with Delhi and Mumbai Stock Exchanges TILL the Company was required to comply with it before de-listing of its shares took effect from 3rd November 2011 from BSE and 15th March 2012 from DSE.

FOR M. BANGIA & ASSOCIATES
COMPANY SECRETARIES

MANOJ BANGIA
Proprietor
CP No. 3655

Place : New Delhi
Dated : 25th July 2012



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.	1983, 1984 1991 & 1993* 1988
EEPC INDIA previously known as Engineering Export Promotion Council (EEPC) (23 Awards in all since inception)	<ul style="list-style-type: none"> i. All India Top Exporters shield for Export Excellence. ii. Regional Top Exporters Shield-civil engg. contractors iii. All India Special Shield in the field of export. iv. All India Trophy for Highest Exports (Turnkey Industrial Project Exporters NON-SSI) v. All India Trophy for Top Exporters in the category of "Merchant Exporters" vi. All India Shield for Star performer as Large Enterprise in the field of Project Exports vii. Silver Trophy for Top Exporters as Medium Enterprises. viii. Gold Trophy for Top Exporters in the category of "Top Exporters as Merchant Exporters" ix. All India Export Award x. Silver trophy in category of top Merchant Exporter for 2010-11 	<ul style="list-style-type: none"> 1986 to 1993 1995 & 1996 1994, 1997 1997 1998 1999 to 2002 2004 & 2007 2005 2006 2008 2009 2011
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"> i. Maximum foreign exchange earned and repatriated to India. ii. Second Best performance in maximum foreign exchange earned and repatriated to India. iii. Maximum turnover in overseas Construction Projects 	<ul style="list-style-type: none"> 1985, 1989 to 1993, 1995 1997, 2000. 2002 & 2004 1994, 2001, 2003 & 2005 1985 to 1989, 1992 to 1994, 1996, 1999, 2001 & 2002

AWARDS AND CERTIFICATES		
	iv. Second Best performance in turnover from overseas projects v. Maximum foreign works secured in new areas in construction contracts vi. Maximum foreign business attempted vii. Maximum foreign exchange earned and repatriated. viii. Second Best in the category of Maximum Foreign Exchange earned and repatriated to India.	1990, 1991, 1995 & 2000 1995, 1996, 2000 & 2001 1995 to 1998, 2002 & 2004 2001 & 2003 2006 & 2007
Construction World	"One of India's most admired construction companies"	2009
Essar Steel and E-18 and CNBC-TV 18	"Infrastructure Excellence Award" in Railway Category	2009
'India Pride Awards' by Dainik Bhaskar and Daily News & Analysis (DNA)	Silver Trophy for Excellence in Central PSUs in Transport	2010
	Gold Trophy for excellence in Central PSUs in Infrastructure Development.	2011
Construction Industry Development Council (CIDC)	CIDC Vishwakarma Award 2012 in category of best professionally managed company with turnover of over Rs. 1,000 crores.	2012
Dun & Bradstreet	India's Top PSU Award 2012 in Engineering & Construction	2012



Financial Highlights of Itron

(₹ in crores)

S. No.	Particulars	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
1	Total income (Incl.other income)	809.40	792.24	1014.40	1112.79	1543.21	2093.11	2739.46	3216.91	3254.15	3781.92
2	Expenditure (Incl.increase/decrease in stock)	677.55	701.69	892.50	981.85	1407.98	1891.48	2507.61	2911.63	2815.99	3122.94
3	Operating margin	131.85	90.55	121.90	130.94	135.23	201.63	231.85	305.28	438.16	658.98
4	Interest Expenses	0.19	0.12	--	--	--	--	--	--	--	--
5	Depreciation	16.02	11.80	14.14	20.05	24.24	41.17	44.19	41.27	36.91	56.84
6	Profit before tax	115.83	78.75	107.76	110.89	110.99	160.47	187.66	264.01	401.25	602.14
7	Profit after tax	87.06	61.61	88.83	80.66	75.69	113.80	140.18	182.18	240.51	469.92
8	Dividend	18.81	18.81	20.29	25.74	25.74	29.69	29.69	36.62	49.49	94.03
9	Foreign projects reserve	60.57	57.57	44.48	44.28	33.10	30.40	27.90	2.90	--	--
10	General Reserve	604.27	647.46	721.14	767.71	824.33	903.18	1011.62	1181.76	1372.41	1733.04
11	Other Reserves	2.20	2.35	7.15	7.41	7.15	5.45	25.32	4.80	--	--
12	Reserves & Surplus	667.04	707.38	772.77	819.40	864.58	939.03	1064.84	1189.46	1372.41	1733.04
13	Net fixed assets	62.25	123.43	135.96	160.10	260.22	279.46	260.05	236.19	244.00	196.11
14	Inventories	66.60	58.94	41.37	42.35	89.43	159.01	430.52	373.36	300.46	134.51
15	Foreign exchange earnings	189.88	113.72	72.79	55.97	51.05	37.35	95.58	264.14	427.61	443.75
16	Share Capital	4.95	4.95	4.95	9.90	9.90	9.90	9.90	9.90	9.90	9.90
17	Capital employed	671.99	712.33	778.17	829.53	875.68	951.05	1078.05	1204.65	1382.31	1742.94
18	Government Investments	--	--	--	--	--	--	--	--	--	--
19	Net worth	671.99	712.33	777.72	829.30	874.48	948.93	1074.74	1199.36	1382.31	1742.94
20	Profit before tax to capital employed *	17.24	11.05	13.85	13.37	12.68	16.87	17.41	21.92	29.03	34.55
21	Operating margin to capital employed *	19.62	12.71	15.67	15.78	15.44	21.20	21.51	25.34	31.70	37.81
22	Profit after tax to share capital *	1759.04	1244.80	1794.93	814.93	764.73	1149.71	1416.27	1840.60	2429.39	4746.47
23	Expenditure to income *	83.71	88.57	87.98	88.23	91.24	90.37	91.54	90.51	86.54	82.58
24	Number of employees **	1553	1609	1652	1723	1830	1978	1964	1751	1678	1703
25	Income per employee	0.52	0.49	0.61	0.65	0.84	1.06	1.40	1.84	1.94	2.22
26	Foreign exchange earning per employee	0.12	0.07	0.04	0.03	0.03	0.02	0.05	0.15	0.25	0.26
27	Current ratio **	1.94	1.79	1.54	1.41	1.25	1.21	1.24	1.31	1.23	1.47
28	Debt/equity ratio **	--	--	--	--	--	--	--	--	--	--
29	Investments	65.58	122.41	200.11	213.29	234.38	245.57	234.50	129.94	185.37	208.30

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



Annual Accounts
2011-12



BALANCE SHEET

As at 31st March 2012

(₹ in crore)

	Particulars	Note No.	As at 31 st March 2012		As at 31 st March 2011	
I	EQUITY AND LIABILITIES					
1.	Shareholders' funds					
	(a) Share capital	2	9.90		9.90	
	(b) Reserves and surplus	3	1,733.04	1,742.94	1,372.41	1,382.31
2.	Non-current liabilities					
	(a) Long term liabilities	4	271.46		700.68	
	(b) Long term provisions	5	415.74	687.20	324.78	1,025.46
3.	Current liabilities					
	(a) Trade payables	6	544.07		451.85	
	(b) Other current liabilities	7	1,854.02		1,409.11	
	(c) Short-term provisions	8	686.62		676.21	
	(d) Proportionate Share in Jointly Controlled Entities		13.78	3,098.49	34.70	2,571.87
	Total			5,528.63		4,979.64
II	ASSETS					
1.	Non-current assets					
	(a) Fixed assets	9				
	(i) Tangible assets		193.44		239.86	
	(ii) Intangible assets		0.01		0.57	
	(iii) Intangible assets under development	10	0.25		-	
	(iv) Capital work-in-progress	11	2.40		1.77	
	(v) Proportionate Interest in Jointly Controlled Entities		0.01		1.80	
	(b) Non-current investments	12	195.79		185.37	
	(c) Deferred tax assets (Net)	13	189.38		131.06	
	(d) Long-term loans and advances	14	317.34		389.93	
	(e) Other non-current assets	15	81.56	980.18	84.14	1,034.50
2.	Current assets					
	(a) Current investments	16	12.51		-	
	(b) Inventories	17	134.51		164.92	
	(c) Trade Receivables	18	846.60		876.21	
	(d) Cash and Bank Balances	19	2,601.19		2,007.81	
	(e) Short-term loans and advances	20	666.19		692.10	
	(f) Other current assets	21	252.65		157.81	
	(g) Proportionate Interest in Jointly Controlled Entities		34.80	4,548.45	46.29	3,945.14
	Total			5,528.63		4,979.64
III	Significant Accounting Policies	1				
IV	Notes forming part of Financial Statements	2-49				

As per our Report of even date attached

For and on behalf of the Board of Directors

For Wahi & Gupta

Chartered Accountants

FRN 002263N

CA Anuj Gupta

Partner

M. No. 76560

Lalitha Gupta

Company Secretary

& GM (Law)

K.K.Garg

Director Finance

Mohan Tiwari

Managing Director

Place : New Delhi

Date : 25.07.2012



STATEMENT OF PROFIT AND LOSS

For the year ended 31st March 2012

(₹ in crore)

	Particulars	Note No.	2011-12	2010-11
I	Revenue :			
	Revenue from operations	22	3,577.97	3,174.41
	Proportionate share of construction revenue in Jointly Controlled Entities		23.44	7.44
	Other income	23	180.51	72.30
	Total Revenue		3,781.92	3,254.15
II	Expenses:			
	Operating and administrative expenses :	24		
	- Operating Expenses		2,656.82	2,429.66
	- Administrative Expenses		26.21	27.04
	Employee remuneration and benefits	25	158.31	166.20
	Depreciation and amortization expense	9	56.84	36.91
	Provisions (Net)	26	249.14	190.11
	Proportionate share of expenses in Jointly Controlled Entities		20.97	0.83
	Total Expenses		3,168.29	2,850.75
III	Profit Before Extraordinary Items and Tax (I - II)		613.63	403.40
	Prior Period Adjustments	27	(11.49)	(2.15)
	Profit Before Tax (III + IV)		602.14	401.25
IV	Tax expense:			
	(1) Current tax			
V	- For the year		221.28	179.82
	- For earlier years (net)		(30.74)	24.59
	(2) Deferred tax (net)	13	(58.32)	(43.67)
	Total Tax Expense		132.22	160.74
VI	Profit for the year (V - VI)		469.92	240.51
VII	Earnings per equity share - Basic and Diluted (in ₹)	48	474.76	242.99
VIII	Significant Accounting Policies	1		
IX	Notes forming part of Financial Statements	2-49		

As per our Report of even date attached

For and on behalf of the Board of Directors

For Wahi & Gupta

Chartered Accountants

FRN 002263N

CA Anuj Gupta

Partner

M. No. 76560

Lalitha Gupta

Company Secretary

& GM (Law)

K.K.Garg

Director Finance

Mohan Tiwari

Managing Director

Place : New Delhi

Date : 25.07.2012



CASH FLOW STATEMENT

For the year ended on 31st March 2012

(₹ in crore)

		2011-12	2010-11
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before taxation & extraordinary items		613.63	403.40
Adjustment for :			
Depreciation		56.84	37.52
Amortisation of premium on investment		0.36	0.20
Impairment of Investment		5.53	-
Loss / (Profit) on sale of assets(net)		(8.39)	(5.01)
Interest Income		(158.86)	(55.97)
Provisions - Additions(Write back) (Net)		249.14	190.11
Effect of Exchange differences on translation of Foreign Currency Cash & Cash Equivalents		15.95	24.06
Operating Profit before working capital changes	(1)	774.20	594.31
Adjustment for :			
Decrease / (Increase) in Trade Receivables/ Loans & Advances		128.11	(609.00)
Decrease / (Increase) in Inventories		30.41	58.41
Decrease / (Increase) in Other Assets		(47.36)	(13.93)
(Decrease) / Increase in Trade Payables		92.22	(57.06)
(Decrease) / Increase in Other Liabilities & Provisions		(369.85)	850.40
Decrease / (Increase) in JCE Current Assets		11.49	0.28
(Decrease) / Increase in JCE Current Liabilities		(20.92)	(2.38)
	(2)	(175.90)	226.72
Cash generated from operation	(1-2)	598.30	821.03
Cash flow before prior period & extraordinary items		598.30	821.03
Prior period & extraordinary items		(11.49)	(2.15)
NET CASH FROM OPERATING ACTIVITIES	(A)	586.81	818.88
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets including Capital WIP		(15.42)	(47.89)
Sale of Fixed Assets		13.09	7.41
Interest Received		113.94	48.79
Investment in Equity and Bonds		(28.82)	(55.64)
Decrease(increase) in JCE Fixed Assets		1.79	0.16
NET CASH FROM INVESTING ACTIVITIES	(B)	84.58	(47.17)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend (including Corporate Tax) paid		(62.06)	(48.25)
(Decrease)/increase in JCE Loan Fund		-	(5.29)
NET CASH FROM FINANCING ACTIVITIES	(C)	(62.06)	(53.54)
Effect of Exchange differences on translation of Foreign Currency Cash & Cash Equivalents	(D)	(15.95)	(24.06)
NET INCREASE IN CASH & CASH EQUIVALENT	(A+B+C+D)	593.38	694.11
CASH AND CASH EQUIVALENT (OPENING)	(E)	2,007.81	1,313.70
CASH AND CASH EQUIVALENT (CLOSING)	(F)	2,601.19	2,007.81
NET INCREASE IN CASH & CASH EQUIVALENT	(F - E)	593.38	694.11

- 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 margin money/under lien ₹ Nil (₹ 15.22 crores).
 5. Cash & Cash Equivalent (closing) Includes FDR ₹ 12.32 crores (₹ 3.81 crores) received from contractors towards EMD and ₹ 514.02 crores (₹ 406.00 crores) against advances from clients on which interest is passed on to them.

As per our Report of even date attached

For and on behalf of the Board of Directors

For Wahi & Gupta

Chartered Accountants
FRN 002263N

CA Anuj Gupta

Partner
M. No. 76560

Place : New Delhi

Date : 25.07.2012

Lalitha Gupta

Company Secretary
& GM (Law)

K.K.Garg

Director Finance

Mohan Tiwari

Managing Director

1. SIGNIFICANT ACCOUNTING POLICIES

(i) 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 crores rupees with two decimal points except where otherwise stated.

(ii) 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.

(iii) 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 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 buying rate at each balance sheet date.
- iv) Fixed assets and non-monetary items are translated using the buying rate on the date of transaction.

(b) Transactions of Integral Foreign Operations

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

- i) Revenue items are translated into Indian currency on the basis of buying rate at the date of transaction.
- ii) Inventories are translated at the buying rates prevalent 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 buying rate at each balance sheet date.
- v) Fixed assets and non-monetary items are translated at the 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 buying rate.
- ii) Income and expense items are translated at the buying rate on date of transaction.
- iii) All resulting exchange difference is accumulated in foreign currency translation reserve until disposal of the net investment and is recognised as income or expense in the same period in which gain or loss on disposal is recognised.

(iv) 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.

(v) Investments

- (a) Non-current 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.
- (c) An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operation of the Company, is classified as investment property. Investment Properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

(vi) 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 mobilization expenditure to the extent not written off is 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 capitalized) and stores are charged to statement of profit and loss 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.

(vii) Cash and Bank Balances

Cash and bank balances comprise of cash at bank, cash in hand, cheques in hand, demand deposits and bank deposits with maturity period upto 12 months from balance sheet date.

For the purpose of cash flow statement, cash and cash equivalents consist of cash and bank balances, cheques in hand and demand deposits net of bank overdrafts.

(viii) 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) Provision for unforeseen expenditure during design guarantee period is made based on risk perception of management in each contract subject to a minimum amount of ₹ 50 lakhs and maximum of the amount of design guarantee specified in contract agreement with the client.

(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.

(ix) 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.

(x) Contracts executed under Joint Venture (JV)

Contracts executed under Joint Venture (JV)

- (a) in jointly controlled operations, are accounted as independent contracts;
- (b) 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.

(xi) Leases

- (a) Lease income from assets given on operating lease are recognized as income in the statement of profit and loss on straight-line basis over the lease term.
- (b) Lease payments for assets taken on operating lease are recognized as expense in the statement of profit and loss on straight-line basis over the lease term.

(xii) Liquidated Damages and Escalations

- (a) 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.
- (b) 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.

(xiii) Research and Development Expenses

Expenses on research and development are charged to statement of profit and loss.



(xiv) Mobilisation Expenses

The initial contract expenses on new projects for mobilisation will be 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.

(xv) Depreciation & Amortisation

(a) Depreciation on fixed assets and investment property 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:

i) General Construction Equipment	19.00%
ii) Office Equipment	19.00%
iii) Computer including UPS, Inverters and Mobile handsets	31.67%
iv) Vehicles (including Heavy Vehicles)	23.75%
v) Furniture & Fixtures	23.75%
vi) Speed Boats	19.00%

(b) Depreciation on fixed assets and investment property in foreign countries is provided on straight-line basis 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 (xv) (a) above). On closure of the project, assets are reduced to residual value of 5% and balance is expensed in the year of closure and/or transferred to other project/ Plant and Machinery Division.

(c) Software cost exceeding ₹ 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. Software cost up to ₹ 25 Lakhs in each case is fully depreciated in the year of purchase.

(d) In case of leasehold land (other than perpetual lease) and leasehold property, depreciation is provided proportionately over the period of lease.

(e) Assets acquired during the year costing up to ₹ 5000/- and assets having written down value up to ₹ 5000/- at the beginning of the year, and camps / caravans / temporary sheds/furnishings acquired during the year irrespective of the value are fully depreciated.

(xvi) Borrowing Cost

(a) Borrowing cost in ordinary course of business are recognised as an expense in the period in which they are incurred.

(b) Borrowing cost that is directly attributable to acquisition, construction or production of a qualifying asset is capitalized as part of the cost of the asset.

(xvii) Retirement Benefits

(a) Provision for leave encashment, gratuity and other retirement benefits is made based on actuarial valuation at the year end.

(b) Provident Fund contribution is made to PF Trust on accrual basis.

(c) Defined contributions for pension are charged to statement of profit and loss on accrual basis.

(xviii) Prior period adjustment and extraordinary items

(a) Income/expenditure relating to prior period and prepaid expenses not exceeding ₹ 50000/- in each case are treated as income/expenditure of the current year.

(b) Voluntary retirement scheme expenses are charged off in the year of incidence of expense.

(xix) Taxes

- (a) 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.
- (b) Deferred income tax is computed using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

(xx) Segment Reporting

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

(xxi) 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 resource 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.



2 SHARE CAPITAL

(₹ in crore)

Particulars	As at 31 st March 2012	As at 31 st March 2011
Authorized		
2,50,00,000 Equity shares of ₹ 10 each	<u>25.00</u>	<u>25.00</u>
Issued, Subscribed & Paid-up		
98,98,000 Equity shares of ₹ 10 each-fully paid	<u>9.90</u>	<u>9.90</u>
Total	9.90	9.90

i) Distribution of Number of Shares Held:

Particulars	As at 31 st March 2012		As at 31 st March 2011	
	No. of Shares	Percentage	No. of Shares	Percentage
Government of India in the name of the President of India and Government nominees	9,871,200	99.729%	9,871,200	99.729%
Indian Railway Finance Corporation Limited	24,400	0.247%	24,400	0.247%
Bank of India	2,400	0.024%	2,400	0.024%
Total	98,98,000	100%	98,98,000	100%

ii) Bonus share issued during last five years: NIL NIL

The Board of Directors has approved issue of bonus shares during 2012-13 in the ratio of 1:1 subject to the approval of shareholders at the ensuing Annual General Meeting.

iii) The shares of the company stand de-listed from Bombay Stock Exchange (BSE) (w.e.f. 03.11.2011) and Delhi Stock Exchange (DSE) (w.e.f. 15.03.2012).

iv) Terms/rights attached to shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

3 RESERVES AND SURPLUS

(₹ in crore)

Particulars	As at 31 st March 2012		As at 31 st March 2011	
a. General Reserves				
Opening Balance	1,372.41		1,181.76	
Add: Transfer from surplus in statement of profit and loss (Refer (d) below)	360.63	1,733.04	190.65	1,372.41
b. Foreign Projects Reserve				
Opening Balance	-		2.90	
Less: Written Back in Current Year	-	-	2.90	-
c. Housing Projects Reserve				
Opening Balance	-		4.80	
Less: Written Back in Current Year	-	-	4.80	-
d. Surplus in Statement of Profit and Loss				
Net Profit for the current year	469.92		240.51	
Add: Transfer from Reserves	-		7.70	
	469.92		248.21	
Less :- Appropriations				
-Interim Dividends	29.69		25.73	
(Dividend per share ₹ 30/- (₹ 26/-)				
-Proposed Dividends	64.34		23.76	
(Dividend per share ₹ 65/- (₹ 24/-)				
-Tax on Interim Dividend	4.82		4.28	
-Tax on Proposed Dividend	10.44		3.79	
-Transfer to General Reserves	360.63	-	190.65	-
Total		1,733.04		1,372.41

4 LONG TERM LIABILITIES

(₹ in crore)

Particulars	As at 31 st March 2012	As at 31 st March 2011
(a) Trade Payables		
- Micro, Small & Medium Enterprises (Refer Note 45)	-	-
- Others	5.37	15.52
(b) Other Liabilities		
- Advance from clients (i)	151.86	544.78
- Retention Money /Security Deposit (ii)	114.23	140.38
Total	271.46	700.68

(i) Includes Interest payable on advances from clients ₹ 5.57 crore (₹ 0.87 crore)

(ii) Includes earnest money deposits received as Fixed deposits receipts from contractors ₹ 22.04 crore (₹ 28.42 crore).



5 LONG TERM PROVISIONS

(₹ in crore)

Particulars	As at 31 st March 2012		As at 31 st March 2011	
(A) Provisions for employee benefits: (Refer Note 43)				
i) Gratuity	46.77		38.91	
ii) Leave Salary	52.44		52.20	
iii) Settlement Allowance on Retirement	1.45		1.40	
iv) Pension	12.80	113.46	9.20	101.71
(B) Other Provisions :				
i) Demobilisation	18.12		15.17	
ii) Maintenance	63.89		31.74	
iii) Future Contingencies	4.29		9.34	
iv) Design Guarantee	183.34		129.69	
v) Other Expenses	32.64	302.28	37.13	223.07
Total		415.74		324.78

6 TRADE PAYABLES

(₹ in crore)

Particulars	As at 31 st March 2012	As at 31 st March 2011
Trade Payables		
- Micro, Small & Medium Enterprises (Refer Note 45)	-	-
- Others		
(a) Contractors & Suppliers	518.05	432.99
(b) Staff	14.16	7.78
(c) Related Parties	11.86	11.08
Total	544.07	451.85

7 OTHER CURRENT LIABILITIES

(₹ in crore)

Particulars	As at 31 st March 2012	As at 31 st March 2011
(a) Advance Contract Receipts	590.02	779.30
(b) Advances from Client (i and ii)	927.07	418.79
(c) Deposits & Retention Money (iii)	301.34	156.08
(d) Statutory Dues	22.58	15.38
(e) Book Overdraft	-	3.42
(f) Others (iv)	13.01	36.14
Total	1,854.02	1,409.11

- i) Includes Interest payable on advances from clients ₹ **103.33 crore** (₹ 25.63 crore)
- ii) Includes ₹ **0.39 crore** (₹ 2.72 crore) advance from Ircon Infrastructure and Services Limited, a wholly owned subsidiary.
- iii) Includes earnest money deposits received as fixed deposit receipts from contractors ₹ **12.23 crore** (₹ 3.81 crore).
- iv) Includes Outstanding and Other Liabilities.

8 SHORT-TERM PROVISIONS

(₹ in Crore)

Particulars	As at 31 st March 2012		As at 31 st March 2011	
(A) Provisions for employee benefits: (Refer Note 43)				
i) Gratuity	2.86		1.63	
ii) Leave Salary	5.15		1.82	
iii) Settlement Allowance on Retirement	0.13		0.05	
iv) Performance Related Pay	12.11	20.25	23.11	26.61
(B) Other Provisions :				
i) Demobilisation	10.03		0.31	
ii) Maintenance	19.77		5.68	
iii) Future Contingencies	13.21		10.85	
iv) Corporate Social Responsibility	3.34		0.78	
v) Legal Cases	59.79		29.90	
vi) Other Expenses	41.39		32.14	
vii) Income tax and Wealth tax	444.06		542.33	
viii) Dividend (Proposed)	64.34		23.76	
ix) Tax on Dividend (Proposed)	10.44	666.37	3.85	649.60
Total		686.62		676.21



9 FIXED ASSETS

(₹ in Crore)

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
	As at 01.04.2011	Additions	Sales/ Adjustments	As at 31.03.2012	Upto 31.03.2011	For the year	Sales/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
A Tangible Assets										
Freehold Land	3.45	-	-	3.45	-	-	-	-	3.45	3.45
Lease hold Land (i & v)	36.40	-	-	36.40	0.15	0.01	-	0.16	36.24	36.25
Lease hold Buildings (iv)	40.11	0.11	-	40.22	3.61	0.74	-	4.35	35.87	36.50
Freehold Buildings /Flats- Residential	9.30	-	-	9.30	2.89	0.15	(0.66)	2.38	6.92	6.41
Freehold Buildings/Flats- Non-Residential	10.64	-	-	10.64	0.43	0.25	0.66	1.34	9.30	10.21
Plant and Machinery (ii and vi)	363.58	11.59	(27.07)	348.10	224.62	50.49	(22.71)	252.40	95.70	138.96
Survey Instruments	4.06	0.07	(0.60)	3.53	3.52	0.23	(0.59)	3.16	0.37	0.54
Computers	8.36	0.51	(0.52)	8.35	7.31	0.62	(0.46)	7.47	0.88	1.05
Mobile Handset	-	0.03	0.22	0.25	-	0.03	0.18	0.21	0.04	-
Office Equipments	7.34	0.71	(1.13)	6.92	6.05	0.78	(0.96)	5.87	1.05	1.29
Furniture, Fixtures, Furnishings	7.48	0.60	(0.40)	7.68	6.75	0.50	(0.39)	6.86	0.82	0.73
Caravans, Camps and Temporary Sheds	7.10	0.13	(0.86)	6.37	7.05	0.19	(0.91)	6.33	0.04	0.05
Vehicles (vi)	18.44	0.79	(3.15)	16.08	14.00	2.29	(2.97)	13.32	2.76	4.44
Current Year Total	516.25	14.54	(33.51)	497.29	276.38	56.28	(28.81)	303.85	193.44	239.86
Previous Year	482.48	52.95	(19.18)	516.25	256.21	36.96	(16.78)	276.38	239.86	226.26
B Intangible Assets										
Softwares	1.68	-	-	1.68	1.11	0.56	-	1.67	0.01	0.57
Current Year Total	1.68	-	-	1.68	1.11	0.56	-	1.67	0.01	0.57
Previous Year	1.67	-	-	1.68	0.54	0.56	-	1.11	0.57	1.13
GRAND TOTAL CURRNET YEAR	517.93	14.54	(33.51)	498.97	277.49	56.84	(28.81)	305.52	193.45	240.43
PREVIOUS YEAR	484.15	52.95	(19.18)	517.93	256.75	37.52	(16.78)	277.48	240.43	227.39

- Registration in respect of Lease Hold land at Kasba- Kolkata, (Gross Block ₹ 0.24 crore, Net Block ₹ 0.22 crore) is pending. Depreciation is computed thereon at cost including registration charges ₹ 0.02 crore on provisional basis. The construction is yet to be started. The period of lease is for 99 years.
- Includes Locomotives on short term lease and standby.
- Depreciation for the year has been allocated as given below (also refer note 46):-

(₹ Crore)

Description	2011-12	2010-11
Statement of Profit and Loss		
Current	56.84	36.91
Prior Period	-	0.61
Total	56.84	37.52

- Includes on Railways land for 30 years lease (Gross value ₹ 5.30 crore) for which agreement is yet to be finalized.
- Lease hold land includes land at Greater Noida for construction of proposed Central Inspection Cell (CIC) by the Company (Gross value ₹ 0.80 crore). The request for time extension for construction of Building has been submitted to the appropriate authority.
- Fixed assets beyond economic repair and held for disposal reduced from sales/adjustment column and transferred to other current assets: -

(₹ in Crore)

Block of assets	As at 31 st March 2012		As at 31 st March 2011	
	Gross Block	Net Block	Gross Block	Net Block
Plant and Machinery	3.30	0.01	-	-
Vehicles	2.06	-	-	-
Total	5.36	0.01	-	-

10 INTANGIBLE ASSET UNDER DEVELOPMENT

(₹ in Crore)

Particulars	As at 31 st March 2012	As at 31 st March 2011
Additions during the year: Implementation of SAP	0.25	-
Total	0.25	-

11 CAPITAL WORK-IN-PROGRESS *

(₹ in Crore)

Particulars	As at 31 st March 2012	As at 31 st March 2011
Opening Balance	1.77	1.55
Additions during the year: Work Expenses	0.63	0.22
Total	2.40	1.77

*Break-up of Capital Work in progress

Central Inspection Cell (CIC), Noida	1.98	1.77
Construction of Regional Office, Bangalore	0.06	-
Camp / Weigh Bridge Construction, Sri Lanka	0.36	-
	<u>2.40</u>	<u>1.77</u>



12 NON CURRENT INVESTMENTS

(₹ in Crore)

Particulars	As at 31 st March 2012		As at 31 st March 2011	
	Nos.	Amount (₹ in Crore)	Nos.	Amount (₹ in Crore)
A. Trade Investments (At Cost)				
Un- Quoted				
Investment in Fully Paid up Equity Shares:				
In Integrated Joint Venture/s				
CCFB, Mozambique 12,50,000 equity shares of meticals 24000 each fully paid (i)	12,50,000	5.53	12,50,000	5.53
Less : Provision for impairment of Investments (Refer Note No. 41)		5.53		5.53
Ircon-Soma Tollway Private Limited (ISTPL) (ii a and b) 6,38,70,000 equity shares of ₹ 10 each fully paid-up	6,38,70,000	63.87	6,38,70,000	63.87
In Subsidiaries				
Ircon Infrastructure & Services Limited 49,00,000 equity shares of ₹ 10 each	49,00,000	4.90	49,00,000	4.90
Total (A)		68.77		74.30
B. Other Investments				
Quoted				
Investment in Bonds				
6.85% Tax Free India Infrastructure Finance Company Ltd. (IIFCL) Bonds	6,000	61.07	6,000	61.27
Less : Amortization of premium paid on investment		0.36		0.20
6.00% Tax Free Indian Railway Finance Company Limited (IRFC) Bonds	5,000	50.00	5,000	50.00
8.00% Tax Free Indian Railway Finance Company Limited (IRFC) Bonds	163,131	16.31	-	-
Total (B)		127.02		111.07
Total		195.79		185.37

Disclosure regarding Quoted/Unquoted Investments:	₹ in Crore	₹ in Crore
Aggregate of Unquoted investments - Book value	68.77	74.30
Aggregate of Quoted investments - Book value	127.02	111.07
- Market value	123.84	111.24

- i) The value of one equity share of Meticals 24000 is equivalent to ₹ 44.27.
- ii) (a) Equity shares of ISTPL are pledged with consortium of eight banks from whom ISTPL had taken a loan of ₹ 450 crore which has been repaid in full in 2011-12. The pledged shares have, however, not yet been released. On release of pledged shares from consortium of eight banks, 30% shares shall be pledged with Punjab National Bank. Further, an undertaking has been given by the company to Punjab National Bank for non disposal of 21% of the present holding.
- (b) As per Articles of Association (Article V) of ISTPL, shareholders can transfer their shareholding subject to Concession Agreement dated 28th September 2005 signed with NHA I which provides for equity holding of not less than 51% by Consortium members in ISTPL during the construction period and three years following Commercial Operation Date, which was achieved on 19.04.2010. Thereafter, the aforesaid shareholding can be diluted to 26% subject to the pre-emption right of the other shareholders.

13 DEFERRED TAX ASSETS (NET)

(₹ in Crore)

Particulars	As at 1 st April 2011	Addition (Deletion) during the year	As at 31 st March 2012
	Total	Total	Total
Asset			
Provision for :			
- Maintenance and demobilisation	13.97	2.77	16.74
- Future contingencies	6.55	(0.87)	5.68
- Doubtful debts and advances	9.10	25.11	34.21
- Gratuity	14.47	1.63	16.10
- Legal cases	9.70	9.70	19.40
- Design Guarantee	32.42	13.42	45.84
- Other Expenses	30.23	(5.25)	24.98
Expenses:			
- On Voluntary retirement scheme	0.06	(0.04)	0.02
- Allowed for tax purpose when paid	20.87	6.17	27.04
	137.37	52.64	190.01
Liability			
Depreciation	6.31	(5.68)	0.63
	6.31	(5.68)	0.63
Net Deferred Tax Asset / Liability	131.06	58.32	189.38
Previous Year	87.39	43.67	131.06



14 LONG TERM LOANS AND ADVANCES

(₹ in Crore)

Particulars	As at 31 st March 2012		As at 31 st March 2011	
A. Secured, considered good				
Staff Loans and Advances	1.84		1.77	
Advances to Contractors against material and machinery	0.27		1.28	
		2.11		3.05
B. Unsecured, considered good				
Security Deposits				
- Government Departments	0.30		1.74	
- With Clients	21.97		49.79	
- Others	4.94	27.21	5.28	56.81
Loans to Related Parties				
Joint Ventures				
- CCFB (Refer note 41)	56.83		93.24	
Subsidiaries				
- IrconISL	50.92	107.75	23.20	116.44
Staff Loans & Advances	1.23		1.08	
Deposits with Government Departments	0.15		17.72	
Advances to Contractors and Suppliers	15.38		31.84	
Claims Recoverable from clients	0.01		0.51	
Income Tax (Including TDS)	162.48		162.48	
Prepaid Expenses	1.02	180.27	-	213.63
C. Considered Doubtful				
Loan to Related Parties				
Joint Venture				
-CCFB (Refer note 41)	36.41		-	
Staff Loans and Advances	0.03		-	
Advances to Contractors and Suppliers	6.42		7.05	
Deposits and Retention Money	0.02		0.44	
	42.88		7.49	
Less :- Provision for doubtful advances	42.88	-	7.49	-
		317.34		389.93

Loans and Advances stated above include ₹NIL (₹ NIL) debts due by directors, other officers of the company, firms in which any director is a partner or private company in which any director is a member except joint ventures and Subsidiaries as disclosed above.

15 OTHER NON CURRENT ASSETS

(₹ in Crore)

Particulars	As at 31 st March 2012		As at 31 st March 2011	
A. Secured, considered good				
Interest Accrued on :				
- Advances to staff		1.11		1.10
B. Unsecured, considered good				
Fixed Deposits more than 12 months (i)		22.04		28.42
Interest Accrued on :				
- Advances to staff		0.24		0.21
- Advances to Contractors, Suppliers & Others		25.74		21.56
- Advance to IRWO		0.61		1.03
- Deferred dues (Refer note 39 (b))		31.82	58.41	31.82
				54.62
C. Considered Doubtful				
Interest Accrued on :				
- Related party-Joint Venture-CCFB (Refer note 41)		0.19		-
- Advances to staff		0.03		-
- Advances to Contractors, Suppliers & Others		0.40		0.41
		0.62		0.41
Less: Provision for doubtful		0.62	-	0.41
		81.56		84.14

I) Includes Fixed Deposits ₹ 22.04 Crore (₹ 28.42 Crore) received from contractors towards EMD. Other non current assets stated above include ₹ NIL (₹ NIL) debts due by directors, other officers of the company, firms in which any director is a partner or private company in which any director is a member.

16 CURRENT INVESTMENTS

	Particulars	As at 31 st March 2012		As at 31 st March 2011	
		Nos.	Amount (₹ in Crore)	Nos.	Amount (₹ in Crore)
A	Investment in Mutual Fund				
	Quoted				
	UTI Mutual Fund - Daily Dividend Plan	122,740	12.51	-	-
	Total		12.51		-

Disclosure regarding Quoted Investments:

Aggregate of Quoted investments - Book value
- Market value

(₹ in Crore)

12.51

12.51

(₹ in Crore)

-

-



17 INVENTORIES

(₹ in Crore)

Particulars	As at 31 st March 2012	As at 31 st March 2011
a. Material and stores		
- In Hand	65.84	56.18
- With Third Parties	1.90	6.27
- In Transit	0.22	14.01
	<u>67.96</u>	<u>76.46</u>
b. Construction work-in-progress at cost	66.55	88.46
Total	134.51	164.92

18 TRADE RECEIVABLES *

(₹ in Crore)

Particulars	As at 31 st March 2012	As at 31 st March 2011
Unsecured :		
Outstanding for a period exceeding six months from the date they were due for payment		
- Considered good	45.04	45.25
- Considered doubtful & provided for	36.19	10.53
	<u>81.23</u>	<u>55.78</u>
Other trade receivables		
- Considered good	801.56	830.96
- Considered doubtful & provided for	0.12	-
	<u>801.68</u>	<u>830.96</u>
	882.91	886.74
Less: Provision for doubtful debts	36.31	10.53
Total	846.60	876.21

Trade Receivables stated above include ₹NIL (₹NIL) debts due by directors, other officers of the company, firms in which any director is a partner or private company in which any director is a member except as stated below:

* Includes amount due from Subsidiaries :

(₹ in Crore)

Particulars	Balance at the end of year	
	31.03.2012	31.03.2011
Outstanding for a period exceeding six months from the date they were due for payment	-	-
Other trade receivables	6.54	4.39
Total	6.54	4.39

19 CASH & BANK BALANCES

(₹ in Crore)

Particulars	As at 31 st March 2012		As at 31 st March 2011	
Cash and cash equivalents				
a) Cash In hand (i)		0.46		0.71
b) Cheques / drafts in hand		0.15		45.62
c) Balances with banks :				
- In Current accounts		494.25		342.75
- In Flexi accounts		117.14		88.42
- In Fixed deposits (with a maturity period of less than 3 months) (ii and iii)		649.02	1,260.41	745.08
d) Remittance in Transit				1.34
				1176.25
Other bank balances				
- In Fixed deposits (with a maturity period of more than 3 months and upto 12 months) (iv)		1,327.85		780.08
Fixed deposits received from contractors		12.32		3.81
Total		2,601.19		2,007.81

- i) Cash in hand includes cash imprest ₹ **0.06 Crores** (₹ 0.01 Crores)
- ii) Fixed deposits include ₹ **289.02 Crores** (₹ 394.53 Crores) against advances from clients on which interest is passed on to them.
- iii) Include margin money/under lien ₹ **NIL Crores** (₹ 15.22 Crores).
- iv) Fixed deposits include ₹ **225.00 Crores** (₹ 11.48 Crores) against advances from clients on which interest is passed on to them.



20 SHORT TERM LOANS AND ADVANCES

(₹ in Crore)

Particulars	As at 31 st March 2012		As at 31 st March 2011	
A. Secured, considered good				
Staff Loans and Advances	0.72		0.73	
Advances to Contractors against material and machinery	57.33	58.05	60.54	61.27
B. Unsecured, considered good				
Security Deposits				
- Government Departments	3.95		2.62	
- With Clients	56.69		25.92	
- Others	0.56	61.20	0.48	29.02
Loan to Related Parties				
Joint Ventures				
-ISTPL	-		10.00	
Amount Recoverable from :				
Joint Ventures				
- RICON CETA SARL	3.89		10.96	
- CCFB	0.60		1.41	
- IRCON - RCS - PFLEIDERER	0.01		-	
Subsidiaries				
-IrconISL	0.15	4.65	-	22.37
Staff Loans and Advances	3.25		2.03	
Advances to Contractors and Suppliers	128.11		109.10	
Deposits with Government Departments	10.38		4.49	
Money withheld by clients	76.62		114.92	
TDS - Sales Tax	17.38		34.58	
Value Added Tax	64.26		50.29	
Service Tax input credit	0.92		-	
Income Tax (Including TDS)	225.99		239.39	
Prepaid Expenses	7.87		9.21	
Others	7.51	542.29	15.43	579.44
C. Considered Doubtful				
Advances to Contractors and Suppliers	5.31		5.37	
Deposits with Government Departments	0.95		0.10	
Deposits and Retention Money	15.41		2.58	
Value Added Tax	2.50		-	
Others	1.56		1.56	
	25.73		9.61	
Less:- Provision for doubtful advances	25.73	-	9.61	-
Total		666.19		692.10

Loans and Advances stated above include ₹ NIL (₹ NIL) debts due by officers of the company, firms in which any director is a partner or private company in which any director is a member except JVs and Subsidiaries as disclosed below.

Details of amount due from Directors:

(₹ in Crore)

Particulars	As at 31 st March 2012	As at 31 st March 2011
Amount due from directors included in staff loans and advances	0.05	0.02
	0.05	0.02

21 OTHER CURRENT ASSETS *

(₹ in Crore)

Particulars	As at 31 st March 2012	As at 31 st March 2011
A) Interest Accrued on:		
Staff loans and advances (secured)	0.15	0.20
Bonds	1.70	1.57
Staff loans and advances (unsecured)	0.08	0.13
Loan to Indian Railway Welfare Organisation	0.20	-
Deposits & Advances with:		
- Contractors, Suppliers & Others	0.54	5.85
- Ircon Infrastructure & Services Limited	4.42	0.55
- Related party-Joint Venture-CCFB	-	0.19
- Deposit with banks	56.28	13.78
B) Contraction Work in Progress (At realisable value)	189.27	135.54
C) Assets held for disposal (i)	0.01	-
TOTAL	252.65	157.81

(i) Fixed assets beyond economic repair and held for disposal (at lower of the realizable value and book value): -

(₹ in Crore)

Block of assets	As at 31 st March 2012		As at 31 st March 2011	
	Gross Block	Net Block	Gross Block	Net Block
Plant and Machinery	3.30	0.01	-	-
Vehicles	2.06	-	-	-
Total	5.36	0.01	-	-

* Loans and Advances stated above include ₹ NIL (₹ NIL) debts due by officers of the company, firms in which any director is a partner or private company in which any director is a member except JVs and Subsidiaries as disclosed below.

Details of amount due from Directors:

(₹ in Crore)

Particulars	As at 31 March 2012	As at 31 March 2011
Amount due from directors included in interest accrued on staff loans and advances	0.01	-
	0.01	-



22 Revenue from operations

(₹ in Crore)

Particulars	2011-12	2010-11
Contract Revenue	3,539.87	3,140.13
Loco lease	31.63	26.20
Machinery hire charges	0.38	1.56
Other Operating Receipts	6.09	6.52
Total	3,577.97	3,174.41

23 Other Income

(₹ in Crore)

Particulars	2011-12	2010-11
Interest on Tax Free Bonds	7.48	5.41
Bank Interest Gross	169.03	57.89
Less:- Interest reimbursed to clients	34.87	15.70
	134.16	42.19
Interest on refund of income-tax	6.31	-
Interest on staff advances	0.37	0.26
Interest on other advances	10.54	8.11
Dividend Income	0.41	-
Profit on sale of assets	8.45	5.15
Miscellaneous	12.79	11.18
Total	180.51	72.30

24 Operating expenses and administrative expenses

(₹ in Crore)

Particulars	Operating expenses		Administrative expenses	
	2011-12	2010-11	2011-12	2010-11
Materials and Stores consumed:				
Opening balance	62.45	107.50	-	-
Add: Purchases during the year	455.49	477.16	-	-
	517.94	584.66	-	-
Less: Closing Balance	67.75	450.19	-	-
62.45	450.19	62.45	522.21	-
Work expenses	1,973.95	1,645.09	-	-
(Increase) / Decrease in WIP	21.92	(7.67)	-	-
Design, Drawing, Business Development and Consultancy Charges	67.73	151.03	-	-
Inspection, Geo Technical Investigation and Survey expenses etc.	3.46	1.98	-	-
Repairs and maintenance of machinery	18.38	17.02	-	-
Hire charges of machinery	5.72	12.00	-	-
Exchange fluctuation loss	51.20	27.86	-	-
Less:- Exchange fluctuation gain	35.25	3.80	-	-
Net exchange fluctuation loss (Refer note 47)	15.95	24.06	-	-
Rent - Non-residential (Refer note 33 (III))	4.23	3.57	0.20	0.42
Rates and taxes	55.85	39.54	0.83	1.36
Vehicle operation and maintenance	15.64	12.85	0.69	0.77
Repairs and maintenance				
- Building	0.25	0.26	0.51	0.45
- Office and Others	3.20	1.88	2.33	1.94
Power, electricity and water charges	3.57	3.38	1.04	1.14
Insurance	9.83	9.55	0.12	0.03
Travelling and conveyance	10.09	9.10	1.53	2.26
Printing and stationery	2.00	1.94	0.64	0.89
Postage, telephone and telex	2.49	1.97	0.52	0.63
Legal and Professional charges	3.97	2.44	1.70	1.24
Security services	3.43	4.56	0.18	0.27
Business promotion	1.11	0.95	0.09	0.09
Write-off of :				
- Bad debts	-	-	-	-
- Bad advances	0.23	-	-	-
- Assets	-	0.01	-	-
Loss on sale of Assets/Stores	-	-	0.06	0.14
Amortization of premium paid on Investments	-	-	0.36	0.20
Bank and other charges	-	-	6.51	8.34
Director sitting fee	-	-	0.02	0.02
Donation	-	-	0.15	0.03
Auditors remuneration (i)	-	-	0.76	0.60
Advertisement and publicity	-	-	4.51	4.40
Training and Recruitment	-	-	0.29	0.30
Research and Development expenses	-	-	0.05	-
Corporate social responsibility	-	-	2.25	0.83
Miscellaneous expenses	2.66	3.44	0.87	0.69
Less:- Provisions Utilised (ii)	(19.03)	(31.50)	-	-
Total	2,656.82	2,429.66	26.21	27.04

(i) Payment to Statutory Auditors:	2011-12	2010-11
(i) Audit Fee - current year	0.24	0.20
(ii) Tax Audit Fees - current year	0.07	0.05
(iii) Certification Fees	0.07	0.06
(iv) Reimbursement of Expenses:		
- Local	0.32	0.26
- Foreign	0.06	0.03
Total	0.76	0.60

(ii) Details given in Note - 26.



25 Employee remuneration and benefits

(₹ in Crore)

Particulars	2011-12		2010-11	
	Operating	Administrative	Operating	Administrative
Salaries, wages and bonus (i)(Refer note 33(III))	109.04	23.52	97.71	25.67
Contribution to provident and other funds	7.70	2.10	5.30	1.96
Foreign service contribution	0.27	0.43	0.58	0.50
Retirement benefits	12.32	-	32.14	-
VRS expenses	-	-	-	0.03
Staff welfare	2.48	0.45	1.94	0.37
Total	131.81	26.50	137.67	28.53
Total	158.31		166.20	

(i) Includes income-tax on non-monetary perks ₹ 0.21 Crores (₹ 0.23 Crores).

26 Provisions (Net)

(₹ in Crore)

Particulars	Balance as on 1-4-2011			During the year 2011-12			Balance as on 31-3-2012		
	Long Term	Short Term	Total	Additions	Written Back	Utilisation	Total	Long Term	Short Term
Provided for :									
A Employees Related									
(i) Retirement Benefits									
Gratuity	42.98	1.63	44.61	7.08	-	2.06	49.63	46.77	2.86
Less: Claims with LIC Gratuity	4.07	-	4.07				-		
	38.91	1.63	40.54	7.08	-	2.06	49.63	46.77	2.86
Leave Salary	52.20	1.82	54.02	9.31	3.27	2.47	57.59	52.44	5.15
Settlement allowances on retirement	1.40	0.05	1.45	0.13	-	-	1.58	1.45	0.13
Pension	9.20	-	9.20	4.56	0.96	-	12.80	12.80	-
Total of Retirement Benefits (i)	101.71	3.50	105.21	21.08	4.23	4.53	121.60	113.46	8.14
(ii) Others									
Performance Related Pay (ii)	-	23.11	23.11	9.53	3.50	17.03	12.11	-	12.11
Total Employee Related Provisions (i+ii)	101.71	26.61	128.32	30.61	7.73	21.56	133.71	113.46	20.25
B Others									
Demobilisation	15.17	0.31	15.48	13.03	0.13	0.23	28.15	18.12	10.03
Maintenance	31.74	5.68	37.42	51.50	3.51	1.75	83.66	63.89	19.77
Future contingencies (Contracts)	9.34	10.85	20.19	6.59	4.91	4.37	17.50	4.29	13.21
Design Guarantee	129.69	-	129.69	53.65	-	-	183.34	183.34	-
Doubtful debts	-	10.53	10.53	27.30	1.52	-	36.31	-	36.31
Doubtful advances	7.90	9.61	17.51	53.92	2.05	0.15	69.23	43.50	25.73
Impairment of Investment	-	-	-	5.53	-	-	5.53	5.53	-
Corporate Social Responsibility	-	0.78	0.78	4.81	-	2.25	3.34	-	3.34
Liabilities(Legal cases)	-	29.90	29.90	33.60	0.64	3.07	59.79	-	59.79
Other expenses	37.13	32.14	69.27	16.02	4.05	7.21	74.03	32.64	41.39
Income-tax and Wealth tax	-	542.33	542.33	234.49	43.95	288.81	444.06	-	444.06
Dividend (Interim and Proposed)	-	23.76	23.76	94.03	-	53.45	64.34	-	64.34
Tax on Dividend (Interim and Proposed)	-	3.85	3.85	15.25	-	8.67	10.43	-	10.43
Total Other Provisions (B)	230.97	669.74	900.71	609.72	60.76	369.96	1,079.71	351.31	728.40
GRAND TOTAL (C = A+B)	332.68	696.35	1,029.03	640.33	68.49	391.52	1,213.42	464.77	748.65
D Less:- Considered Separately									
Doubtful debts considered in Note 18	-	10.53	10.53				36.31	-	36.31
Doubtful advances considered in Note 14,15 & 20	7.90	9.61	17.51				69.23	43.50	25.73
Impairment of Investment considered in Note 12	-	-	-				5.53	5.53	-
Retirement Benefits considered in Note 25				21.08	4.23	4.53			
PRP included in Salaries, Wages and Benefits in note 25				9.53	3.50	17.03			
Income-tax adjusted / considered separately				234.49	43.95	288.81			
Dividend paid / considered separately				94.03	-	53.45			
Corporate-tax on Dividend paid / considered separately				15.25	-	8.67			
Total (D)	7.90	20.14	28.04	374.38	51.68	372.49	111.07	49.03	62.04
Net: Current Year (C - D)	324.78	676.21	1,000.99	265.95	16.81	19.03	1,102.35	415.74	686.61
Previous Year			597.63	204.41	14.30	31.50	1,000.99	310.82	690.17

NOTE:

Net Provisions(Additions/Write Back) carried to Statement of Profit and Loss	249.14
Retirement Benefits provisions considered in Note 25	12.32
Performance Related Pay considered in Note 25 in Salary and Wages	(11.00)
Provisions Utilized considered in Note 24	19.03

27 Prior Period Adjustments

(₹ in Crore)

Particulars	2011-12	2010-11
PRIOR PERIOD ITEMS:		
Income:		
Revenue from Operation	(0.61)	(4.15)
Miscellaneous	0.01	0.50
	(0.60)	(3.65)
Expenses:		
Work expenses	1.37	(2.47)
Depreciation	-	0.61
Rates and taxes	5.44	-
Design, Drawing, Business Development and Consultancy Charges	4.01	-
Others	0.07	0.36
	10.89	(1.50)
Total	(11.49)	(2.15)

28. Contingent liabilities consist of:

- Claims against the Company not acknowledged as debt ₹ 622.19 crore (₹ 349.18 crore). Against this the Company has counter claims of ₹ 137.33 crore (₹ 61.79 crore). In case claims against the Company do materialise, claims for ₹ 327.12 crore (₹ 143.24 crore) will be reimbursable from the clients. Interest on claims is not considered, being unascertainable.
- Few cases relating to employees/others are pending in the Courts against the Company in respect of which the liability is not ascertainable.
- Direct and Indirect disputed tax demands under appeal ₹ 175.29 crore (₹ 114.27 crore) of which ₹ 46.21 crore (₹ 29.31 crore) are reimbursable from the clients.
- Claims of Provident Fund Commissioner, J & K for ₹ 1.75 crore (₹ 1.75 crore).
- Undertaking to Punjab National Bank against term loan to ISTPL to make good 50% of any shortfall in the dues, if any, in the event of termination of concession agreement maximum to the extent of ₹ 300 crore (being 50% of total term loan of ₹ 600 crore).
- Pending disposal of application for extension of time by clients, Company is also contingently liable to pay liquidated damages to the extent of ₹ Nil (₹ 0.03 crore).

29. A demand of ₹ 89.76 crore (₹ 55.23) crore has been raised by the J&K sales tax department as tax liability and interest thereon arising under J & K General Sales Tax Act 1962 on account of service provided by the Company in the shape of works contract to Railways for the period from financial year 1999-2000 to 2007-08. However, an amount of ₹ 41.95 crore (₹ 16.67 crore) on account of demanded sales tax has been paid under protest to the department. This has been charged as expense and billed to the client. The company has filed an appeal in respect of completed assessments with Dy. Commissioner, Commercial (Appeal) for the year 2005-06 to 2007-08 and the matter is pending. For the year 1999-2000 to 2004-05 appeal is pending before State Sales Tax Appellate Tribunal, Srinagar. The Company is of the opinion that there will not be any additional liability on this account; therefore, no provision has been made in the books of account. However, the balance amount has been considered as contingent liability and included in 28 (c) above. No assessment has been done by the department for financial year 2008-09 to 2011-12.

30. Commitments:

(a) Estimated amount of contracts remaining to be executed on capital account (net of advances) is ₹ 1.92 crore (₹ 0.22 crore).

(b) Other Commitments :

Commitments to fund subsidiaries/ Joint Ventures/ associates :

- i) To IrconISL towards balance equity ₹ 0.10 crore.
- ii) To IrconISL towards balance shareholder loan ₹ 24.08 crore.
- iii) To proposed Indian Railway Stations Development Corporation Limited (incorporated on 12.04.2012) towards equity ₹ 5.10 crore.

31. (a) Some of the balances shown under debtors, advances, creditors and material lying with third parties are subject to confirmation / reconciliation/ adjustment, if any. The Company has been sending letters for confirmation to parties included in the above.

(b) Sales tax (including TDS), Value added tax (VAT) and Income tax (including TDS) shown under advances are subject to confirmation/reconciliation/adjustment, if any.

(c) 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.

32.(a) Earnings in foreign currency:

Particulars	(₹ in Crore)	
	2011-12	2010-11
Work Receipts, Loco lease	1843.27	1528.64
Bank Interest	5.94	8.18
Other Interest	0.42	0.14
Others	12.82	4.67
Total	1862.44	1541.63

(b) Expenditure in foreign currency:

Particulars	(₹ in Crore)	
	2011-12	2010-11
Operational Expenses	1181.39	728.21
Consultancy charges	66.13	12.83
Foreign Exchange Fluctuation Loss (Net)	15.95	25.25
Administrative & Other Expenses	155.22	347.73
Total	1418.69	1114.02

(c) CIF value of Imports:

Particulars	(₹ in Crore)	
	2011-12	2010-11
Materials	21.44	17.76
Consumables, Components and Spares	-	0.23
Total	21.44	17.99



33. Disclosure regarding Leases:

I. Operating leases for locomotives

- (a) The Company has provided 25 locomotives on lease to a foreign client as on 31.03.2012. The lease is currently valid up to 31.12.2012.
- (b) Future minimum lease rental payable / receivable under operating lease for each of the following period is as under:

(₹ in Crore)

Lease Rent	Not later than 1 year	Later than 1 year to 5 years	Later than 5 years
Receivable	25.49 (20.13)	Nil (Nil)	Nil (Nil)
Payable	Nil (Nil)	Nil (Nil)	Nil (Nil)

- (c) Disclosure of depreciation on lease business assets including stand by locomotives for the year:

(₹ in Crore)

Particulars of assets	As on 31 March 2012	As on 31 March 2011
Gross carrying amount of assets	24.82	24.82
Accumulated depreciation	23.58	8.82
(₹ in Crore)		
Particulars	2011-12	2010-11
Depreciation for the year	14.76	2.43

II. Operating lease for light vehicles

The Company has taken four (five) light vehicles on operating lease without any obligation to purchase from lessor for its use for 5 years. The future minimum basic lease rent payable is as under

(₹ in Crore)

Lease Rent	Not later than 1 year	Later than 1 year to 5 years	Later than 5 years
Payable	0.04 (0.06)	Nil (0.04)	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. Employee remuneration and benefits (Note 25) include ₹ 5.44 crore (₹ 5.15 crore) 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 ₹ 4.43 crore (₹ 3.99 crore) shown as rent in note 24.

34. Segment Reporting:

Primary Segment information (Geographic):

(₹ in crore)

Particulars	International		Domestic		Others*		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
A. Turnover								
Revenue from Operations	1849.76	1577.53	1749.51	1597.49	2.14	6.83	3601.41	3181.85
Other Income	15.17	9.74	14.94	15.81	150.40	46.75	180.51	72.30
Inter-segment	-	-	-	-	-	-	-	-
Total Revenue	1864.93	1587.27	1764.45	1613.30	152.54	53.58	3781.92	3254.15
B. Result								
Profit before Provision, Depreciation, Interest and Tax.	603.73	542.60	191.74	52.54	112.65	33.13	908.12	628.27
Less:								
Provision & write backs (Net)	112.93	158.41	80.18	16.64	56.03	15.06	249.14	190.11
Depreciation	42.90	16.51	10.50	16.02	3.44	4.38	56.84	36.91
Interest	-	-	-	-	-	-	-	-
Profit Before Tax	447.90	367.68	101.06	19.88	53.18	13.69	602.14	401.25
Tax Expense	44.72	131.70	54.90	17.67	32.60	11.37	132.22	160.74
Profit After Tax	403.18	235.98	46.16	2.21	20.58	2.32	469.92	240.51
C. Other Information								
Assets	2131.79	2113.35	1607.92	1192.58	1788.92	1673.71	5528.63	4979.64
Include Fixed Assets (Net Block)	75.33	99.84	38.24	59.12	82.54	85.04	196.11	244.00
Liabilities	1756.02	1876.17	1564.00	1155.21	465.67	565.95	3785.69	3597.33
Capital Expenditure: Additions to Fixed Assets	13.62	50.71	0.37	1.13	0.55	1.11	14.54	52.95

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

Secondary Segment information (Business):

(₹ in crore)

Particulars	Operating Income		Segment Assets		Additions to Fixed Assets	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Construction etc.	3569.29	3155.65	5516.11	4958.99	14.36	52.84
Leasing & Operation	32.12	26.20	12.52	20.65	0.18	0.11
Total	3601.41	3181.85	5528.63	4979.64	14.54	52.96



35. Disclosure in respect of Joint-Ventures (JV)

(a) Unincorporated Joint - Ventures:

i) For projects in operation:

S. No.	Name of the JV	Partner(s) and Country of Origin	Participating Interest (in %) as on 31 st March	
			2012	2011
1	RICON	Ircon, India RITES, India	49.00	49.00
			51.00	51.00
2	Ircon-GANNON Dunkerly	Ircon, India GANNON Dunkerly	55.70	55.70
			44.30	44.30
3	Ircon-RCS-PFLEIDERER	Ircon, India Rayalseema Concrete Sleepers Pvt. Ltd, India Pfleiderer Infrastrukturtechnik Gmbh & Co, Germany	65.08	65.08
			21.87	21.87
			13.05	13.05
4	RICON-CETA SARL	RICON, India CETA, Mozambique	49.00	49.00
			51.00	51.00
5	IRCON-SPSCPL	IRCON, INDIA SPSCPL, INDIA	50.00	-
			50.00	-

ii) For projects which have been completed :

S. No.	Name of the JV	Partner(s) and Country of Origin	Participating Interest (in %) as on 31 st March	
			2012	2011
1	Ircon-COBRA-ELIOP	Ircon, India COBRA, Spain ELIOP, Spain	61.22	61.22
			34.35	34.35
			4.43	4.43
2	Ircon-Sree Bhawani Builders	Ircon, India Sree Bhawani Builders, India	24.21	24.21
			75.79	75.79
3	SMJ-Ircon	Ircon, India Sumber Mitra Jaya, Indonesia	25.00	25.00
			75.00	75.00
4	Ircon-SMJ Project JV	Ircon, India Sumber Mitra Jaya, Indonesia	55.00	55.00
			45.00	45.00
5	International Metro Civil Contractor (IMCC)	Dywidag, Germany Larsen & Tubro Ltd., India Samsung Corp., Korea Shimizu Corp., Japan Ircon, India	29.00	29.00
			26.00	26.00
			26.00	26.00
			9.50	9.50
			9.50	9.50
6	Metro Tunneling Group (MTG)	Dywidag, Germany Larsen & Tubro Ltd., India Samsung Corp., Korea Shimizu Corp., Japan Ircon, India	29.00	29.00
			26.00	26.00
			26.00	26.00
			9.50	9.50
			9.50	9.50

b) Joint-Venture Companies:

S. No	Name of JV Company	Shareholders and country of origin	Percentage of Ownership	
			As at 31 st March 2012	As at 31 st March 2011
1	CCFB (Companhia Dos Caminhos De Ferro Da Beira SARL) Mozambique	Ircon, India	25.00	25.00
		RITES, India	26.00	26.00
		CFM, Mozambique	49.00	49.00
2	Ircon-Soma Tollway Private Limited.	Ircon, India	50.00	50.00
		Soma Enterprise Limited, India	50.00	50.00

(c) Statement of Income, Expenditure, Profit, Assets and Liabilities of Jointly controlled entities

(₹ in crore)

S. No	Particulars	RICON-CETA SARL		RICON		IMCC		MTG		IRCON-SPSCPL		Total	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1	Income	0.24	-	1.76	2.83	-	0.19	0.27	4.43	21.16	-	23.44	7.44
2	Expenditure	0.24	-	0.80	0.97	0.02	0.09	(0.23)	(0.23)	20.14	-	20.97	0.83
3	Fixed Assets	-	1.79	-	-	-	-	-	-	0.01	-	0.01	1.80
4	Current Assets	6.98	21.07	9.22	12.95	5.01	4.89	7.73	7.38	5.85	-	34.79	46.29
5	Current Liabilities	3.22	24.24	-	4.06	1.52	4.61	3.64	1.79	5.39	-	13.78	34.70

(d) Contingent liabilities towards the Company's proportionate share in JVs :

- (i) Indemnity bond in case of IMCC ₹ 1.24 crore (₹ 1.24 crore).
- (ii) Sales-tax liability in case of IMCC ₹ 4.25 crore (₹ 4.25 crore) and Service Tax ₹ 1.01 crore (₹ 1.01 crore).
- (iii) Bank guarantee in case of MTG ₹ 0.59 crore (₹ 2.36 crore).
- (iv) Corporate guarantee to Central Excise in case of MTG ₹ 1.54 crore (₹ 1.54 crore).
- (v) Bank guarantee in case of Ircon-RCS- PFLEIDERER ₹ 0.91 crore (₹ 0.91 crore).
- (vi) Income Tax liability in the case of IMCC (Joint Venture) ₹ 5.29 crore (₹ 5.29 crore) and ₹ 0.09 crore (Nil) in case of MTG.
- (vii) Recovery suit against the IMCC by M/s Sai Engineers as on 31.03.2012 is ₹ 0.01 crore (Nil).

36. Related Party disclosures:
(a) Enterprises where control exists:

Unincorporated Joint Ventures – As per Note no. 35(a) above.

Joint Venture Companies – As per Note no. 35(b) above.

Wholly Owned Subsidiary - Ircon Infrastructure & Services Limited (IrconISL).

(b) Key management personnel:

Directors: -S/Shri Mohan Tiwari, K K Garg, Deepak Sabhlok and Hitesh Khanna.



Disclosure of transactions with related parties:

(₹ in crore)

Particulars	Transactions		Outstanding Amount	
	2011-12	2010-11	As on 31-3-2012	As on 31-3-2011
Remuneration to key management personnel (b above) & Sitting Fees to other Independent Directors	As per Note No. 37		0.01	0.01
Investment in CCFB/ISTPL/IISL	Nil	4.5	74.30	74.30
Loan to CCFB/ISTPL/IISL	17.72	41.52	144.16	126.44
Advances recoverable from CCFB/IISL/ISTPL/RICON	(1.20)	0.05	2.33	1.66
Amount payable to RICON/IISL	1.56	10.32	18.40	13.79
Income from CCFB/RICON/ISTPL/IISL	64.84	38.38	28.20	7.53

37. Details of remuneration to Directors:

(₹ in Crore)

Sr.	Particulars	2011-12	2010-11
I	Salary & allowances	1.06	0.78
II	Contribution to provident fund	0.07	0.06
III	Superannuation including retirement benefits	0.01	0.09
IV	Reimbursement of medical expenses	0.01	0.01
V	Sitting fee	0.02	0.02
VI	Other benefits	0.17	0.18
	TOTAL	1.34	1.14

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

38. 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" notified by the Companies (Accounting standards) Rules, 2006. The impairment loss is ₹ Nil (₹ Nil).

39. The lease agreement for locomotives given on hire to a foreign client is being renewed on year-to-year basis. The renewal of agreement, however, remains always uncertain. In the event of such non-renewal, the left-over spares meant for maintenance of the locomotives will become redundant and fetch insignificant value as it may be too expensive to ship them back to India. Keeping in view sound accounting practices, cost of such spares is expensed in the year of purchase and this practice is being followed consistently.

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

(b) Under DPA, the outstanding balances dues as certified by Central Bank of Iraq (CBI) to Exim Bank upto Sept.1995 were settled by GOI by issuing bonds in two phases. Subsequent to 2nd phase, CBI had further certified (confirmed by Exim Bank in May, 2000) an amount of USD 0.89 crore (equivalent to ₹ 31.802 crore converted at the last settlement rate of 1 USD = ₹ 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 0.42 crore (equivalent to ₹ 15.04 crore converted at the last settlement rate of 1 USD = ₹ 35.802) has been provided in the books of accounts.

(c) 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 = ₹ 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 31.03.2012 as per AS-11, other non current assets would have been higher by ₹ 13.25 crore (previous year higher by ₹ 7.49 crore), long term provisions would have been higher by ₹ 6.27 crore (previous year higher ₹ 3.54 crore) and profit before tax would have been higher by ₹ 6.98 crore (previous year higher ₹ 3.95 crore).

41. The Company has 25% equity stake in CCFB, a Joint Venture Company incorporated as per Mozambican laws in the year 2004 to execute a railway project awarded by the Government of Mozambique (GOM) on BOT basis and has paid USD 1.25 Mn (₹ 5.53 crore shown in Non current investments (Note 12)). The Company has provided shareholders' loan to CCFB and the total amount including accrued interest upto 31.03.2011 is USD 21.124 Mn (₹ 93.43 crore converted at exchange rate on 31.03.2011- ₹ 93.24 crore shown in Long term loan and advances (Note 14 (B) and (C)) and ₹ 0.19 crore shown in other noncurrent assets (Note 15(C))). There is no change in the amount of investment after 31.03.2011. Although the project was complete, the GOM has terminated the concession on 9th November, 2011 and taken over the project on 8th December, 2011.

CCFB considers this termination against the contract provisions & unlawful and has initiated arbitration proceedings against GOM. The Company believes that it shall be able to retrieve its entire investment through arbitration by CCFB, yet as a matter of abundant caution and following a conservative approach, pending outcome of the arbitration, a provision of ₹ 42.13 crore (₹ 34.20 crore towards loan & interest accrued thereon, ₹ 3.21 crore towards possible capital expenditure by CCFB to make railway line operable reduced by interest after termination of ₹ 0.81 crore and ₹ 5.53 crore towards equity investment) (refer Note 12) has been made towards possible loss and the loan amount including interest due has been stated at the exchange rate prevailing on 31.03.2011. Further, for the reasons stated above, interest on loans for the year amounting to ₹ 3.38 crore has not been recognised.

Had the dues been translated at the closing exchange rate as on 31.03.2012 as per AS-11, long term loan and advances would have been higher by ₹ 8.33 crore (previous year nil) and profit before tax would have been higher by ₹ 8.33 crore (previous year nil).

Had the effect of Note no. 40 & 41 would have been given cumulatively, the long term loans & advances would be ₹ 325.67 crore, other non current assets would be ₹ 94.81 crore, long term provisions would be ₹ 422.01 and profit before tax would be ₹ 617.45 crore.

42. The Company in its Income tax returns has been claiming deduction under Section-80 IA of the Income Tax Act, 1961, in respect of eligible construction projects since assessment year 2000-01. The deduction was disallowed by the CIT (A) in some of the assessment years. Although, the CIT (A) has considered our claim for the assessment year 2004-05 and 2005-06, but the Income tax department moved to the Tribunal against the order of CIT(A). Accordingly, the tax is being provided without considering the deduction under Section 80IA. The amount of such deduction up to assessment year 2011-12 is ₹ 580.29 crore (₹ 509.50 crore). The matter is pending before the Tribunal.

43. Disclosure under AS-15, Employee benefits :

Provident Fund

The Company pays fixed contribution of Provident Fund at a pre determined rate to a separate trust, which invests 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 returns on investment is greater than the obligation of the company.

Gratuity

The liability towards gratuity as per rules of the Company is recognised on the basis of actuarial valuation.

Post-Retirement Medical Facility (PRMF)

The Company had established an irrevocable trust by initial one-time contribution of ₹ 12 crore during the year 2000-01 for providing annuity, medical and other benefits to the spouse of employees who die in harness as also the medical benefits to the employees (and spouse) who superannuate from the Company. This being a



voluntary welfare measure, the Company is not liable for providing such benefits to its employees.

Leave Encashment

The liability towards encashment of leave as per rules of the Company is recognised on the basis of actuarial valuation.

Other Retirement Benefits

Other retirement benefits include settlement at home-town or to the place where he or his family intends to settle in India including Baggage Allowance. The liability on this account is recognized on the basis of actuarial valuation.

The summarised position of various employee benefits recognised in the statement of profit and loss and balance sheet is as under-

i) Changes in the present value of obligations

(₹ in crore)

	Gratuity	Leave Encashment	Other Retirement Benefits
Present Value of Obligation as at beginning of the period	44.61 (37.66)	54.01 (38.18)	1.45 (1.29)
Interest Cost	3.34 (2.82)	4.05 (2.86)	0.11 (0.09)
Current Service Cost	2.72 (2.53)	3.94 (3.92)	0.08 (0.07)
Past Service Cost	- (-)	- (-)	- (-)
Benefit Paid	(2.05) ((2.01))	(1.21) ((2.47))	(0.01) (-)
Actuarial (gain)/loss on obligation	1.01 (3.61)	(5.18) (11.52)	(0.06) ((0.01))
Present Value of Obligation as at the end of the period	49.63 (44.61)	55.61 (54.02)	1.57 (1.45)

ii) Changes in the fair value of plan assets

(₹ in crore)

	Gratuity	Leave Encashment	Other Retirement Benefits *
Fair Value of plan assets as at beginning of the period	- (4.11)	- (-)	- (-)
Expected return on Plan Assets	- (0.36)	- (-)	- (-)
Contributions	- (-)	- (-)	- (-)
Benefit Paid	- ((0.13))	- (-)	- (-)
Actuarial (gain)/loss on Plan Assets	- ((0.26))	- (-)	- (-)
Fair Value of Plan Assets as at the end of the period	- (4.07)	- (-)	- (-)

iii) Fair Value of plan assets

(₹ in crore)

	Gratuity	Leave Encashment	Other Retirement Benefits*
Fair value of Plan Asset at the beginning of period	- (4.11)	- (-)	- (-)
Actual return on Plan Assets	- (0.09)	- (-)	- (-)
Benefits paid	- ((0.13))	- (-)	- (-)
Fair value of Plan Assets at the end of period	- (4.07)	- (-)	- (-)
Funded Status	(49.63) ((40.54))	(55.61) ((54.02))	(1.57) ((1.45))
Excess of actual over expected return on plan assets	- ((0.26))	- (-)	- (-)

*IRCON Medical Trust has a combined fund of ₹ 26.32 crore

iv) Actuarial gain/loss recognised for the period

(₹ in crore)

	Gratuity	Leave Encashment	Other Retirement Benefits
Actuarial gain/(loss) for the period- Obligation	(1.01) ((3.61))	5.18 ((11.52))	0.06 (0.01)
Actuarial gain/(loss) for the period- Plan Assets	- (0.26)	- (-)	- (-)
Total (gain)/loss for the period	1.01 (3.87)	(5.18) (11.52)	(0.06) ((0.01))
Actuarial (gain)/loss recognised in the period	1.01 (3.87)	(5.18) (11.52)	(0.06) ((0.01))

v) Amount recognised in balance sheet

(₹ in crore)

	Gratuity	Leave Encashment	Other Retirement Benefits
Present Value of Obligation as at the end of the period	49.63 (44.61)	55.61 (54.02)	1.57 (1.45)
Fair Value of Plan Assets as at 31.03.2011	- (4.07)	- (-)	- (-)
Funded Status	(49.63) ((40.54))	(55.61) ((54.02))	(1.57) ((1.45))
Excess of actual over estimated	- ((0.26))	-	-
Net liability recognised in the balance sheet	(49.63) ((40.54))	(55.61) ((54.02))	(1.57) ((1.45))



vi) Expenses recognised in statement of profit & loss

(₹ in crore)

	Gratuity	Leave Encashment	Other Retirement Benefits
Current Service Cost	2.71 (2.53)	3.94 (3.92)	0.08 (0.07)
Past Service Cost	- (-)	- (-)	- (-)
Interest Cost	3.34 (2.82)	4.05 (2.86)	0.11 (0.09)
Expected return on plan assets	- ((0.36))	- (-)	- (-)
Net actuarial (gain)/ loss recognised in the year	1.01 (3.87)	(5.18) (11.52)	(0.06) ((0.01))
Expenses recognised in the statement of profit & loss	7.07 (8.87)	2.81 (18.31)	0.13 (0.16)

vii) Amount for the current period

(₹ in crore)

	Gratuity	Leave Encashment	Other Retirement Benefits
Present Value of Obligation	49.63 (44.61)	55.61 (54.02)	1.57 (1.45)
Plan Assets	- (4.07)	- (-)	- (-)
Surplus (Deficit)	(49.63) ((40.54))	(55.61) ((54.02))	(1.57) ((1.45))
Experience adjustments on plan liabilities -(Loss)/ Gain	(1.01) ((3.61))	5.18 ((11.52))	0.06 (0.01)
Experience adjustments on plan assets -(Loss)/ Gain	- ((0.26))	- (-)	- (-)

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) Average outstanding service of employees up to retirement	14.40 years
V) Estimated term of benefit obligations	14.40 years

44. Disclosure in respect of contracts in progress*

(₹ in Crore)

Details	Up to 31 st March 2012	Up to 31 st March 2011
(a) Aggregate amount of costs incurred and recognized profits (less recognized losses)	13143.81	10531.77
	As on 31st March 2012	As on 31st March 2011
(b) Amount of advances received from client	1391.36	1650.33
(c) Amount of retentions (by client)	124.29	332.93

* excluding projects completed up to 31.03.2012

- 45.** i) The Company has not received any information from any of its suppliers of their being covered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). Based on this information, there are no amounts due to Micro, Small and Medium Enterprises as at 31 March 2012.
- 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, amounts due to small-scale industrial undertaking, which are outstanding for more than 30 days as on 31st March 2012 is ₹ Nil (₹ Nil).
- 46.** During the year, the Company has changed its accounting policy on depreciation on mobile phones by increasing the depreciation rate from 19% to 31.67%. The effect of this change is not material.
- 47.** During the year, the Company has changed its accounting policy on translation of foreign currency of revenue items from monthly average rates to rates on the date of transaction. Due to this change, foreign exchange loss (net) during the year has increased by ₹ 9.89 crore, other income has increased by ₹ 0.37 crore, operating income has increased by ₹ 22.29 crore, total expenditure (excluding foreign gain/loss) has increased by ₹ 12.77 crore. However, net impact on the statement of profit and loss of the Company is ₹ Nil.
- 48.** Basic earnings per share are computed by dividing net profit after tax ₹ 469.92 crore (₹ 240.51 crore) by 9,898,000 fully paid equity shares of ₹10 each. Diluted Earnings per share is not applicable, as there is no dilution involved.
- 49.** During the year ended 31 March 2012, the Revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of financial statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. Previous year's figures have been regrouped, rearranged and recast wherever necessary to make it comparable to the current year's classification.

For Wahi & Gupta

Chartered Accountants

FRN : 002263N
For and on behalf of the Board of Directors
CA Anuj Gupta

Partner

M.No.76560
Lalitha Gupta

 Company Secretary
& GM (Law)

K.K.Garg

Director Finance

Mohan Tiwari

Managing Director

Place: New Delhi

Dated: 25.07.2012



**WAHI & GUPTA
CHARTERED ACCOUNTANTS**

HOTEL REX 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 31st March, 2012, Statement of Profit & Loss 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, Western, Eastern, Southern and 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 following Notes to Accounts.
 - a) Note no. 40(b) & (c): 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 31.03.2012 is not in conformity with AS-11. As a result, Other non current assets is lower by ₹ 13.25 crore, Long term provisions is lower by ₹ 6.27 crore and Profit before tax is lower by ₹ 6.98 crore.
 - b) Note no. 41: Carrying balances at exchange rate prevalent on 31.03.2011, of shareholder's loan and interest accrued thereon due from Joint venture Company CCFB, and not translating at rates prevalent on 31.03.2012 is not in conformity with AS-11. As a result, Long term loan and advances is lower by ₹ 8.33 crore and Profit before tax is lower by ₹ 8.33 crore.
 - c) Note no. 47: During the year, the company has changed its Accounting Policy on translation of foreign currency of revenue items from monthly average rates to rates on the date of transaction. Due to this change, foreign exchange loss (net) during the year has increased by ₹ 9.89 crore, other income has increased by ₹ 0.37 crore, operating income has increased by ₹ 22.29 crore, total expenditure has increased by ₹ 12.77 crore. However, net impact on Profit/Loss of the company is Nil.
5. Further to our comments in annexure referred to in para 3 above and subject to clause (a), (b) & (c) 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 Statement of Profit & Loss dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss 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 together with the Significant Accounting Policies and Notes thereon 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 31.03.2012;
 - ii) In the case of Statement of Profit & Loss, 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 002263N

(CA Anuj Gupta)
Partner
Membership No.76560

Place: New Delhi
Date: 25.07.2012

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 is adequate internal control system 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 Company has maintained cost records as required under section 209(1)(d) of the Companies Act, 1956.
- 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 31.03.2012 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, entry tax, trade tax, income tax, custom duty, royalty, wealth tax, provident fund, excise duty and cess matters that have not been deposited on account of dispute as on 31.3.2012.



Nature of the dues	Amount (in ₹ Crores)	Period for which amount relate	Forum where pending
Income Tax	11.52	1987-88, 2001-02, 2002-03, 2004-05 to 2009-10	CIT(Appeal), Delhi
Custom Duty	5.81	1989-90	Dy. Commissioner (Custom), Mumbai
Sales Tax	1.99	1995-96	Mumbai High Court
Sales Tax	1.53	1996-97	
Royalty Sales Tax	0.02 0.99	1984-85 and 1985-86 2002-03	High Court , Allahabad Commissioner Sales Tax, Orissa
Sales Tax	0.03	1993-94	High Court, M.P.
Sales Tax	0.28	1998-1999	Sr.Jt. Commissioner (Appeals) Sales Tax, Behala
Sales Tax	0.71	2004-05	Asst Commissioner Sales Tax, Behala
Sales Tax	1.75	1987-88 to 1994-95	Bihar Sales Tax Tribunal- Kahalgaon
Sales Tax	5.98	2005-06 & 2006-07	Commissioner Sales Tax, Bihar

Nature of the dues	Amount (in ₹ Crores)	Period for which amount relate	Forum where pending
Sales Tax	0.21	1997-98	Revenue Board,Gwalior
Sales Tax	0.56	2007-08	High Court, Allahabad
Sales Tax	0.52	2009-10	Dy. Commissioner, Sales Tax , Noida
Provident Fund	1.75	2003-04 to 2006-07	Provident Fund Commissioner, J&K
Sales Tax	89.76 *	2001-02 to 2007-08	Dy Commissioner of Sales Tax (Appeals),J&K
Entry Tax	0.06	2007-08	Jt. Commissioner Appeals Jhansi
Entry Tax	0.03	2009-10	Dy Commissioner Sales Tax, Lucknow
Sales Tax	0.01	2005-06	High Court/ Allahabad
Sales Tax	1.02	2002-03 to 2004-05	High Court/ Allahabad
Entry Tax	0.15	2006-07	Jt. Commissioner Appeals, Jhansi
UPTT	0.43	2006-07	
UPTT	0.88	2007-08	
UPVAT	0.60	2007-08	
UPVAT	1.30	2008-09	
UPVAT	1.38	2009-10	

* However, an amount of ₹ 41.95 crore had been deposited under protest to the department.



- 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: 002263N

(CA Anuj Gupta)
Partner
M. No. 76560

Place: New Delhi
Date: 25.07.2012



**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 FOR THE YEAR ENDED 31ST MARCH 2012**

The preparation of financial statements of Ircan International Limited for the year ended 31 March 2012 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 is 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 25 July 2012.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 on the financial statements of Ircan International Limited for the year ended 31 March 2012. 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 Auditor's report under Section 619(4) of the Companies Act, 1956.

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

(Dinesh Bhargav)
Principal Director
Rly – Commercial

Place: New Delhi
Date: 08.08.2012



Consolidated Financial Statements
of Ircon and its 100% subsidiary, IrconISL



CONSOLIDATED BALANCE SHEET

As at 31st March 2012

(₹ in Crore)

Particulars	Note No.	As at 31 st March 2012		As at 31 st March 2011	
I. EQUITY AND LIABILITIES					
1 Shareholders' funds					
(a) Share capital	2	9.90		9.90	
(b) Reserves and surplus	3	1,724.75	1,734.65	1,369.08	1,378.98
2 Non-current liabilities					
(a) Long term liabilities	4	271.46		700.77	
(b) Long term provisions	5	415.74	687.20	324.78	1,025.55
3 Current liabilities					
(a) Trade payables	6	544.13		452.61	
(b) Other current liabilities	7	1,854.52		1,407.98	
(c) Short-term provisions	8	687.85		676.25	
(d) Proportionate Share in Jointly Controlled Entities		13.78	3,100.28	34.70	2,571.54
TOTAL			5,522.13		4,976.07
II. ASSETS					
Non-current assets					
1 (a) Fixed assets	9				
(i) Tangible assets		193.44		239.86	
(ii) Intangible assets		0.01		0.57	
(iii) Intangible assets under development	10	0.25		-	
(iv) Capital work-in-progress	11	58.36		28.85	
(v) Proportionate Interest in Jointly Controlled Entities		0.01		1.80	
(b) Non-current investments	12	190.89		180.47	
(c) Deferred tax assets (Net)	13	189.39		131.09	
(d) Long-term loans and advances	14	266.43		366.73	
(e) Other non-current assets	15	81.56	980.34	84.14	1,033.51
2 Current assets					
(a) Current investments	16	12.51		-	
(b) Inventories	17	134.51		164.92	
(c) Trade Receivables	18	840.42		874.35	
(d) Cash and Bank Balances	19	2,603.29		2,007.90	
(e) Short-term loans and advances	20	668.04		691.84	
(f) Other current assets	21	248.22		157.26	
(g) Proportionate Interest in Jointly Controlled Entities		34.80	4,541.79	46.29	3,942.56
TOTAL			5,522.13		4,976.07
III. Significant Accounting Policies	1				
IV. Notes forming part of Financial Statements	2-49				

As per our Report of even date attached

For and on behalf of the Board of Directors

For Wahi & Gupta
Chartered Accountants
FRN 002263N

CA Anuj Gupta
Partner
M. No. 76560

Lalitha Gupta
Company Secretary & GM (Law)

K.K.Garg
Director Finance

Mohan Tiwari
Managing Director

Place : New Delhi
Date : 25.07.2012



CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended 31st March 2012

(₹ in Crore)

Particulars		Note No.	2011-12	2010-11
I.	Revenue :			
	Revenue from operations	22	3,552.40	3,146.79
	Proportionate share of construction revenue in Jointly Controlled Entities		23.44	7.44
	Other income	23	175.68	71.71
	Total Revenue		3,751.52	3,225.94
II.	Expenses:			
	Operating and administrative expenses :	24		
	- Operating Expenses		2,631.40	2,405.78
	- Administrative Expenses		26.16	27.07
	Employee remuneration and benefits	25	157.36	165.06
	Depreciation and amortization expense	9	56.83	36.90
	Provisions (Net)	26	249.14	190.11
	Proportionate share of expenses in Jointly Controlled Entities		20.97	0.83
	Total Expenses		3,141.86	2,825.75
III.	Profit Before Extraordinary Items and Tax (I - II)		609.66	400.19
IV.	Prior Period Adjustments	27	(11.23)	(2.17)
V.	Profit Before Tax (III + IV)		598.43	398.02
VI.	Tax expense:			
	(1) Current tax			
	- For the year		222.51	179.87
	- For earlier years (net)		(30.74)	24.59
	(2) Deferred tax (net)	13	(58.30)	(43.70)
	Total Tax Expense		133.47	160.76
VII.	Profit for the year (V - VI)		464.96	237.26
VIII.	Earnings per equity share - Basic and Diluted (in ₹)	48	469.75	242.99
IX.	Significant Accounting Policies	1		
X.	Notes forming part of Financial Statements	2-49		

As per our Report of even date attached

For and on behalf of the Board of Directors

For Wahi & Gupta
Chartered Accountants
FRN 002263N

CA Anuj Gupta
Partner
M. No. 76560

Lalitha Gupta
Company Secretary & GM (Law)

K.K.Garg
Director Finance

Mohan Tiwari
Managing Director

Place : New Delhi
Date : 25.07.2012



CONSOLIDATED CASH FLOW STATEMENT

For the year ended on 31st March 2012

(₹ in Crore)

		2011-12	2010-11
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before taxation & extraordinary items		609.66	400.19
Adjustment for :			
Depreciation		56.84	37.52
Amortisation of premium on investment		0.36	0.20
Preliminary Expenses written off		-	0.06
Impairment of Investment		5.53	-
Loss / (Profit) on sale of assets(net)		(8.39)	(5.01)
Interest Income		(154.03)	(55.38)
Provisions - Additions(Write back) (Net)		249.14	190.11
Effect of Exchange differences on translation of Foreign Currency Cash & Cash Equivalents		15.95	24.06
Operating Profit before working capital changes	(1)	775.06	591.75
Adjustment for :			
Decrease / (Increase) in Trade Receivables / Loans & Advances		158.03	(584.43)
Decrease / (Increase) in Inventories		30.41	58.41
Decrease / (Increase) in Other Assets		(47.36)	(13.93)
(Decrease) / Increase in Trade Payables		91.52	(56.31)
(Decrease) / Increase in Other Liabilities & Provisions		(368.35)	849.34
Decrease / (Increase) in JCE Current Assets		11.49	0.28
(Decrease) / Increase in JCE Current Liabilities		(20.92)	(2.38)
	(2)	(145.18)	250.98
Cash generated from operation	(1-2)	629.88	842.73
Cash flow before prior period & extraordinary items		629.88	842.73
Prior period & extraordinary items		(11.23)	(2.17)
NET CASH FROM OPERATING ACTIVITIES	(A)	618.65	840.56
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets including Capital WIP		(44.30)	(74.26)
Sale of Fixed Assets		13.09	7.41
Interest Received		112.99	48.75
Investment in Equity and Bonds		(28.82)	(51.14)
Decrease(increase) in JCE Fixed Assets		1.79	0.16
NET CASH FROM INVESTING ACTIVITIES	(B)	54.75	(69.08)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend (including Corporate Tax) paid		(62.06)	(48.25)
(Decrease)/increase in JCE Loan Fund		-	(5.29)
NET CASH FROM FINANCING ACTIVITIES	(C)	(62.06)	(53.54)
Effect of Exchange differences on translation of Foreign Currency Cash & Cash Equivalents	(D)	(15.95)	(24.06)
NET INCREASE IN CASH & CASH EQUIVALENT	(A+B+C+D)	595.39	693.88
CASH AND CASH EQUIVALENT (OPENING)	(E)	2,007.90	1,314.02
CASH AND CASH EQUIVALENT (CLOSING)	(F)	2,603.29	2,007.90
NET INCREASE IN CASH & CASH EQUIVALENT	(F - E)	595.39	693.88

- 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 margin money/under lien ₹ Nil (₹ 15.22 crore).
5. Cash & Cash Equivalent (closing) Includes FDR ₹ 12.32 crore (₹ 3.81 crore) received from contractors towards EMD and ₹ 514.02 crore (₹ 406.00 crore) against advances from clients on which interest is passed on to them.

As per our Report of even date attached
For Wah! & Gupta
Chartered Accountants
FRN 002263N

For and on behalf of Board of Directors

CA Anuj Gupta
Partner
M. No. 76560

Lalitha Gupta
Company Secretary & GM (Law)

K.K.Garg
Director Finance

Mohan Tiwari
Managing Director

Place : New Delhi
Date : 25.07.2012

1 Significant accounting policies

(i) 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 crore rupees with two decimal points except where otherwise stated.

(ii) Consolidated Financial Statements

The financial statements of Ircan 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.

(iii) 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.

(iv) 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 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 buying rate at each balance sheet date.
- iv) Fixed assets and non-monetary items are translated using the buying rate on the date of transaction.

(b) Transactions of Integral Foreign Operations

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

- i) Revenue items are translated into Indian currency on the basis of buying rate at the date of transaction.
- ii) Inventories are translated at the buying rates prevalent 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 buying rate at each balance sheet date.
- v) Fixed assets and non-monetary items are translated at the 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 buying rate.
- ii) Income and expense items are translated at the buying rate on date of transaction.
- iii) All resulting exchange difference is accumulated in foreign currency translation reserve until disposal of the net investment and is recognised as income or expense in the same period in which gain or loss on disposal is recognised.

(v) 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.

(vi) Investments

(a) Non-current 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.

(c) An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operation of the Company, is classified as investment property. Investment Properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

(vii) 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 mobilization expenditure to the extent not written off is 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 capitalized) and stores are charged to statement of profit and loss 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.

(viii) Cash and Bank Balances

Cash and bank balances comprise of cash at bank, cash in hand, cheques in hand, demand deposits and bank deposits with maturity period upto 12 months from balance sheet date.

For the purpose of cash flow statement, cash and cash equivalents consist of cash and bank balances, cheques in hand and demand deposits net of bank overdrafts.

(ix) 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) Provision for unforeseen expenditure during design guarantee period is made based on risk perception of management in each contract subject to a minimum amount of ₹ 50 lakhs and maximum of the amount of design guarantee specified in contract agreement with the client.

(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.

(x) 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.

(xi) Contracts executed under Joint Venture (JV)

Contracts executed under Joint Venture (JV)

- (a) in jointly controlled operations, are accounted as independent contracts;
- (b) 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.

(xii) Leases

- (a) Lease income from assets given on operating lease are recognized as income in the statement of profit and loss on straight-line basis over the lease term.
- (b) Lease payments for assets taken on operating lease are recognized as expense in the statement of profit and loss on straight-line basis over the lease term.

(xiii) Liquidated Damages and Escalations

- (a) 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.
- (b) 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.

(xiv) Research and Development Expenses

Expenses on research and development are charged to statement of profit and loss.

(xv) Mobilisation Expenses

The initial contract expenses on new projects for mobilisation will be 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.

(xvi) Depreciation & Amortisation

- (a) Depreciation on fixed assets and investment property 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:

i) General Construction Equipment	19.00%
ii) Office Equipment	19.00%
iii) Computer including UPS, Inverters and Mobile handsets	31.67%
iv) Vehicles (including Heavy Vehicles)	23.75%
v) Furniture & Fixtures	23.75%
vi) Speed Boats	19.00%

- (b) Depreciation on fixed assets and investment property in foreign countries is provided on straight-line



basis 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 (xv) (a) above). On closure of the project, assets are reduced to residual value of 5% and balance is expensed in the year of closure and/or transferred to other project/ Plant and Machinery Division.

- (c) Software cost exceeding ₹ 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. Software cost up to ₹ 25 Lakhs in each case is fully depreciated in the year of purchase.
- (d) In case of leasehold land (other than perpetual lease) and leasehold property, depreciation is provided proportionately over the period of lease.
- (e) Assets acquired during the year costing up to ₹ 5000/- and assets having written down value up to ₹ 5000/- at the beginning of the year, and camps / caravans / temporary sheds/ furnishings acquired during the year irrespective of the value are fully depreciated.

(xvii) Borrowing Cost

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

(xviii) Retirement Benefits

- (a) Provision for leave encashment, gratuity and other retirement benefits is made based on actuarial valuation at the year end.
- (b) Provident Fund contribution is made to PF Trust on accrual basis.
- (c) Defined contributions for pension are charged to statement of profit and loss on accrual basis.

(xix) Prior period adjustment and extraordinary items

- (a) Income/expenditure relating to prior period and prepaid expenses not exceeding ₹ 50000/- in each case are treated as income/expenditure of the current year
- (b) Voluntary retirement scheme expenses are charged off in the year of incidence of expense.

(xx) Taxes

- (a) 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.
- (b) Deferred income tax is computed using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

(xxi) Segment Reporting

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

(xxii) 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 resource 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.

2 Share capital

(₹ in Crore)

Particulars	As at 31 st March 2012	As at 31 st March 2011
Authorized 2,50,00,000 Equity shares of ₹ 10 each	25.00	25.00
Issued, Subscribed & Paid-up 98,98,000 Equity shares of ₹ 10 each-fully paid	9.90	9.90
Total	9.90	9.90

i) Distribution of number of shares held:

Particulars	As at 31 st March 2012		As at 31 st March 2011	
	No. of Shares	Percentage	No. of Shares	Percentage
Government of India in the name of the President of India and Government nominees	98,71,200	99.729%	98,71,200	99.729%
Indian Railway Finance Corporation Limited	24,400	0.247%	24,400	0.247%
Bank of India	2,400	0.024%	2,400	0.024%
Total	98,98,000	100%	98,98,000	100%

ii) Bonus share issued during last five years:

NIL

NIL

The Board of Directors has approved issue of bonus shares during 2012-13 in the ratio of 1:1 subject to the approval of shareholders at the ensuing Annual General Meeting.

iii) The shares of the company stand de-listed from Bombay Stock Exchange (BSE) (w.e.f. 03.11.2011) and Delhi Stock Exchange (DSE) (w.e.f. 15.03.2012).

iv) Terms/rights attached to shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.



3 Reserves and surplus

(₹ in Crore)

Particulars	As at 31 st March 2012		As at 31 st March 2011	
a. General Reserves				
Opening Balance	1,369.08		1,181.68	
Add: Transfer from surplus in statement of profit and loss (Refer (d) below)	355.67	1,724.75	187.40	1,369.08
b. Foreign Projects Reserve				
Opening Balance	-		2.90	
Less: Written Back in Current Year	-	-	2.90	-
c. Housing Projects Reserve				
Opening Balance	-		4.80	
Less: Written Back in Current Year	-	-	4.80	-
d. Surplus in Statement of Profit and Loss				
Net Profit for the current year	464.96		237.26	
Add: Transfer from Reserves	-		7.70	
	464.96		244.96	
Less :- Appropriations				
- Interim Dividends (Dividend per share ₹ 30/- (₹ 26/-))	29.69		25.73	
- Proposed Dividends (Dividend per share ₹ 65/- (₹ 24/-))	64.34		23.76	
- Tax on Interim Dividend	4.82		4.28	
- Tax on Proposed Dividend	10.44		3.79	
- Transfer to General Reserves	355.67	-	187.40	-
Total		1,724.75		1,369.08

4 Long term liabilities

(₹ in Crore)

Particulars	As at 31 st March 2012	As at 31 st March 2011
(a) Trade Payables		
- Micro, Small & Medium Enterprises (Refer Note 45)	-	-
- Others	5.37	15.53
(b) Other Liabilities		
- Advance from clients (i)	151.86	544.77
- Retention Money /Security Deposit (ii)	114.23	140.47
Total	271.46	700.77

(i) Includes Interest payable on advances from clients ₹ **5.57 Crores** (₹ 0.87 Crores)

(ii) Includes earnest money deposits received as Fixed deposits receipts from contractors ₹ **22.04 Crores** (₹ 28.42 Crores).

5 Long term provisions

(₹ in Crore)

Particulars	As at 31 st March 2012		As at 31 st March 2011	
(A) Provisions for employee benefits: (Refer Note 43)				
i) Gratuity	46.77		38.91	
ii) Leave Salary	52.44		52.20	
iii) Settlement Allowance on Retirement	1.45		1.40	
iv) Pension	12.80	113.46	9.20	101.71
(B) Other Provisions :				
i) Demobilisation	18.12		15.17	
ii) Maintenance	63.89		31.74	
iii) Future Contingencies	4.29		9.34	
iv) Design Guarantee	183.34		129.69	
v) Other Expenses	32.64	302.28	37.13	223.07
Total		415.74		324.78

6 Trade payables

(₹ in Crore)

Particulars	As at 31 st March 2012	As at 31 st March 2011
Trade Payables		
- Micro, Small & Medium Enterprises (Refer Note 45)	-	-
- Others		
(a) Contractors & Suppliers	518.11	433.75
(b) Staff	14.64	7.78
(c) Related Parties	11.38	11.08
Total	544.13	452.61

7 Other current liabilities

(₹ in Crore)

Particulars	As at 31 st March 2012	As at 31 st March 2011
(a) Advance Contract Receipts	590.02	780.48
(b) Advances from Client (i)	926.68	416.08
(c) Deposits & Retention Money (ii)	301.49	156.08
(d) Statutory Dues	23.31	15.78
(e) Book Overdraft	-	3.42
(f) Others (iii)	13.02	36.14
Total	1,854.52	1,407.98

- i) Includes Interest payable on advances from clients ₹ 103.33 Crores (₹ 25.63 Crores)
ii) Includes earnest money deposits received as fixed deposit receipts from contractors ₹ 12.23 Crores (₹ 3.81 Crores).
iii) Includes Outstanding and Other Liabilities.



8 Short-term provisions

(₹ in Crore)

Particulars	As at 31 st March 2012		As at 31 st March 2011	
(A) Provisions for employee benefits: (Refer Note 43)				
i) Gratuity	2.86		1.63	
ii) Leave Salary	5.15		1.82	
iii) Settlement Allowance on Retirement	0.13		0.05	
iv) Performance Related Pay	12.11	20.25	23.11	26.61
(B) Other Provisions :				
i) Demobilisation	10.03		0.31	
ii) Maintenance	19.77		5.68	
iii) Future Contingencies	13.21		10.84	
iv) Corporate Social Responsibility	3.34		0.78	
v) Legal Cases	59.79		29.90	
vi) Other Expenses	41.39		32.14	
vii) Income tax and Wealth tax	445.30		542.38	
viii) Dividend (Proposed)	64.34		23.76	
ix) Tax on Dividend (Proposed)	10.43	667.60	3.85	649.64
Total		687.85		676.25

9 Fixed assets

(₹ in Crore)

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
	As at 01.04.2011	Additions	Sales/ Adjustments	As at 31.03.2012	Upto 31.03.2011	For the year	Sales/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
A Tangible Assets										
Freehold Land	3.45	-	-	3.45	-	-	-	-	3.45	3.45
Lease hold Land (i & v)	36.40	-	-	36.40	0.15	0.01	-	0.16	36.24	36.25
Lease hold Buildings (iv)	40.11	0.11	-	40.22	3.61	0.74	-	4.35	35.87	36.50
Freehold Buildings /Flats-Residential	9.30	-	-	9.30	2.89	0.15	(0.66)	2.38	6.92	6.41
Freehold Buildings/Flats-Non-Residential	10.64	-	-	10.64	0.43	0.25	0.66	1.34	9.30	10.21
Plant and Machinery (ii and vi)	363.58	11.59	(27.07)	348.10	224.62	50.49	(22.71)	252.40	95.70	138.96
Survey Instruments	4.06	0.07	(0.60)	3.53	3.52	0.23	(0.59)	3.16	0.37	0.54
Computers	8.36	0.51	(0.52)	8.35	7.31	0.62	(0.46)	7.47	0.88	1.05
Mobile Handset	-	0.03	0.22	0.25	-	0.03	0.18	0.21	0.04	-
Office Equipments	7.34	0.71	(1.13)	6.92	6.05	0.78	(0.96)	5.87	1.05	1.29
Furniture, Fixtures, Furnishings	7.48	0.60	(0.40)	7.68	6.75	0.50	(0.39)	6.86	0.82	0.73
Caravans, Camps and Temporary Sheds	7.10	0.13	(0.86)	6.37	7.05	0.19	(0.91)	6.33	0.04	0.05
Vehicles (vi)	18.44	0.79	(3.15)	16.08	14.00	2.29	(2.97)	13.32	2.76	4.44
Current Year Total	516.25	14.54	(33.51)	497.29	276.38	56.28	(28.81)	303.85	193.44	239.86
Previous Year	482.48	52.95	(19.18)	516.25	256.21	36.96	(16.78)	276.39	239.86	226.26
B Intangible Assets										
Softwares	1.68	-	-	1.68	1.11	0.56	-	1.67	0.01	0.57
Current Year Total	1.68	-	-	1.68	1.11	0.56	-	1.67	0.01	0.57
Previous Year	1.67	-	-	1.68	0.54	0.56	-	1.11	0.57	1.13
GRAND TOTAL CURRNET YEAR	517.93	14.54	(33.51)	498.97	277.49	56.84	(28.81)	305.52	193.45	240.43
PREVIOUS YEAR	484.15	52.95	(19.18)	517.93	256.75	37.52	(16.78)	277.49	240.43	227.39

i) Registration in respect of Lease Hold land at Kasba- Kolkata, (Gross Block ₹ 0.24 crore, Net Block ₹ 0.22 crore) is pending. Depreciation is computed thereon at cost including registration charges ₹ 0.02 crore on provisional basis. The construction is yet to be started. The period of lease is for 99 years.

ii) Includes Locomotives on short term lease and standby.

iii) Depreciation for the year has been allocated as given below (also refer note 46):-

(₹ Crore)

Description	2011-12	2010-11
Statement of Profit and Loss		
Current	56.83	36.90
Prior Period	-	0.61
Capital Work in progress	0.01	0.01
Total	56.84	37.52

iv) Includes on Railways land for 30 years lease (Gross value ₹ 5.30 crore) for which agreement is yet to be finalized.

v) Lease hold land includes land at Greater Noida for construction of proposed Central Inspection Cell (CIC) by the Company (Gross value ₹ 0.80 crore). The request for time extension for construction of Building has been submitted to the appropriate authority.

vi) Fixed assets beyond economic repair and held for disposal reduced from sales/adjustment column and transferred to other current assets: -

(₹ in Crore)

Block of assets	As at 31 st March 2012		As at 31 st March 2011	
	Gross Block	Net Block	Gross Block	Net Block
Plant and Machinery	3.30	0.01	-	-
Vehicles	2.06	-	-	-
Total	5.36	0.01	-	-



10 Intangible asset under development

(₹ in Crore)

Particulars	As at 31 st March 2012	As at 31 st March 2011
Additions during the year: - Implementation of SAP	0.25	-
Total	0.25	-

11 Capital work-in-progress *

(₹ in Crore)

Particulars	As at 31 st March 2012	As at 31 st March 2011
Opening Balance	28.85	2.26
Additions during the year:		
- Work Expenses	27.11	23.89
- Material Purchased & Consumed	-	0.03
- Depreciation	0.01	0.01
- Salaries, Wages & Benefits	1.43	1.46
- Cont to PF & Other Funds	0.08	0.06
- Design, Drawing, Business Development & Consultancy Charges	0.18	0.77
- Inspection, Geo Technical Investigation & Survey Exp. Etc	0.02	-
- Rent - Non Residential	0.03	0.03
- Rates & Taxes	0.16	0.12
- Vehicle Operation & Maintenance	0.01	0.01
- Repairs & Maintenance		
-Machinery	-	0.01
-Office & Others	0.02	-
- Hire Charges of Machinery	-	0.01
- Travelling Expenses	0.08	0.11
- Postage, telephone & telex	0.01	0.01
- Security Services	0.02	-
- Legal & Professional Charges	0.02	0.01
- Auditors Remuneration	0.01	0.01
- Prior Period Expenses	0.27	-
- Advertisement & Publicity	0.03	0.02
- Misc Operating Exp.	0.02	0.03
Total	58.36	28.85

*Break-up of Capital Work in progress

Central Inspection Cell (CIC, Noida)	1.98	1.77
Construction of Regional Office Bangalore	0.06	-
Camp / Weigh Bridge Construction, Sri Lanka	0.36	-
Multi Functional Complexes	55.96	27.08
	58.36	28.85

12 Non current investments

	Particulars	As at 31 st March 2012		As at 31 st March 2011	
		Nos.	Amount (₹ in Crore)	Nos.	Amount (₹ in Crore)
A	Trade Investments (At Cost)				
	Un- Quoted				
	Investment in Fully Paid up Equity Shares:				
	In Integrated Joint Venture/s				
	CCFB, Mozambique				
	12,50,000 equity shares of meticals 24000 each fully paid (i)	12,50,000	5.53	12,50,000	5.53
	Less : Provision for impairment of Investments (Refer Note No. 41)		5.53		5.53
	Ircon-Soma Tollway Private Limited (ISTPL) (ii a and b)				
	6,38,70,000 equity shares of ₹ 10 each fully paid-up	6,38,70,000	63.87	6,38,70,000	63.87
	Total (A)		63.87		69.40
B	Other Investments				
	Quoted				
	Investment in Bonds				
	6.85% Tax Free India Infrastructure Finance Company Ltd. (IIFCL) Bonds	6,000	61.07	6,000	61.27
	Less : Amortization of premium paid on investment		0.36		0.20
	6.00% Tax Free Indian Railway Finance Company Limited (IRFC) Bonds	5,000	50.00	5,000	50.00
	8.00% Tax Free Indian Railway Finance Company Limited (IRFC)	163,131	16.31	-	-
	Total (B)		127.02		111.07
	Total		190.89		180.47

Disclosure regarding Quoted/Unquoted Investments:	₹ in Crore	₹ in Crore
Aggregate of Unquoted investments - Book value	63.87	69.40
Aggregate of Quoted investments - Book value	127.02	111.07
- Market value	123.84	111.24

- i) The value of one equity share of Meticals 24000 is equivalent to ₹ 44.27.
- ii) (a) Equity shares of ISTPL are pledged with consortium of eight banks from whom ISTPL had taken a loan of ₹ 450 crore which has been repaid in full in 2011-12. The pledged shares have, however, not yet been released. On release of pledged shares from consortium of eight banks, 30% shares shall be pledged with Punjab National Bank. Further, an undertaking has been given by the company to Punjab National Bank for non disposal of 21% of the present holding.
- (b) As per Articles of Association (Article V) of ISTPL, shareholders can transfer their shareholding subject to Concession Agreement dated 28th September 2005 signed with NHA I which provides for equity holding of not less than 51% by Consortium members in ISTPL during the construction period and three years following Commercial Operation Date, which was achieved on 19.04.2010. Thereafter, the aforesaid shareholding can be diluted to 26% subject to the pre-emption right of the other shareholders.



13 Deferred tax assets (Net)

(₹ in Crore)

Particulars	As at 1 st April 2011	Addition (Deletion) during the year	As at 31 st March 2012
	Total	Total	Total
<u>Asset</u>			
Provision for :			
- Maintenance and demobilisation	13.97	2.77	16.74
- Future contingencies	6.55	(0.87)	5.68
- Doubtful debts and advances	9.10	25.11	34.21
- Gratuity	14.49	1.61	16.10
- Legal cases	9.70	9.70	19.40
- Design Guarantee	32.42	13.42	45.84
- Other Expenses	30.23	(5.25)	24.98
Expenses :			
- On Voluntary retirement scheme	0.06	(0.04)	0.02
- Allowed for tax purpose when paid	20.86	6.18	27.04
- 3/5th of Preliminary Expenses	0.02	(0.01)	0.01
	137.40	52.62	190.02
<u>Liability</u>			
Depreciation	6.31	(5.68)	0.63
	6.31	(5.68)	0.63
Net Deferred Tax Asset / Liability	131.09	58.30	189.39
Previous Year	87.39	43.67	131.06

14 Long term loans and advances

(₹ in Crore)

Particulars	As at 31 st March 2012	As at 31 st March 2011
A. Secured, considered good		
Staff Loans and Advances	1.84	1.77
Advances to Contractors against material and machinery	0.27	1.28
	2.11	3.05
B. Unsecured, considered good		
Security Deposits		
- Government Departments	0.30	1.74
- With Clients	21.97	49.79
- Others	4.94	5.28
Loans to Related Parties		
Joint Ventures		
-CCFB (Refer note 41)	56.83	93.24
Subsidiaries		
-Iicon ISL	-	-
	56.83	93.24
Staff Loans & Advances	1.23	1.08
Deposits with Government Departments	0.16	17.72
Advances to Contractors and Suppliers	15.38	31.84
Claims Recoverable from clients	0.01	0.51
Income Tax (Including TDS)	162.48	162.48
Prepaid Expenses	1.02	-
	180.28	213.63
C. Considered Doubtful		
Loan to Related Parties		
Joint Venture		
-CCFB (Refer note 41)	36.41	-
Staff Loans and Advances	0.03	-
Advances to Contractors and Suppliers	6.42	7.05
Deposits and Retention Money	0.02	0.44
	42.88	7.49
Less :- Provision for doubtful advances	42.88	7.49
	-	-
Total	266.43	366.73

Loans and Advances stated above include ₹ NIL (₹ NIL) debts due by directors, other officers of the company, firms in which any director is a partner or private company in which any director is a member except joint ventures and Subsidiaries as disclosed above.



15 Other non - current assets

(₹ in Crore)

Particulars	As at 31 st March 2012		As at 31 st March 2011	
A. Secured, considered good				
- Interest Accrued on :				
- Advances to staff		1.11		1.10
B. Unsecured, considered good				
Fixed Deposits more than 12 months (i)		22.04		28.42
Interest Accrued on :				
- Advances to staff		0.24		0.21
- Advances to Contractors, Suppliers & Others		25.74		21.56
- Advance to IRWO		0.61		1.03
- Deferred dues (Refer note 39 (b))		31.82	58.41	31.82
C. Considered Doubtful				
Interest Accrued on :				
- Related party-Joint Venture-CCFB (Refer note 41)		0.19		-
- Advances to staff		0.03		-
- Advances to Contractors, Suppliers & Others		0.40		0.41
		0.62		0.41
Less: Provision for doubtful		0.62	-	0.41
Total		81.56		84.14

i) Includes Fixed Deposits ₹ 22.04 Crore (₹ 28.42 Crore) received from contractors towards EMD.

Other non current assets stated above include ₹ NIL (₹ NIL) debts due by directors, other officers of the company, firms in which any director is a partner or private company in which any director is a member.

16 Current investments

Particulars	As at 31 st March 2012		As at 31 st March 2011	
	Nos.	Amount (₹ in Crore)	Nos.	Amount (₹ in Crore)
A. Investment in Mutual Fund Quoted				
UTI Mutual Fund - Daily Dividend Plan	122,740	12.51	-	-
Total		12.51		-

Disclosure regarding Quoted Investments:

Aggregate of Quoted investments - Book value

- Market value

₹ in Crore

12.51

12.51

₹ in Crore

-

-

17 Inventories

(₹ in Crore)

Particulars	As at 31 st March 2012		As at 31 st March 2011	
a. Material and stores				
- In Hand		65.84		56.18
- With Third Parties		1.90		6.27
- In Transit		0.22		14.01
		67.96		76.46
b. Construction work-in-progress at cost		66.55		88.46
Total		134.51		164.92

18 Trade Receivables

(₹ in Crore)

Particulars	As at 31 st March 2012		As at 31 st March 2011	
Unsecured :				
Outstanding for a period exceeding six months from the date they were due for payment				
- Considered good	44.96		45.25	
- Considered doubtful & provided for	36.19	81.15	10.53	55.78
Other trade receivables				
- Considered good	795.46		829.10	
- Considered doubtful & provided for	0.12	795.58	-	829.10
		876.73		884.88
Less: Provision for doubtful debts		36.31		10.53
Total		840.42		874.35

Trade Receivables stated above include ₹ **NIL** (₹ NIL) debts due by directors, other officers of the company, firms in which any director is a partner or private company in which any director is a member.

19 Cash & Bank Balances

(₹ in Crore)

Particulars	As at 31 st March 2012		As at 31 st March 2011	
Cash and cash equivalents				
a) Cash In hand (i)		0.46		0.71
b) Cheques / drafts in hand		0.15		45.62
c) Balances with banks :				
- In Current accounts		494.45		342.77
- In Flexi accounts		117.14		88.42
- In Fixed deposits (with a maturity period of less than 3 months) (ii and iii)		650.92	1,262.51	745.15 1176.34
d) Remittance in Transit			-	1.34
Other bank balances				
- In Fixed deposits (with a maturity period of more than 3 months and upto 12 months) (iv)		1,327.85		780.08
Fixed deposits received from contractors		12.32		3.81
Total		2,603.29		2,007.90

- i) Cash in hand includes cash imprest ₹ **0.06 crores** (₹ 0.01 crores)
- ii) Fixed deposits include ₹ **289.02 Crores** (₹ 394.53 Crores) against advances from clients on which interest is passed on to them.
- iii) Include margin money/under lien ₹ **NIL Crores** (₹ 15.22 Crores).
- iv) Fixed deposits include ₹ **225.00 Crores** (₹ 11.48 Crores) against advances from clients on which interest is passed on to them.



20 Short term loans and advances

(₹ in Crore)

Particulars	As at 31 st March 2012		As at 31 st March 2011	
A. Secured, considered good				
Staff Loans and Advances	0.72		0.73	
Advances to Contractors against material and machinery	57.33	58.05	60.54	61.27
B. Unsecured, considered good				
Security Deposits				
- Government Departments	3.95		2.62	
- With Clients	56.94		25.92	
- Others	0.56	61.45	0.48	29.02
Loan to Related Parties				
Joint Ventures				
-ISTPL	-		10.00	
Amount Recoverable from :				
Joint Ventures				
- RICON CETA SARL	3.90		10.96	
- CCFB	0.60		1.41	
- IRCON - RCS - PFLEIDERER	0.01	4.51	-	22.37
Staff Loans and Advances	3.25		2.03	
Advances to Contractors and Suppliers	128.10		109.10	
Deposits with Government Departments	10.38		4.49	
Money withheld by clients	76.62		114.92	
TDS - Sales Tax	17.38		34.58	
Value Added Tax	64.26		50.29	
Service Tax input credit	0.93		-	
Income Tax (Including TDS)	227.73		239.39	
Prepaid Expenses	7.87		9.21	
Others	7.51	544.03	15.17	579.18
C. Considered Doubtful				
Advances to Contractors and Suppliers	5.31		5.37	
Deposits with Government Departments	0.95		0.10	
Deposits and Retention Money	15.41		2.58	
Value Added Tax	2.50		-	
Others	1.56		1.56	
	25.73		9.61	
Less:- Provision for doubtful advances	25.73	-	9.61	-
Total		668.04		691.84

Loans and Advances stated above include ₹ NIL (₹ NIL) debts due by officers of the company, firms in which any director is a partner or private company in which any director is a member except JVs and Subsidiaries as disclosed below.

Details of amount due from Directors:

(₹ in Crore)

Particulars	As at 31 st March 2012	As at 31 st March 2011
Amount due from directors included in staff loans and advances	0.05	0.02
	0.05	0.02

21 Other current assets *

(₹ in Crore)

Particulars	As at 31 st March 2012	As at 31 st March 2011
A) Interest Accrued on:		
Staff loans and advances (secured)	0.14	0.20
Bonds	1.70	1.57
Staff loans and advances (unsecured)	0.08	0.13
Loan to Indian Railway Welfare Organisation	0.20	-
Deposits & Advances with:		
- Contractors, Suppliers & Others	0.53	5.85
- Related party-Joint Venture-CCFB	-	0.19
- Deposit with banks	56.29	13.78
B) Contraction Work in Progress (At realisable value)	189.27	135.54
C) Assets held for disposal (i)	0.01	-
Total	248.22	157.26

(i) Fixed assets beyond economic repair and held for disposal (at lower of the realizable value and book value): -

(₹ in Crore)

Block of assets	As at 31 st March 2012		As at 31 st March 2011	
	Gross Block	Net Block	Gross Block	Net Block
Plant and Machinery	3.30	0.01	-	-
Vehicles	2.06	-	-	-
Total	5.36	0.01	-	-

* Loans and Advances stated above include ₹ NIL (₹ NIL) debts due by officers of the company, firms in which any director is a partner or private company in which any director is a member except JVs and Subsidiaries as disclosed below.

Details of amount due from Directors:

(₹ in Crore)

Particulars	As at 31 st March 2012	As at 31 st March 2011
Amount due from directors included in interest accrued on staff loans and advances	0.01	-
	0.01	-



22 Revenue from operations

(₹ in Crore)

Particulars	2011-12	2010-11
Contract Revenue	3,514.30	3,112.51
Loco lease	31.63	26.20
Machinery hire charges	0.38	1.56
Other Operating Receipts	6.09	6.52
Total	3,552.40	3,146.79

23 Other Income

(₹ in Crore)

Particulars	2011-12	2010-11
Interest on Tax Free Bonds	7.48	5.41
Bank Interest Gross	169.11	57.30
Less:- Interest reimbursed to clients	34.87	15.70
	134.24	41.60
Interest on refund of income-tax	6.31	-
Interest on staff advances	0.37	0.26
Interest on other advances	5.63	8.11
Dividend Income	0.41	-
Profit on sale of assets	8.45	5.15
Miscellaneous	12.79	11.18
Total	175.68	71.71

24 Operating expenses and administrative expenses

(₹ in Crore)

Particulars	Operating expenses		Administrative expenses	
	2011-12	2010-11	2011-12	2010-11
Materials and Stores consumed:				
Opening balance	62.45	107.50	-	-
Add: Purchases during the year	455.49	477.12	-	-
	517.94	584.62	-	-
Less: Closing Balance	67.75	62.45	-	-
450.19	522.17	-	-	
Work expenses	1,949.04	1,621.78	-	-
(Increase) / Decrease in WIP	21.92	(7.67)	-	-
Design, Drawing, Business Development and Consultancy Charges	67.55	150.73	-	-
Inspection, Geo Technical Investigation and Survey expenses etc.	3.44	1.98	-	-
Repairs and maintenance of machinery	18.38	17.01	-	-
Hire charges of machinery	5.73	12.00	-	-
Exchange fluctuation loss	51.20	27.86	-	-
Less:- Exchange fluctuation gain	35.25	3.80	-	-
Net exchange fluctuation loss (Refer note 47)	15.95	24.06	-	-
Rent - Non-residential (Refer note 33 (III))	4.20	3.54	0.20	0.42
Rates and taxes	55.72	39.43	0.83	1.36
Vehicle operation and maintenance	15.62	12.84	0.69	0.77
Repairs and maintenance				
- Building	0.25	0.26	0.51	0.45
- Office and Others	3.18	1.88	2.33	1.94
Power, electricity and water charges	3.56	3.38	1.04	1.14
Insurance	9.83	9.55	0.12	0.03
Travelling and conveyance	10.02	9.06	1.53	2.25
Printing and stationery	2.00	1.94	0.64	0.89
Postage, telephone and telex	2.48	1.96	0.52	0.63
Legal and Professional charges	3.96	2.44	1.70	1.24
Security services	3.41	4.56	0.18	0.27
Business promotion	1.11	0.95	0.09	0.09
Write-off of :				
- Bad debts	-	-	-	-
- Bad advances	0.23	-	-	-
- Assets	-	0.01	-	-
Loss on sale of Assets/Stores	-	-	0.06	0.14
Amortization of premium paid on Investments	-	-	0.36	0.20
Preliminary Expenses Written off	-	-	-	0.06
Bank and other charges	-	-	6.51	8.34
Director sitting fee	-	-	0.02	0.02
Donation	-	-	0.15	0.03
Auditors remuneration (i)	-	-	0.76	0.60
Advertisement and publicity	-	-	4.49	4.38
Training and Recruitment	-	-	0.29	0.30
Research and Development expenses	-	-	0.05	-
Corporate social responsibility	-	-	2.22	0.83
Miscellaneous expenses	2.65	3.42	0.87	0.69
Less:- Provisions Utilised (ii)	(19.02)	(31.50)	-	-
Total	2,631.40	2,405.78	26.16	27.07

(i) Payment to Statutory Auditors:	2011-12	2010-11
(I) Audit Fee - current year	0.24	0.20
(ii) Tax Audit Fees - current year	0.07	0.05
(iii) Certification Fees	0.07	0.06
(iv) Reimbursement of Expenses:		
- Local	0.32	0.26
- Foreign	0.06	0.03
Total	0.76	0.60

(ii) Details given in Note - 26.



25 Employee remuneration and benefits

(₹ in Crore)

Particulars	2011-12		2010-11	
	Operating	Administrative	Operating	Administrative
Salaries, wages and bonus (i)(Refer note 33(III))	108.13	23.52	96.61	25.67
Contribution to provident and other funds	7.65	2.10	5.27	1.96
Foreign service contribution	0.27	0.43	0.58	0.50
Retirement benefits	12.32	-	32.14	-
VRS expenses	-	-	-	0.03
Staff welfare	2.48	0.46	1.94	0.36
Total	130.85	26.51	136.54	28.52
Total	157.36		165.06	

(i) Includes income-tax on non-monetary perks ₹ 0.21 Crores (₹ 0.23 Crores).

26 Provisions (Net)

(₹ in Crore)

Particulars	Balance as on 1-4-2011			During the year 2011-12			Balance as on 31-3-2012		
	Long Term	Short Term	Total	Additions	Written Back	Utilisation	Total	Long Term	Short Term
Provided for :									
A Employees Related									
(i) Retirement Benefits									
Gratuity	42.98	1.63	44.61	7.08	-	2.06	49.63	46.77	2.86
Less: Claims with LIC Gratuity	4.07	-	4.07				-		
	38.91	1.63	40.54	7.08	-	2.06	49.63	46.77	2.86
Leave Salary	52.20	1.82	54.02	9.31	3.27	2.47	57.59	52.44	5.15
Settlement allowances on retirement	1.40	0.05	1.45	0.13	-	-	1.58	1.45	0.13
Pension	9.20	-	9.20	4.56	0.96	-	12.80	12.80	-
Total of Retirement Benefits (i)	101.71	3.50	105.21	21.08	4.23	4.53	121.60	113.46	8.14
(ii) Others									
Performance Related Pay (ii)	-	23.11	23.11	9.53	3.50	17.03	12.11	-	12.11
Total Employee Related Provisions (i+ii)	101.71	26.61	128.32	30.61	7.73	21.56	133.71	113.46	20.25
B Others									
Demobilisation	15.17	0.31	15.48	13.03	0.14	0.22	28.15	18.12	10.03
Maintenance	31.74	5.68	37.42	51.50	3.51	1.75	83.66	63.89	19.77
Future contingencies (Contracts)	9.34	10.84	20.18	6.59	4.90	4.37	17.50	4.29	13.21
Design Guarantee	129.69	-	129.69	53.65	-	-	183.34	183.34	-
Doubtful debts	-	10.53	10.53	27.30	1.52	-	36.31	-	36.31
Doubtful advances	7.90	9.61	17.51	53.92	2.05	0.15	69.23	43.50	25.73
Impairment of Investment	-	-	-	5.53	-	-	5.53	5.53	-
Corporate Social Responsibility	-	0.78	0.78	4.81	-	2.25	3.34	-	3.34
Liabilities(Legal cases)	-	29.90	29.90	33.60	0.64	3.07	59.79	-	59.79
Other expenses	37.13	32.14	69.27	16.02	4.05	7.21	74.03	32.64	41.39
Income-tax and Wealth tax	-	542.38	542.38	235.73	43.95	288.86	445.30	-	445.30
Dividend (Interim and Proposed)	-	23.76	23.76	94.03	-	53.45	64.34	-	64.34
Tax on Dividend (Interim and Proposed)	-	3.85	3.85	15.25	-	8.67	10.43	-	10.43
Total Other Provisions (B)	230.97	669.78	900.75	610.96	60.76	370.00	1,080.95	351.31	729.64
GRAND TOTAL (C = A+B)	332.68	696.39	1,029.07	641.57	68.49	391.56	1,214.66	464.77	749.89
D Less:- Considered Separately									
Doubtful debts considered in Note 18	-	10.53	10.53				36.31	-	36.31
Doubtful advances considered in Note 14,15 & 20	7.90	9.61	17.51				69.23	43.50	25.73
Impairment of Investment considered in Note 12	-	-	-				5.53	5.53	-
Retirement Benefits considered in Note 25				21.08	4.23	4.53			
PRP included in Salaries, Wages and Benefits in note 25				9.53	3.50	17.03			
Income-tax adjusted/ considered separately				235.73	43.95	288.86			
Dividend paid/considered separately				94.03	-	53.45			
Corporate-tax on Dividend paid/considered separately				15.25	-	8.67			
Total (D)	7.90	20.14	28.04	375.62	51.68	372.54	111.07	49.03	62.04
Net: Current Year (C - D)	324.78	676.25	1,001.03	265.95	16.81	19.02	1,103.59	415.74	687.85
Previous Year			597.63	204.41	14.30	31.50	1,000.99	310.82	690.17

NOTE:

Net Provisions(Additions/Write Back) carried to Statement of Profit and Loss 249.14

Retirement Benefits provisions considered in Note 25 12.32

Performance Related Pay considered in Note 25 in Salary and Wages (11.00)

Provisions Utilized considered in Note 24 19.02



27 Prior Period Adjustments

(₹ in Crore)

Particulars	2011-12	2010-11
PRIOR PERIOD ITEMS:		
Income:		
Revenue from Operation	(0.61)	(4.15)
Miscellaneous	0.01	0.50
	(0.60)	(3.65)
Expenses:		
Work expenses	1.11	(2.45)
Depreciation	-	0.61
Rates and taxes	5.44	-
Design, Drawing, Business Development and Consultancy Charges	4.01	-
Others	0.07	0.36
	10.63	(1.48)
Total	(11.23)	(2.17)

Prior Period Expenses- Others amounting to ₹ 9.52 crores includes ₹ 5.44 crores towards VAT Expenses and ₹ 4.01 crores towards Design, Drawing, Business Development & Consultancy Charges.

28. Contingent liabilities consist of:

- (a) Claims against the Company not acknowledged as debt ₹ 622.19 crore (₹ 349.18 crore). Against this the Company has counter claims of ₹ 137.33 crore (₹ 61.79 crore). In case claims against the Company do materialise, claims for ₹ 327.12 crore (₹ 143.24 crore) 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 ₹ 175.29 crore (₹ 114.27 crore) of which ₹ 46.21 crore (₹ 29.31 crore) are reimbursable from the clients.
- (d) Claims of Provident Fund Commissioner, J & K for ₹ 1.75 crore (₹ 1.75 crore).
- (e) Undertaking to Punjab National Bank against term loan to ISTPL to make good 50% of any shortfall in the dues, if any, in the event of termination of concession agreement maximum to the extent of ₹ 300 crore (being 50% of total term loan of ₹ 600 crore).
- (f) Pending disposal of application for extension of time by clients, Company is also contingently liable to pay liquidated damages to the extent of ₹ Nil (₹ 0.03 crore).

29. A demand of ₹ 89.76 crore (₹ 55.23) crore has been raised by the J&K sales tax department as tax liability and interest thereon arising under J & K General Sales Tax Act 1962 on account of service provided by the Company in the shape of works contract to Railways for the period from financial year 1999-2000 to 2007-08. However, an amount of ₹ 41.95 crore (₹ 16.67 crore) on account of demanded sales tax has been paid under protest to the department. This has been charged as expense and billed to the client. The company has filed an appeal in respect of completed assessments with Dy. Commissioner, Commercial (Appeal) for the year 2005-06 to 2007-08 and the matter is pending. For the year 1999-2000 to 2004-05 appeal is pending before State Sales Tax Appellate Tribunal, Srinagar. The Company is of the opinion that there will not be any additional liability on this account; therefore, no provision has been made in the books of account. However, the balance amount has been considered as contingent liability and included in 28 (c) above. No assessment has been done by the department for financial year 2008-09 to 2011-12.

30. Commitments:

- (a) Estimated amount of contracts remaining to be executed on capital account (net of advances) is ₹ 1.92 crore (₹ 0.22 crore).
- (b) In case of subsidiary (Ircan Infrastructure Services Ltd.), the estimated amount of contract amounting to ₹ 34.95 crore (₹ 67.99 crore) are remaining to be executed on capital account.
- (c) Other Commitments :
Commitments to fund subsidiaries/ Joint Ventures/ associates :
 - a. To proposed Indian Railway Stations Development Corporation Limited (incorporated on 12.04.2012) towards equity ₹ 5.10 crore.

31. (a) Some of the balances shown under debtors, advances, creditors and material lying with third parties are subject to confirmation / reconciliation/ adjustment, if any. The Company has been sending letters for confirmation to parties included in the above.

(b) Sales tax (including TDS), Value added tax (VAT) and Income tax (including TDS) shown under advances are subject to confirmation/reconciliation/adjustment, if any.

(c) 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.

32. (a) Earnings in foreign currency:

(₹ in Crore)

Particulars	2011-12	2010-11
Work Receipts, Loco lease	1843.27	1528.64
Bank Interest	5.94	8.18
Other Interest	0.42	0.14
Others	12.82	4.67
Total	1862.44	1541.63



(b) Expenditure in foreign currency:

(₹ in Crore)

Particulars	2011-12	2010-11
Operational Expenses	1181.39	728.21
Consultancy charges	66.13	12.83
Foreign Exchange Fluctuation Loss (Net)	15.95	25.25
Administrative & Other Expenses	155.22	347.73
Total	1418.69	1114.02

(c) CIF value of Imports:

(₹ in Crore)

Particulars	2011-12	2010-11
Materials	21.44	17.76
Consumables, Components and Spares	-	0.23
Total	21.44	17.99

33. Disclosure regarding Leases:

I. Operating leases for locomotives

- (a) The Company has provided 25 locomotives on lease to a foreign client as on 31.03.2012. The lease is currently valid up to 31.12.2012.
- (b) Future minimum lease rental payable / receivable under operating lease for each of the following period is as under:

(₹ in Crore)

Lease Rent	Not later than 1 year	Later than 1 year to 5 years	Later than 5 years
Receivable	25.49 (20.13)	Nil (Nil)	Nil (Nil)
Payable	Nil (Nil)	Nil (Nil)	Nil (Nil)

(c) Disclosure of depreciation on lease business assets including stand by locomotives for the year:

(₹ in Crore)

Particulars of assets	As on 31 st March 2012	As on 31 st March 2011
Gross carrying amount of assets	24.82	24.82
Accumulated depreciation	23.58	8.82

(₹ in Crore)

Particulars	2011-12	2010-11
Depreciation for the year	14.76	2.43

II. Operating lease for light vehicles

The Company has taken four (five) light vehicles on operating lease without any obligation to purchase from lessor for its use for 5 years. The future minimum basic lease rent payable is as under :

(₹ in Crore)

Lease Rent	Not later than 1 year	Later than 1 year to 5 years	Later than 5 years
Payable	0.04 (0.06)	Nil (0.04)	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. Employee remuneration and benefits (Note 25) include ₹ 5.42 crore (₹ 5.13 crore) and capital work-in-progress (Note 11) include ₹ 0.02 crore (₹ 0.02 crore) 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 ₹ 4.40 crore (₹ 3.96 crore) shown as rent in note 24 and capital work in progress ₹ 0.03 (₹ 0.03) in note 11.

34. Segment Reporting:

Primary Segment information (Geographic):

(₹ in crore)

Particulars	International		Domestic		Others*		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
A. Turnover								
Revenue from Operations	1849.76	1577.53	1723.94	1569.87	2.14	6.83	3575.84	3154.23
Other Income	15.17	9.74	14.94	15.22	145.57	46.75	175.68	71.71
Inter-segment	-	-	-	-	-	-	-	-
Total Revenue	1864.93	1587.27	1738.88	1585.09	147.71	53.58	3751.52	3225.94
B. Result								
Profit before Provision, Depreciation, Interest and Tax.	603.73	542.60	191.72	50.45	108.95	31.98	904.40	625.03
Less: Provision & write backs (Net)	112.93	158.41	80.18	16.64	56.03	15.06	249.14	190.11
Depreciation	42.90	16.51	10.48	16.01	3.45	4.38	56.83	36.90
Interest	-	-	-	-	-	-	-	-
Profit Before Tax	447.90	367.68	101.06	17.80	49.47	12.54	598.43	398.02
Tax Expense	44.72	131.70	56.15	17.69	32.60	11.37	133.47	160.76
Profit After Tax	403.18	235.98	44.91	0.11	16.87	1.17	464.96	237.26
C. Other Information								
Assets	2131.79	2113.35	1607.92	1189.01	1782.42	1673.71	5522.13	4976.07
Include Fixed Assets (Net Block)	75.33	99.84	94.21	86.20	82.53	85.04	252.07	271.08
Liabilities	1756.02	1876.17	1565.80	1154.97	465.66	565.95	3787.48	3597.09
Capital Expenditure: Additions to Fixed Assets	13.62	50.71	0.37	1.13	0.55	1.11	14.54	52.95

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



Secondary Segment information (Business):

(₹ in crore)

Particulars	Operating Income		Segment Assets		Additions to Fixed Assets	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Construction etc.	3543.72	3128.03	5509.61	4955.42	14.36	52.84
Leasing & operation	32.12	26.20	12.52	20.65	0.18	0.11
Total	3575.84	3154.23	5522.13	4976.07	14.54	52.95

35. Disclosure in respect of Joint-Ventures (JV)

(a) Unincorporated Joint-Ventures:

i) For projects in operation:

S. No.	Name of the JV	Partner(s) and Country of Origin	Participating Interest (in %) as on 31 st March	
			2012	2011
1	RICON	Ircon, India RITES, India	49.00	49.00
			51.00	51.00
2	Ircon-GANNON Dunkerly	Ircon, India GANNON Dunkerly	55.70	55.70
			44.30	44.30
3	Ircon-RCS-PFLEIDERER	Ircon, India Rayalseema Concrete Sleepers Pvt. Ltd, India Pfleiderer Infrastrukturtechnik Gmbh & Co, Germany	65.08	65.08
			21.87	21.87
			13.05	13.05
4	RICON- CETA SARL	RICON, India CETA, Mozambique	49.00	49.00
			51.00	51.00
5	IRCON-SPSCPL	Ircon, India SPSCPL, India	50.00 -	50.00 -

ii) For projects which have been completed :

S. No.	Name of the JV	Partner(s) and Country of Origin	Participating Interest (in %) as on 31 st March	
			2012	2011
1	Ircon-COBRA-ELIOP	Ircon, India COBRA, Spain ELIOP, Spain	61.22	61.22
			34.35	34.35
			4.43	4.43
2	Ircon-Sree Bhawani Builders	Ircon, India Sree Bhawani Builders, India	24.21	24.21
			75.79	75.79
3	SMJ - Ircon	Ircon, India Sumber Mitra Jaya, Indonesia	25.00	25.00
			75.00	75.00
4	Ircon-SMJ Project JV	Ircon, India Sumber Mitra Jaya, Indonesia	55.00	55.00
			45.00	45.00
5	International Metro Civil Contractor (IMCC)	Dywidag, Germany Larsen & Tubro Ltd., India Samsung Corp., Korea Shimizu Corp., Japan Ircon, India	29.00	29.00
			26.00	26.00
			26.00	26.00
			9.50	9.50
			9.50	9.50

6	Metro Tunneling Group (MTG)	Dywidag, Germany	29.00	29.00
		Larsen & Tubro Ltd., India	26.00	26.00
		Samsung Corp., Korea	26.00	26.00
		Shimizu Corp., Japan	9.50	9.50
		Ircon, India	9.50	9.50

(b) Joint-Venture Companies:

S. No	Name of JV Company	Shareholders and country of origin	Percentage of Ownership	
			As at 31 st March 2012	As at 31 st March 2011
1	CCFB (Companhia Dos Caminhos De Ferro Da Beira SARL) Mozambique	Ircon, India	25.00	25.00
		RITES, India	26.00	26.00
		CFM, Mozambique	49.00	49.00
2	Ircon-Soma Tollway Private Limited.	Ircon, India	50.00	50.00
		Soma Enterprise Limited, India	50.00	50.00

(c) Statement of Income, Expenditure, Profit, Assets and Liabilities of Jointly controlled entities

(₹ in crore)

S. No	Particulars	RICON-CETA SABL		RICON		IMCC		MTG		IRCON-SPSCPL		Total	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1	Income	0.24	-	1.76	2.83	-	0.19	0.27	4.43	21.16	-	23.44	7.44
2	Expenditure	0.24	-	0.80	0.97	0.02	0.09	(0.23)	(0.23)	20.14	-	20.97	0.83
3	Fixed Assets	-	1.79	-	-	-	-	-	-	0.01	-	0.01	1.80
4	Current Assets	6.98	21.07	9.22	12.95	5.01	4.89	7.73	7.38	5.85	-	34.79	46.29
5	Current Liabilities	3.22	24.24	-	4.06	1.52	4.61	3.64	1.79	5.39	-	13.78	34.70

(d) Contingent liabilities towards the Company's proportionate share in JVs :

- Indemnity bond in case of IMCC ₹ 1.24 crore (₹ 1.24 crore).
- Sales-tax liability in case of IMCC ₹ 4.25 crore (₹ 4.25 crore) and Service Tax ₹ 1.01 crore (₹ 1.01 crore).
- Bank guarantee in case of MTG ₹ 0.59 crore (₹ 2.36 crore).
- Corporate guarantee to Central Excise in case of MTG ₹ 1.54 crore (₹ 1.54 crore).
- Bank guarantee in case of Ircon-RCS- PFLEIDERER ₹ 0.91 crore (₹ 0.91 crore).
- Income Tax liability in the case of IMCC (Joint Venture) ₹ 5.29 crore (₹ 5.29 crore) and ₹ 0.09 crore (Nil) in case of MTG.
- Recovery suit against the IMCC by M/s Sai Engineers as on 31.03.2012 is ₹ 0.01 crore (Nil).

36. Related Party disclosures:

- Enterprises where control exists:
Unincorporated Joint Ventures - As per Note no. 35(a) above.
Joint Venture Companies - As per Note no. 35(b) above.
- Key management personnel:
Directors: -S/Shri Mohan Tiwari, K K Garg, Deepak Sabhlok and Hitesh Khanna.



Disclosure of transactions with related parties:

(₹ in crore)

Particulars	Transactions		Outstanding Amount	
	2011-12	2010-11	As on 31-3-2012	As on 31-3-2011
Remuneration to key management personnel (b above) & Sitting Fees to other Independent Directors	As per Note No. 37		0.01	0.01
Investment in CCFB/ISTPL	Nil	Nil	69.40	69.40
Loan to CCFB/ISTPL	(10)	18.32	93.24	103.24
Advances recoverable from CCFB/ISTPL/RICON	(1.73)	(0.16)	2.22	1.40
Amount payable to RICON	0.19	7.59	17.53	11.08
Income from CCFB/RICON/ISTPL	38.51	10.20	16.71	3.28

(c) Disclosure in respect of direction under section 212(8) of the Companies Act, 1956 regarding Wholly Owned Subsidiary Ircon Infrastructure & Services Limited:

(₹ Crore)

S.No.	Particulars	2011-12	2010-11
1	Capital	4.90	4.90
2	Reserves	2.61	0.05
3	Total Assets	72.21	35.88
4	Total Liabilities	72.21	35.88
5	Investment	Nil	Nil
6	Turnover	6.14	1.10
7	Profit Before Tax	3.81	0.09
8	Provision for Tax	1.26	0.02
9	Profit After Tax	2.56	0.07
10	Proposed Dividend	Nil	Nil

37. Details of remuneration to Directors:

(₹ in Crore)

S.No.	Particulars	2011-12	2010-11
I	Salary & allowances	1.06	0.78
II	Contribution to provident fund	0.07	0.06
III	Superannuation including retirement benefits	0.01	0.09
IV	Reimbursement of medical expenses	0.01	0.01
V	Sitting fee	0.02	0.02
VI	Other benefits	0.17	0.18
	Total	1.34	1.14

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

- 38.** 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" notified by the Companies (Accounting standards) Rules, 2006. The impairment loss is ₹ Nil (₹ Nil).
- 39.** The lease agreement for locomotives given on hire to a foreign client is being renewed on year-to-year basis. The renewal of agreement, however, remains always uncertain. In the event of such non-renewal, the left-over spares meant for maintenance of the locomotives will become redundant and fetch insignificant value as it may be too expensive to ship them back to India. Keeping in view sound accounting practices, cost of such spares is expensed in the year of purchase and this practice is being followed consistently.
- 40.** (a) Due to gulf war when payments from clients (including for Samawa and Al-muthana projects executed in Iraq) were not forthcoming, Government of India (GOI) bailed out project exporters in Iraq including Ircon under Deferred Payment Agreement Protocol (DPA).
- (b) Under DPA, the outstanding balances dues as certified by Central Bank of Iraq (CBI) to Exim Bank upto Sept. 1995 were settled by GOI by issuing bonds in two phases. Subsequent to 2nd phase, CBI had further certified (confirmed by Exim Bank in May, 2000) an amount of USD 0.89 crore (equivalent to ₹ 31.802 crore converted at the last settlement rate of 1 USD = ₹ 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 0.42 crore (equivalent to ₹ 15.04 crore converted at the last settlement rate of 1 USD = ₹ 35.802) has been provided in the books of accounts.
- (c) 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 = ₹ 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 31.03.2012 as per AS-11, other non current assets would have been higher by ₹ 13.25 crore (previous year higher by ₹ 7.49 crore), long term provisions would have been higher by ₹ 6.27 crore (previous year higher ₹ 3.54 crore) and profit before tax would have been higher by ₹ 6.98 crore (previous year higher ₹ 3.95 crore).
- 41.** The Company has 25% equity stake in CCFB, a Joint Venture Company incorporated as per Mozambican laws in the year 2004 to execute a railway project awarded by the Government of Mozambique (GOM) on BOT basis and has paid USD 1.25 Mn (₹ 5.53 crore shown in Non current investments (Note 12)). The Company has provided shareholders' loan to CCFB and the total amount including accrued interest upto 31.03.2011 is USD 21.124 Mn (₹ 93.43 crore converted at exchange rate on 31.03.2011- ₹ 93.24 crore shown in Long term loan and advances (Note 14 (B) and (C)) and ₹ 0.19 crore shown in other noncurrent assets (Note 15(C))). There is no change in the amount of investment after 31.03.2011. Although the project was complete, the GOM has terminated the concession on 9th November, 2011 and taken over the project on 8th December, 2011.
- CCFB considers this termination against the contract provisions & unlawful and has initiated arbitration proceedings against GOM. The Company believes that it shall be able to retrieve its entire investment through arbitration by CCFB, yet as a matter of abundant caution and following a conservative approach, pending outcome of the arbitration, a provision of ₹ 42.13 crore (₹ 34.20 crore towards loan & interest accrued thereon, ₹ 3.21 crore towards possible capital expenditure by CCFB to make railway line operable reduced by interest after termination of ₹ 0.81 crore and ₹ 5.53 crore towards equity investment) (refer Note 12) has been made towards possible loss and the loan amount



including interest due has been stated at the exchange rate prevailing on 31.03.2011. Further, for the reasons stated above, interest on loans for the year amounting to ₹ 3.38 crore has not been recognised.

Had the dues been translated at the closing exchange rate as on 31.03.2012 as per AS-11, long term loan and advances would have been higher by ₹ 8.33 crore (previous year nil) and profit before tax would have been higher by ₹ 8.33 crore (previous year nil).

Had the effect of Note no. 40 & 41 would have been given cumulatively, the long term loans & advances would be ₹ 274.76 crore, other non current assets would be ₹ 94.81 crore, long term provisions would be ₹ 422.01 and profit before tax would be ₹ 613.74 crore.

42. The Company in its Income tax returns has been claiming deduction under Section-80IA of the Income Tax Act, 1961, in respect of eligible construction projects since assessment year 2000-01. The deduction was disallowed by the CIT (A) in some of the assessment years. Although, the CIT (A) has considered our claim for the assessment year 2004-05 and 2005-06, but the Income tax department moved to the Tribunal against the order of CIT(A). Accordingly, the tax is being provided without considering the deduction under Section 80IA. The amount of such deduction up to assessment year 2011-12 is ₹ 580.29 crore (₹ 509.50 crore). The matter is pending before the Tribunal.

43. **Disclosure under AS-15, Employee benefits**

Provident Fund

The Company pays fixed contribution of Provident Fund at a pre determined rate to a separate trust, which invests 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 returns on investment is greater than the obligation of the company.

Gratuity

The liability towards gratuity as per rules of the Company is recognised on the basis of actuarial valuation.

Post-Retirement Medical Facility (PRMF)

The Company had established an irrevocable trust by initial one-time contribution of ₹ 12 crore during the year 2000-01 for providing annuity, medical and other benefits to the spouse of employees who die in harness as also the medical benefits to the employees (and spouse) who superannuate from the Company. This being a voluntary welfare measure, the Company is not liable for providing such benefits to its employees.

Leave Encashment

The liability towards encashment of leave as per rules of the Company is recognised on the basis of actuarial valuation.

Other Retirement Benefits

Other retirement benefits include settlement at home-town or to the place where he or his family intends to settle in India including Baggage Allowance. The liability on this account is recognized on the basis of actuarial valuation.

The summarised position of various employee benefits recognised in the statement of profit and loss and balance sheet is as under-

i) Changes in the present value of obligations

(₹ in crore)

	Gratuity	Leave Encashment	Other Retirement Benefits
Present Value of Obligation as at beginning of the period	44.61 (37.66)	54.01 (38.18)	1.45 (1.29)
Interest Cost	3.34 (2.82)	4.05 (2.86)	0.11 (0.09)
Current Service Cost	2.72 (2.53)	3.94 (3.92)	0.08 (0.07)
Past Service Cost	- (-)	- (-)	- (-)
Benefit Paid	(2.05) ((2.01))	(1.21) ((2.47))	(0.01) (-)
Actuarial (gain)/loss on obligation	1.01 (3.61)	(5.18) (11.52)	(0.06) ((0.01))
Present Value of Obligation as at the end of the period	49.63 (44.61)	55.61 (54.02)	1.57 (1.45)

ii) Changes in the fair value of plan assets

(₹ in crore)

	Gratuity	Leave Encashment	Other Retirement Benefits *
Fair Value of plan assets as at beginning of the period	- (4.11)	- (-)	- (-)
Expected return on Plan Assets	- (0.36)	- (-)	- (-)
Contributions	- (-)	-	- (- (-))
Benefit Paid	- ((0.13))	- (-)	- (-)
Actuarial (gain)/loss on Plan Assets	- ((0.26))	- (-)	- (-)
Fair Value of Plan Assets as at the end of the period	- (4.07)	- (-)	- (-)



iii) Fair Value of plan assets

(₹ in crore)

	Gratuity	Leave Encashment	Other Retirement Benefits *
Fair value of Plan Asset at the beginning of period	- (4.11)	- (-)	- (-)
Actual return on Plan Assets	- (0.09)	- (-)	- (-)
Benefits paid	- ((0.13))	- (-)	- (-)
Fair value of Plan Assets at the end of period	- (4.07)	- (-)	- (-)
Funded Status	(49.63) ((40.54))	(55.61) ((54.02))	(1.57) ((1.45))
Excess of actual over expected return on plan assets	- ((0.26))	- (-)	- (-)

*IRCON Medical Trust has a combined fund of ₹ 26.32 crore

iv) Actuarial gain/loss recognised for the period

(₹ in crore)

	Gratuity	Leave Encashment	Other Retirement Benefits
Actuarial gain/(loss) for the period- Obligation	(1.01) ((3.61))	5.18 ((11.52))	0.06 (0.01)
Actuarial gain/(loss) for the period- Plan Assets	- (0.26)	- (-)	- (-)
Total (gain)/loss for the period	1.01 (3.87)	(5.18) (11.52)	(0.06) ((0.01))
Actuarial (gain)/loss recognised in the period	1.01 (3.87)	(5.18) (11.52)	(0.06) ((0.01))

v) Amount recognised in balance sheet

(₹ in crore)

	Gratuity	Leave Encashment	Other Retirement Benefits
Present Value of Obligation as at the end of the period	49.63 (44.61)	55.61 (54.02)	1.57 (1.45)
Fair Value of Plan Assets as at 31.03.2011	- (4.07)	- (-)	- (-)
Funded Status	(49.63) ((40.54))	(55.61) ((54.02))	(1.57) ((1.45))
Excess of actual over estimated	- ((0.26))	-	-
Net liability recognised in the balance sheet	(49.63) ((40.54))	(55.61) ((54.02))	(1.57) ((1.45))

vi) Expenses recognised in statement of profit & loss

(₹ in crore)

	Gratuity	Leave Encashment	Other Retirement Benefits
Current Service Cost	2.71 (2.53)	3.94 (3.92)	0.08 (0.07)
Past Service Cost	- (-)	- (-)	- (-)
Interest Cost	3.34 (2.82)	4.05 (2.86)	0.11 (0.09)
Expected return on plan assets	- ((0.36))	- (-)	- (-)
Net actuarial (gain)/ loss recognised in the year	1.01 (3.87)	(5.18) (11.52)	(0.06) ((0.01))
Expenses recognised in the statement of profit & loss	7.07 (8.87)	2.81 (18.31)	0.13 (0.16)

vii) Amount for the current period

(₹ in crore)

	Gratuity	Leave Encashment	Other Retirement Benefits
Present Value of Obligation	49.63 (44.61)	55.61 (54.02)	1.57 (1.45)
Plan Assets	- (4.07)	- (-)	- (-)
Surplus (Deficit)	(49.63) ((40.54))	(55.61) ((54.02))	(1.57) ((1.45))
Experience adjustments on plan liabilities - (Loss)/ Gain	(1.01) ((3.61))	5.18 ((11.52))	0.06 (0.01)
Experience adjustments on plan assets -(Loss)/ Gain	- ((0.26))	- (-)	- (-)

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) Average outstanding service of employees up to retirement	14.40 years
V) Estimated term of benefit obligations	14.40 years

**44. Disclosure in respect of contracts in progress***

(₹ in Crore)

Details	Up to 31 st March 2012	Up to 31 st March 2011
(a) Aggregate amount of costs incurred and recognized profits (less recognized losses)	13143.81	10531.77
	As on 31st March 2012	As on 31st March 2011
(b) Amount of advances received from client	1391.36	1650.33
(c) Amount of retentions (by client)	124.29	332.93

* excluding projects completed up to 31.03.2012

45. i) The Company has not received any information from any of its suppliers of their being covered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). Based on this information, there are no amounts due to Micro, Small and Medium Enterprises as at 31st March 2012.
- 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, amounts due to small-scale industrial undertaking, which are outstanding for more than 30 days as on 31st March 2012 is ₹ Nil (₹ Nil).
46. During the year, the Company has changed its accounting policy on depreciation on mobile phones by increasing the depreciation rate from 19% to 31.67%. The effect of this change is not material.
47. During the year, the Company has changed its accounting policy on translation of foreign currency of revenue items from monthly average rates to rates on the date of transaction. Due to this change, foreign exchange loss (net) during the year has increased by ₹ 9.89 crore, other income has increased by ₹ 0.37 crore, operating income has increased by ₹ 22.29 crore, total expenditure (excluding foreign gain/loss) has increased by ₹ 12.77 crore. However, net impact on the statement of profit and loss of the Company is ₹ Nil.
48. Basic earnings per share are computed by dividing net profit after tax ₹ 464.96 crore (₹ 237.26 crore) by 9,898,000 fully paid equity shares of ₹ 10 each. Diluted Earnings per share is not applicable, as there is no dilution involved.
49. During the year ended 31st March 2012, the Revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of financial statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. Previous year's figures have been regrouped, rearranged and recast wherever necessary to make it comparable to the current year's classification.

For Wahi & Gupta

Chartered Accountants

FRN : 002263N

For and on behalf of the Board of Directors**CA Anuj Gupta**Partner
M.No.76560**Lalitha Gupta**Company Secretary
& GM (Law)**K. K. Garg**

Director Finance

Mohan Tiwari

Managing Director

Place : New Delhi

Dated: 25.07.2012



WAHI & GUPTA
CHARTERED ACCOUNTANTS
HOTEL REX BUILDING,
5, NETAJI SUBHASH MARG,
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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 Ircon International Limited and its subsidiary as at 31st March, 2012, the Consolidated Statement of Profit & Loss 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 an 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 ₹ 72.21 crore as at 31st March 2012 and total revenues of ₹ 6.14 crore and net cash inflow of ₹ 2.10 crore 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 report of other auditors.
4. We report that the Consolidated financial statements have been prepared by the company in accordance with the requirement 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 Ircon International Limited and its subsidiary included in the consolidated financial statements.
5. We draw attention to following Notes to Accounts.
 - a) *Note no. 40(b) & (c):* 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 31.03.2012 is not in conformity with AS-11. As a result, other non current assets is lower by ₹ 13.25 crore, Long term provisions is lower by ₹ 6.27 crore and Profit before tax is lower by ₹ 6.98 crore.
 - b) *Note no. 41:* Carrying balances at exchange rate prevalent on 31.03.2011, of shareholder's loan and interest accrued thereon due from Joint venture Company CCFB, and not translating at rates prevalent on 31.03.2012 is not in conformity with AS-11. As a result, Long term loan and advances is lower by ₹ 8.33 crore and Profit before tax is lower by ₹ 8.33 crore.



- c) *Note no. 47:* During the year, the company has changed its Accounting Policy on translation of foreign currency of revenue items from monthly average rates to rates on the date of transaction. Due to this change, foreign exchange loss (net) during the year has increased by ₹ 9.89 crore, other income has increased by ₹ 0.37 crore, operating income has increased by ₹ 22.29 crore, total expenditure has increased by ₹ 12.77 crore. However, net impact on Profit/Loss of the company is Nil.
6. Further to our comments in para 5 above and based on our audit and on consideration of reports of other auditor on separate financial statements and on the other financial information of the components, and to the best of information and according to the explanation 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:
- i) In the case of Consolidated Balance Sheet, of the state of affairs of Ircan International Limited and its subsidiary as at 31.03.2012;
- ii) In the case of Consolidated Statement of Profit & Loss, of the consolidated results of the operation of Ircan International Limited and its subsidiary for the year ended on that date; and
- iii) In the case of Consolidated Cash Flow Statement, of the cash flows for the period ended on that date.

For Wahi & Gupta
Chartered Accountants
FRN 002263N

(CA Anuj Gupta)
Partner
Membership No.76560

Place: New Delhi
Date: 25.07.2012



IRCON INTERNATIONAL LIMITED

Civil, Mechanical, Electrical, Communications and Turnkey Contractors
(A Government of India Undertaking)

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