



ircon

35th
Annual Report
2010-11

IRCON INTERNATIONAL LIMITED

Vision & Mission

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

Stock Exchange Where Shares Listed

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

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



Corporate Office Building of IIRCON at Saket, New Delhi

BOARD OF DIRECTORS

(As on the date of AGM 20.09.2011)

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 Directors



B.N. Rajasekhar

Part-time Director (Official)



Dr. G.V. Rao

Independent Director



Brijmohan Sharma

Independent Director

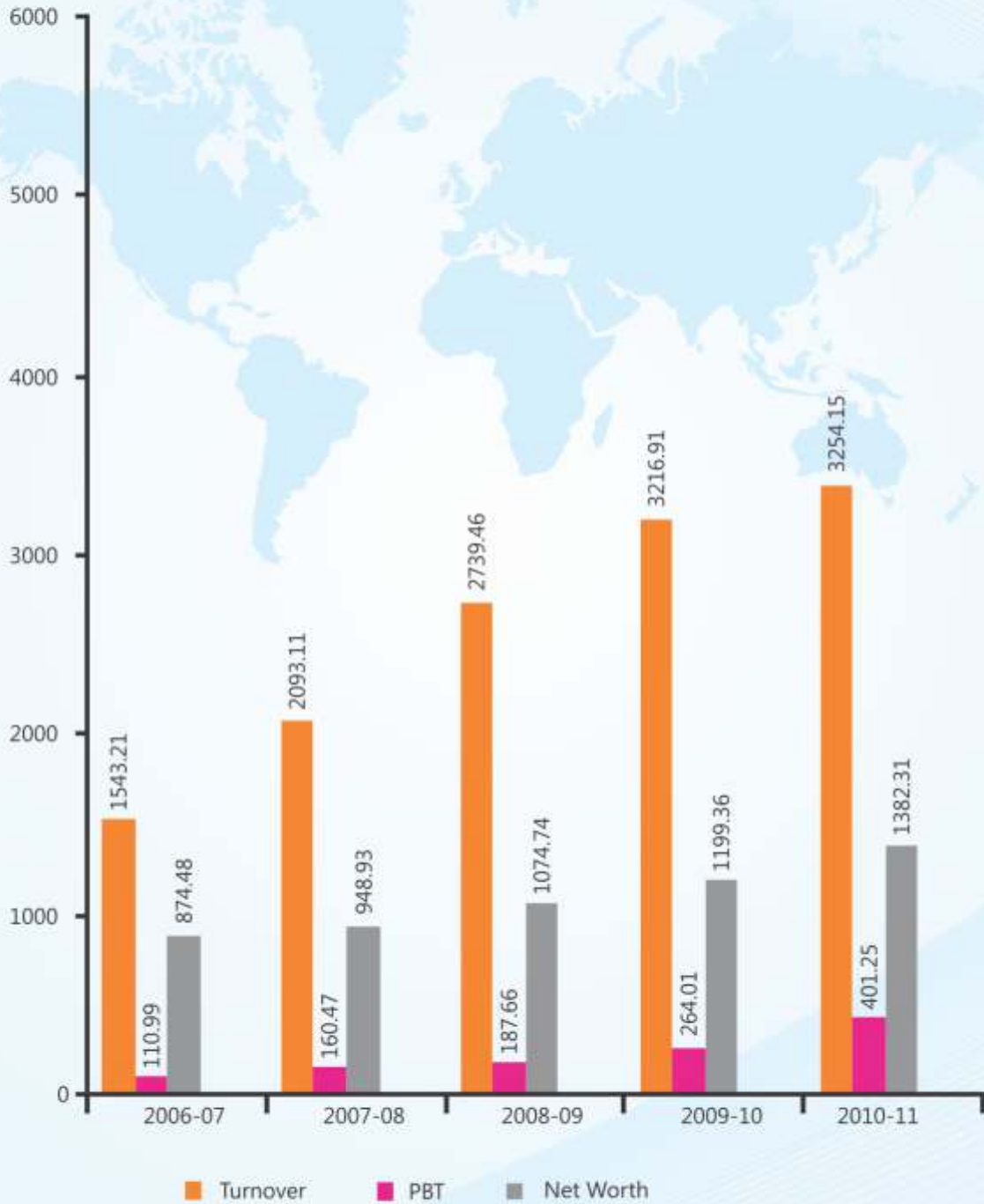


Prof. (Dr.) S.S. Chatterji

Independent Director

Performance During Last Five Years

₹ in Crores





CHAIRMAN'S ADDRESS

Distinguished Shareholders,

It is my pleasure to welcome you all to this 35th Annual General Meeting of your Company. 2010-11 has been yet another year of achievements to make you feel proud about your Company as may be evident from the audited annual accounts and the Directors' Report which are already with you.

Financial Profile

Your Company has been making profit every year without fail right from 1977-78. But it crossed ₹ 200 crores mark for the first time in 2009-10 and within a year has also crossed ₹ 400 crores. Thus your Company has been able to enhance its profits commendably by nearly 52% in a year from ₹ 264 crores in 2009-10 to ₹ 401 crores in 2010-11, though the total turnover of ₹ 3254 crores achieved in 2010-11 is only marginally higher than that achieved in 2009-10. The contribution from foreign projects towards total income has increased progressively in the last three years from 30% in 2008-09 to 49% in 2010-11. Correspondingly, your Company has also earned its highest ever foreign exchange of ₹ 427 crores during 2010-11, 62% more than what it earned in 2009-10. Your Company is confident that it would keep up its profit levels by securing foreign projects of substantial value on the one hand and by enhancing its operational efficiency in the domestic sector on the other.

In view of the excellent financial position, the Board of Directors has been pleased to recommend a dividend at the rate of 240% on the paid-up share capital of ₹ 9.898 crores for declaration at this Annual General Meeting. This is over and above the interim dividend of 260% declared by the Board of Directors and paid in February 2011. This takes the total dividend for the year to a record 500% of the paid-up share capital of the Company, amounting to ₹ 49.49 crores.

Growth Profile

During the last five years, your Company has recorded a compounded growth rate of 23.94% in terms of turnover and 29.33% in terms of profit before tax.

Project Profile

Itcon has been executing a large value double tracking Railway project in Malaysia with a value of more than ₹ 4000 crores. Phase – I of this project from Seremban to Sungai Gadut Station has been commissioned on 30th April 2011 as per schedule. Four Railway Projects are being executed in Sri Lanka, the value of works in progress of these being over ₹ 2000 crores. Galle – Matara section of Coastal railway line upgradation project was completed and made operational on 16th February 2011. Projects are also being executed in Ethiopia, Afghanistan, and Algeria. Very recently your Company has secured a S&T project in Sri Lanka for a value of USD 86.50 million.

Major projects completed during the year in India are, Four Laning of Pimpalgaon-Dhule in Maharashtra, Road Upgradation project in Tamil Nadu, Six Laning of Panchi Gujran to Panipat Section of NH-I, and Gauge Conversion on Rewari-Ajmer section. Important projects secured during the year in India are for setting up of a new Rail Coach Factory at Rae Bareilly (UP) for Ministry of Railways and Sivok-Rangpo new Rail Line Project for North-Eastern Frontier Railway. In April 2011 your Company secured a project for construction of 26 road over bridges in Rajasthan at a value of ₹ 624 crores.



Your Company continues to be a partner in the Nation Building process through various other prestigious projects including those under Pradhan Mantri Gram Sadak Yojana (PMGSY) and Rashtriya Sam Vikas Yojana (RSVY) in Bihar.

Operational Profile

Railways and Highways continue to be the core areas of competence of the Company. Proportion of railway works vis-a-vis highway works has progressively increased in the last three years inasmuch as the operating income from rail construction works has increased from 55% in 2008-09 to 64% in 2010-11.

Since 2004-05, your Company has also been undertaking a few projects through JVs and subsidiary. These include:

- a) Beira Rail Concession Project in Mozambique which was awarded by the Government of Mozambique on BoT basis to a JV Company (CCFB) incorporated in Mozambique in which Ircon has 25% equity stake.
- b) Pimpalgaon-Dhule road project in Maharashtra awarded on BoT basis by NHAI to a JV Company in which Ircon has 50% equity stake. Construction of this road has been completed and the actual revenue from toll operations has been more than the estimated value.
- c) Multi-Functional Complexes for Indian Railways through Ircon's wholly owned subsidiary, 'Ircon Infrastructure & Services Limited' (IrconISL), incorporated in 2009. Ircon's subsidiary has earned its maiden profit before tax of ₹9.12 lakhs during this year and is expected to earn better profits in the coming years.

Your Company has also been taking initiatives in the areas of R&D, Corporate Social Responsibility, and Sustainable Development through environmental friendly measures by incorporating green building features in design and drawings of the aforesaid Multi-Functional Complexes and Rail Coach Factory construction at Rae-Bareilly.

Acknowledgments

I want to take this opportunity to record our sincere appreciation for all the employees of Ircon family, past and present, whose untiring efforts have been instrumental in enhancing the stature of your Company. Our sincere thanks to our esteemed shareholders and to all the Members of the Railway Board for the co-operation and support extended by them. I express our grateful thanks to the Railway Ministry and other Government bodies, Embassies, Bankers, and Clients.

I also wish to place on record my sincere thanks to my esteemed colleagues on the Board of the Company. I am confident that with the goodwill and support of all of you and all those associated with Ircon, your Company will achieve more landmarks in the years to come.

A.P. MISHRA
Chairman

Place: New Delhi

Dated: 20th September 2011

DIRECTORS' REPORT

Distinguished Shareholders of Ircon,

The Directors of your Company have pleasure in presenting their 35th Report on the affairs of the Company for the financial year 2010-11.

PERFORMANCE HIGHLIGHTS

Your Company has achieved its highest ever turnover of ₹ 3254 crores. Further, your Company has been able to achieve a quantum jump of more than 51% in profit before tax from ₹ 264 crores in 2009-10 to ₹ 401 crores in 2010-11. The profit after tax has also increased by 32%.

Most of the targets under the Memorandum of Understanding between your Company and Ministry of Railways have been achieved/ surpassed which would keep the Company under "Excellent MoU rating." Total dividend for 2010-11, including the proposed final dividend ₹ 23.76 crores, will amount to ₹ 49.49 crores.

FINANCIAL HIGHLIGHTS

Some important indicators of financial performance of the Company for the year 2010-11 vis-à-vis 2009-10 are given below:

Financial Performance Indicators:

(₹ in crores)

		2010-11	2009-10	%age increase
1	Total income/Gross sales	3254	3217	1.15
2	Total Operating income *	3175	3153	0.70
3	Operating income from Foreign Projects	1577	1196	31.86
4	Profit before tax	401	264	51.89
5	Profit after tax	240	182	31.86
6	Gross margin	440	305	44.26
7	Net worth	1382	1199	15.26
8	Earnings per share (₹)	242.99	184.06	32.02
9	Total Foreign Exchange Earnings	1545	1261	22.52
10	Foreign Exchange Outgo	1118	997	12.14
11	Net Foreign Exchange Earnings	427	264	61.74
12	Dividend	49.49	36.62	35.14

* Includes unallocable operating income of ₹ 3.37 crores in 2010-11 and ₹ 4.38 crores in 2009-10 (Refer para 7 of Notes to Accounts in Schedule 'R')

On domestic front, the operating income has decreased by nearly 20% from ₹ 1952 crores in 2009-10 to ₹ 1595 crores in 2010-11. The ratio of net profit to net worth has improved to 17.40% from 15.19%, and the ratio of PBT to turnover has also improved to 12.33% from 8.21%.

Foreign Exchange Earnings

Net Foreign Exchange earnings have also increased substantially by 62% from ₹ 264 crores in 2009-10 to ₹ 427 crores in 2010-11.

Dividend

The Board of Directors had declared in February 2011 an interim dividend of ₹ 25.73 crores @ ₹ 26 per share i.e. 260% on the paid-up share capital of ₹ 9.898 crores which was paid in February 2011 to the shareholders. The BoD has recommended a dividend @ ₹ 24 per share i.e. 240% on the paid-up share capital for declaration by the shareholders, which would amount to ₹ 23.76 crores. With this, the total dividend for the year 2010-11 would amount to ₹ 49.49 crores @ ₹ 50 for every ₹ 10 share which works out to about 20.58% of the post-tax profits of ₹ 240.51 crores. After approval and payment of the proposed dividend, the cumulative dividend to shareholders up to 2010-11 will then stand at ₹ 332.51 crores approximately.

Appropriations/ Tax Provisions/ Reserves:

(₹ in crores)

		2010-11	2009-10
1	Interim Dividend	25.73	20.98
2	Proposed Final Dividend	23.76	15.64
3	Tax on Interim Dividend	4.28	3.56
4	Tax on Proposed final dividend	3.85	2.66
5	Transfer from Housing Projects Reserve	4.80	0.15
6	Transfer from Foreign Projects Reserve	2.90	25.00
7	Transfer to General Reserve	190.65	164.49

ORDER BOOK

The Company secured works worth ₹ 3579.53 crores during the year 2010-11 out of which ₹ 1082.51 crores pertain to projects secured abroad. The work load as on 31.3.2011 is ₹ 13017 crores.

OPERATIONAL PERFORMANCE

A. Foreign Projects Completed:

Your Company completed four projects abroad during 2010-11 -- two projects in Mozambique, namely, Rehabilitation of 670 km Cape Gauge Railway Track in central Mozambique, valued at ₹ 179.72 crores and Supply of Stone Ballast for Sena line of Beira Railway Corridor, valued at ₹ 31.4 crores; one in Sri Lanka, namely, Upgradation of Colombo-Matara coastal railway line phase I (Galle-Matara section), valued at USD 36.24 million; and one in Ethiopia, namely, Construction of Dera-Mechara road upgrading contract-I, valued at ₹ 106.68 crores.

B. New/ On-going Foreign projects:

Nine projects, including the new ones secured, are in progress—two in Malaysia, four in Sri Lanka, and one each in Ethiopia, Afghanistan, 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 2011.



Seremban Railway Station Building in Malaysia

- 2 The Company was awarded a double tracking project (about 103 km length between Seremban and Gemas on design and build basis including all electrification, signaling and communication works) in Malaysia in December 2007 by Ministry of Transport, Government of Malaysia, at a value of ₹ 4084 crores (about 1 billion USD). Phase I of the Project from Seremban to Sungai Gadut at a value of USD 156 million has been completed on 30th April 2011 and commuter train operations inaugurated and commenced from 24th May 2011. Overall physical progress up to March 2011 is 67.72%. While there have been some delays at isolated locations for want of possession of site, the work is likely to be completed by the year 2012.



Station Building on Viaduct in Malaysia

Sri Lanka

3. Your Company had entered into a contract with Ministry of Transport, Sri Lanka, for upgradation of Colombo-Matara coastal railway line, at a value of USD 78 million, funded by Indian Line of Credit. The work was to be executed in two phases. Phase-I of the project (Galle – Matara section) valued at USD 36.24 million has been completed in February 2011. Passenger traffic has commenced on this section from 16th February 2011. Loan agreement for Phase-II at a value of USD 41.76 million was signed on 11.03.2010 between EXIM Bank of India and Government of Sri Lanka after sanction of further line of credit. On payment of advances, the above contract has come into operation in October 2010 and presently the work on the same is in progress which is scheduled to be completed by May 2012.



Colombo-Matara Coastal Railway Line

4. The Company has also signed agreements with Ministry of Transport, Sri Lanka, for reconstruction of Railway Line from Omanthai to Pallai (USD 185.36 million); Madhu Road to Talai Mannar (USD 149.74 million); and



Inauguration Ceremony of Projects in Northern Province of Sri Lanka

Medawachchiya to Madhu Road (USD 81.31 million), in Northern Province of Sri Lanka, to be funded by Indian Line of Credit. 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 have come into operation in March 2011. These contracts are scheduled to be completed within a period of 24 to 30 months (i.e. during March 2013 to September 2013).

Ethiopia

5. Your Company had secured a project in August 2008 for procurement of sub-station equipment and to supervise testing and commissioning of substation for Ethiopian Electric Power Corporation (EEPCO), at a value of ₹ 66.3 crores. The Company had completed the work of design and supply of equipment in March 2010. Out of total nine substations, erection work by EEPCO on some sub-stations is still continuing. Your company is supervising the testing and commissioning.

Afghanistan

6. 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. Civil work at Mazar-e-Sharif has been completed whereas civil work at Aybak has been 95% completed. Erection work at both the places is in progress. The project valued at ₹ 40.8 crores is likely to be completed by January 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 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. Project is expected to be completed by March 2013.

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, ten projects were completed in India. These are:

- a. Six laning of Km 66.000 to Km 86.000 of Panchi Gujran to Panipat section of NH-I, Haryana, for National Highways Authority of India (NHAI);
- b. Married Accomodation Project at Jhansi for Ministry of Defence, Government of India;
- c. Gauge conversion including electrical works on Rewari-Ajmer section of North Western Railway;
- d. Expansion of Rail Coach Factory, Kapurthala;
- e. Setting up of wheel shop at Rail Coach Factory, Kapurthala;
- f. Cargo road execution work at ONGC Mangalore Petrochemicals Limited, Mangalore, Karnataka;
- g. Upgradation of Roads from Nagapattinam to Kattumavadi and New bypass at Nagapattinam, Tituthuraipundi and Muthupet (TNRSP-02) (in JV with SMJ, Indonesia) in Tamil Nadu;
- h. Supply, installation, testing, and commissioning of track work of Phase-II Corridor (Central Secretariat to Gurgaon) (Contract BT-2);
- i. Supply, erection, testing and commissioning of traction and auxiliary sub-stations in Tollygunj-Garia section;
- j. Four laning of Pimpalgaon-Dhule section of NH-3 from km 380 to km 265 in Maharashtra for National Highways Authority of India (NHAI).

Three projects got completed after 31st March 2011. These are:

- a. Construction of Road Over Bridges (ROBs) in Northern Region (J&K and Punjab) for National Highways Authority of India (NHAI).
- b. Construction of road over bridges in Madurai - Kanyakumari section of NH-7 including approaches and culverts in the State of Tamil Nadu for National Highways Authority of India (NHAI).
- c. Delhi MRTS Project Phase-II Project (Contract BE-8) - Supply, installation, testing, commissioning of receiving cum traction cum auxiliary main substations at Jahangirpuri, Mundka, Ambedkar colony [Japan Bank for International Co-operation (JBIC) funded], and Botanical Garden (Noida) and Sushant Lok (Gurgaon) (Non JBIC funded).

E. New Indian Projects:

During 2010-11 your Company secured six new projects in India, including additional works. These are:

- (a) Construction of New Indoor Sports Complex at Gholsapur (Behala) on Sealdah Division of Eastern Railway, at a value of ₹ 56 crores.
- (b) Construction of 592 meter long cable stayed major permanent bridge over river Ravi at Basoli (km 14.74) on road Dunera-Durban-Basoki-Bhadarwah in the State of J&K under project Samapark [through unincorporated JV between your Company and S.P. Singla Constructions Private Limited (SPSCPL)], at a value of ₹ 72.72 crores.
- (c) Setting up of New Rail Coach Factory at Rae Bareilly, at a value of ₹ 344 crores.
- (d) Construction of Rail Link between Jogbani (Bihar) to Biratnagar (Nepal), at a value of ₹ 238 crores.
- (e) Sivok-Rango New Rail Line Project, additional work of ₹ 1339.5 crores.
- (f) Construction of Broad Gauge line by Gauge conversion Jayanagar (India) – Bijalpura (Nepal) with extension up to Bardibas on India – Nepal border, at a value of ₹ 446.72 crores.

Soon after the close of the year, the Company has secured **one project** in April 2011, for Construction of (26 Nos.) Road over Bridges (ROBs) in Rajasthan, at a value of ₹ 624 crores.



Rail Coach Factory in Rae Bareilly

F. Projects through Joint Venture Companies

Mozambique

Your Company has completed various works under the Beira Rail Concession Project in Mozambique awarded by Ministry of Transports (CFM), Government of Mozambique, on BoT basis to Companhia Dos Caminhos De Ferro Da Beira (CCFB), a joint venture company in Mozambique, in which your company has 25% equity stake, RITES has 26%, and CFM, a railway undertaking of Mozambique, has 49%.

Investment in this JVC is comprised of:

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

Interest due on the above loan amounting to USD 4.396 million not included in the above has been converted into loan.

CCFB was issued a notice for termination of the Concession by the Conceding Authority (Ministry of Transports & Communications, Government of Mozambique) due to alleged delay in completion of rehabilitation works which has since been contested and replied by CCFB. The matter for amicable settlement between conceding authority, shareholders of CCFB, and CCFB, by way of selling their stake in CCFB by the majority shareholders (Irrcon and Rites) is under discussion. The Company does not envisage any loss on selling its stake.

India

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

Investment in ISTPL is comprised of:

	Total Disbursement as on date (₹ crores)
Equity (proportionate to Irrcon's 50% share in the equity of ISTPL)	63.87
Unsecured Loans	10.00
Corporate Guarantee (committed up to ₹ 200 crores)	30.00
Total	103.87

Your Company has pledged its present shareholding and has committed pledging of future shareholding in ISTPL in connection with a term loan of ₹ 450 crores taken by ISTPL from 8 banks, State Bank of India being the lead bank lender. ISTPL had also raised a short term loan (for a period of one year) of ₹ 60 crores from Axis Bank to meet its payment commitment to EPC contractors in respect of which Irrcon has extended a Corporate Guarantee for ₹ 30 crores, (being 50% of the loan amount) as 50% equity partner in ISTPL.

The project has since been completed successfully and ISTPL is earning toll on the entire stretch of the road. Presently the entire stretch of 118.158 km is generating toll collection on an average of ₹ 38 lakhs approx. per day.

G. Subsidiary Company

Your Company had formed a wholly owned subsidiary company by the name "Irrcon Infrastructure & Services Limited" (IrrconISL) on 30th September 2009. IrrconISL had obtained a Certificate for Commencement of Business on 10th November 2009. The authorised share capital of IrrconISL is ₹ 10 crores, and its paid-up share capital is ₹ 4.9 crores.

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

IrconISL has taken up development of Multi Functional Complexes (MFCs) at 23 identified station premises of Railways for providing facilities to rail users.

The work has been completed at 7 stations, and IrconISL is in the process of leasing of 7 MFCs. Work on balance 14 stations is in an advanced stage of completion. Construction could not be started at 2 stations for want of clearances by local authorities which is expected to be received soon.

Ministry of External Affairs (MEA), Government of India, has appointed IrconISL as Design Consultant for "providing Technical Services for preparation of Detailed Project Report for a road project in Chin State of Myanmar" at a total cost of ₹ 7.2 crores. The detailed project report has been submitted on 15th July 2011 to MEA.

Your Company will make available the balance sheet, profit & loss account, directors' report, auditors' report of IrconISL upon request by any member. These documents will also be made available on the website of the Company (www.ircon.org), and will also be available for inspection by any member of the Company at the registered office of the Company. The Company's consolidated financial statements, included in this Annual Report, incorporate the accounts of its subsidiary also. A summary of key financials of your Company's subsidiary is given in para 9(d) of Notes to Accounts in Schedule 'S' of the Consolidated financial statements.

H. Disclosure of Accounting Treatment -- Outstanding dues of closed Iraq project.

Interest accrued on deferred Iraqi dues and provision for interest to sub-contractors on back-to-back basis have been translated at the last settlement rate (i.e. 1 USD = ₹ 35.802) with the Government of India, based on prudence, as in previous year, instead of rates on the date of balance sheet as required under the provisions of AS-11. Had AS-11 been followed, "Profit before Tax" for the year would have been higher by ₹ 3.95 crores. The details are given in para 12 of Notes to Accounts in Schedule 'R'.

TECHNOLOGY UPGRADATION, ABSORPTION, AND R & D

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



View of MFC at Siliguri



Completed view of MFC at Digha

During the year, your Company has prepared a medium term R&D plan to meet the needs of technological advancements. Your Company does not undertake any pure research project but takes the help of consultants and firms to develop various methods and techniques to execute the various projects in a cost effective manner with requisite quality. These methods and designs are designed to enhance the technological competence, efficiency, economy, and innovativeness in performance of various functions.

DE-LISTING

Railway Ministry had communicated vide its letter of 19.05.2010 that your Company should get its shares de-listed. Formalities under the SEBI (De-listing of Equity Shares) Regulations, 2009, and the Companies Act, 1956, as regards approval by the Board of Directors, special resolution through postal ballot, declaration based on scrutinizer's report at the AGM, etc., had been concluded by 22nd September 2010. In-principle approval from Bombay Stock Exchange and Delhi Stock Exchange had also been received vide their letters dated 29.12.2010 and 16.02.2011 respectively in response to Ircon's application after fulfillment of formalities required by the Stock Exchanges. Thereafter, Ministry of Railways sent individual letters of invitation on 15th July 2011 to both the public shareholders for obtaining their consent for delisting and to continue to remain holders of equity shares even after delisting; or to sell their equity shares at the price offered by the Ministry of Railways based on exit price computed by Merchant Bankers. Promoter's undertaking along with acceptance and consent letter from both the public shareholders for delisting and to continue to remain holders of equity shares even after delisting was received by the Company on 10th August 2011. Final application for delisting would be made before 31st August 2011 to both the stock exchanges soon after obtaining Merchant Banker's certificates.

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.

Due to increase in activities in infrastructure development, there is attrition in the experienced manpower. During the year, the Company recruited 64 technically and professionally qualified employees, though 100 such qualified employees have left the Company.

The total manpower strength as on 31st March 2011 stands at 1678 which includes 128 deputationists, majority of whom (94) are deployed on foreign projects. 1408 are regular employees out of which 1239 are employed on Indian projects. The total number of women employees is 85, out of which 43 are executives. 786 (46.95%) 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. Free consultancy and medicines in Homeopathy is provided to employees in corporate office. Yoga classes were also held in the corporate office for both men and women. The Company has a tie-up with resorts to provide resort facilities to employees at concessional rates.

Your Company aims to provide congenial and safe working atmosphere to women employees. The Company has a complaints committee for prevention of sexual harassment at work place which immediately attends to any complaint, even informal, so that problems are nipped in the bud. On the occasion of centenary year of women's day, your Company celebrated Women's Day focusing on problems faced by women employees, their needs, and solutions envisaged. Brief self defense training for women employees was also organized with the help of Delhi Police.

Women employees of Ircon are also awarded through Railway Women Welfare Organisation for taking interest in social activities and sports.

The 35th Annual Day was celebrated on 28th April 2011 with traditional fervor and gaiety. On this occasion, excellent work done by employees and select projects was appreciated and rewarded. Educational awards to meritorious children of the employees were also given on this occasion.

COMPLIANCES

Presidential Directive

No Presidential directive was received during the year 2010-11.

Official language

Orders regarding use of Hindi are being implemented. Company's bilingual website is being regularly updated. All the computers have bilingual facility. Unicode compliant software and fonts are being used to facilitate access to common templates in Hindi language. Hindi Keyboard Training/ practice is being given to employees (Stenographers and Assistants) in Unicode system. The quarterly meetings of Official Language Implementation Committee, workshops etc. are being held regularly. Progressive use of Hindi is encouraged through various incentive schemes.

Right to Information Act, 2005

As per the requirements of the Act, necessary updated information including names of Central Public Information Officer and Assistant Public Information Officer as well as State Level Public Information Officer in each of the four Regional offices of the Company are posted on the website. Queries received are replied within the stipulated time. The queries are usually in the nature of service matters and details of, and work related to, contractors and vendors.

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 2010-11 (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).

CORPORATE SOCIAL RESPONSIBILITY

Your Company has in place a CSR Policy & Structure in tune with CSR Guidelines issued by the Ministry of Corporate Affairs. During 2010-11 the Company has prepared a long term CSR plan matching with its long term business plan.

The Board of Directors had allocated 0.5% of net profits of the Company per annum towards CSR activities for each of the years 2009-10 and 2010-11 with provision for carrying forward the unused budget every year to the next year. All the four CSR projects earmarked under an MoU signed between the Company and Ministry of Railways for the year 2010-11 have been completed in time.

The Board of Directors has allocated 2% of net profits (of 2010-11), subject to a minimum of ₹ 3 crores, towards CSR Budget for 2011-12. CSR initiatives of your Company committed under the Memorandum of Understanding for 2011-12 with fund allocation of ₹ 3 crores would focus on the following 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; solar lights; primary health centre/ ambulance; and plantation/ maintenance of park/ relief during disaster.

CONSERVATION OF ENERGY, ENVIRONMENTAL CONCERNS, AND SUSTAINABLE DEVELOPMENT

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

MoU targets for 2010-11, namely, energy audit of identified offices and workshop buildings of the Company and implementation of suggestions have been fully achieved. The Company has also incorporated green building features in design/ drawing of 18 Multi Functional Complexes.

Your Company has a Safety, Health, and Environment policy in place. During the year Corporate Safety, Health, and

Environment Manual has also been formulated and issued. Regular training programmes have been organized on Safety, Health, and Environment Management System.

Awareness about conservation of energy among employees has resulted in steady reduction in energy consumption at Corporate Office. Projects have also contributed in saving environment through plantation of trees and control of air and water pollution.

VIGILANCE ACTIVITIES

Vigilance Department is headed by a full time Chief Vigilance Officer (CVO) on deputation from the Government. CVO heads the Vigilance Team comprising of Engineers and plays an advisory role for top management in all matters pertaining to vigilance. The Vigilance Department oversees both preventive as well as punitive vigilance which includes steps to prevent improper practices/ misconduct, etc., and suggesting necessary system improvement to plug in the loop holes.

Briefly, vigilance activities during the year 2010-11 included investigation and settlement of complaints raised by public, public representatives, working agencies, etc., as well as internal complaints; regular/ surprise preventive inspections at work sites as per Annual Action Plan; closure of paras raised by Chief Technical Examiner (CTE); scrutiny of immovable property returns of employees; settlement of punitive vigilance cases; and creating awareness on vigilance related matters among employees through training/ workshops which has revealed notable improvement in the level of awareness and alertness amongst employees.

Development of vigilance portal is under progress. This portal will facilitate online submission of complaints. As a step towards transparency, the Company is developing E-tendering/ E-procurement under 'leveraging of technology'.

Various steps like standardized procedure regarding fixing responsibility on custody of tender documents, standardization of formats for vigilance clearance and their uploading on intranet for employees, etc. have been taken for systemic improvements.

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 Sddeutschland Private Limited (TUV). Your Company has been re-certified by TUV in 2009-10 after an audit, as per latest revised code ISO-9001-2008. Next round of re-certification audit is due in August 2011 for which existing systems and procedures pertaining to QMS are being reviewed for improvement and upgradation.

Quality Management department is in the process of implementing Environment Management System, as per ISO 14001:2004, by going for certification for the same. For this purpose first stage of audit has been conducted in April 2011, and second stage audit will be conducted soon.

Corporate Quality Council and Project Quality Council meetings are conducted quarterly at Corporate Office and projects respectively to review the implementation of QMS.

INFORMATION TECHNOLOGY AND DEVELOPMENT OF ERP

The Company is maintaining state of the art data center facilities with dedicated leased line circuits for data communication between projects and corporate office. Data center is equipped with network and internet security appliances with high speed LAN and WAN connectivity in secured manner for Management Information System (MIS). Environment friendly Linux based thin-client solution is also being used centrally in a secured manner for effective management of user's data.

Core applications including Project Management with Online Progress Reporting (OPR) system, Computer aided



Drawing and Designs of International Standard, and effective communication facility like video conferencing are being used by the Company to support its core business activities.

AWARDS

The Company received a "Silver Trophy" under 'India Pride Awards' instituted by Dainik Bhaskar and Daily News & Analysis (DNA) for Excellence in Central PSUs in Transport for 2010. The award was presented by Mr. Pranab Mukherjee, Finance Minister, to Mr. Mohan Tiwari, Managing Director, Ircon, at a function held in New Delhi on 13th September 2010.

INTEGRAL REPORTS

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

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

The Corporate Governance Report highlights the philosophy of Corporate Governance and Key Values of the Company, composition of Board of Directors and its Committees, their details including profile of directors who joined the Board during 2010-11 and thereafter, attendance and remuneration of directors etc., other relevant disclosures, CEO / CFO Certification, and general information for shareholders. It is supplemented by following compliance certificates:

- (i) Certificate signed by the Managing Director affirming receipt of compliance with the Code of Conduct from all Board members and Senior Management personnel during the year 2010-11 (**placed at Annexure "B-1"**) as per clause 49 (I) (D) (ii) of the Listing Agreement;
- (ii) Certificate from Managing Director and Director Finance about due compliance of sub-clauses (a) to (d) of clause 49 (V) of the Listing Agreement (**placed at Annexure "B-2"**); and
- (iii) Certificate of compliance of Corporate Governance provisions of clause 49 signed by a practising company secretary (**placed at Annexure "B-3"**) as per clause 49 (VII) of the Listing Agreement.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure except as otherwise stated in the annual accounts.
- ii) that such accounting policies were selected and applied consistently and such judgements and estimates were made that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended on 31st March 2011 and of the profit of the Company for year 2010-11.
- 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 2010 to March 2011, eight meetings of the Board of Directors were held with two meetings in each of the four quarters i.e. quarters ended June 2010, September 2010, December 2010, and March 2011.

The following Directors ceased to hold office during 2010-11:-

1	Mr. S.S. Khurana Part-time Chairman (official)	Ceased to be Director due to superannuation on 31.05.2010 (AN). Held office from 16.03.2009 (FN) to 31.05.2010 (AN).
2	Mr. R. Subramanian Part-time Director (non-official)	Ceased to be Director on completion of 3 year tenure on 28.06.2010 (AN). Held office from 29.06.2007 (FN) to 28.06.2010(AN).
3	Mr. A. K. Tiwari Part-time Director (official)	Ceased to be Director due to superannuation on 31.08.2010 (AN). Held office from 19.01.2009 (FN) to 31.08.2010 (AN).
4	Mr. Rakesh Chopra Part-time Chairman (official)	Ceased to be Director due to superannuation on 30.09.2010 (AN). Held office from 11.06.2010 (FN) to 30.09.2010 (AN).
5	Mr. N.Parthasarathy Part-time Director (non-official)	Ceased to be Director on completion of 3 year tenure on 30.09.2010 (AN). Held office from 01.10.2007 (FN) to 30.09.2010 (AN).
6	Mr. Madan Lal Director Works	Ceased to be Director due to superannuation on 31.12.2010 (AN). Held office from 23.04.2007(FN) to 31.12.2010 (AN).

The following Directors are holding office as on date:-

1	Mr. A.P. Mishra Part-time Chairman (official)	From 27.10.2010 (FN) onwards.
2	Mr. Mohan Tiwari Managing Director	From 01.02.2009 (FN) onwards.
3	Mr. K.K. Garg Director Finance	From 03.11.2009 (FN) onwards
4	Mr. Deepak Sabhlok Director Projects	From 16.04.2010 (FN) onwards
5	Mr. Hitesh Khanna Director Works	From 07.03.2011 (FN) onwards.
6	Dr. G.V. Rao Part-time Director (non-official)	From 08.10.2010 (FN) onwards.
7	Mr. B.N. Rajasekhar Part-time Director (official)	From 25.10.2010 (FN) onwards.

AUDITORS

The auditors of the Company appointed by the Comptroller & Auditor General of India for 2010-11 are:-

Statutory Auditors :	
Wahi & Gupta, New Delhi	For Company as a whole
Branch Auditors for projects in India:	
Sri Raviverma & Co., New Delhi	All projects under Northern Region
Gupta Gupta & Associates, Jammu, (Jammu & Kashmir)	All projects in Jammu & Kashmir and Punjab, RCF Kapurthala, Ludhiana sub-station (Designated as Srinagar Region)
Prakash & Santosh, Kanpur (Uttar Pradesh)	UP-01, UP-04, UP-05, Allahabad Projects, Gwalior, MAP Jhansi, Lucknow, Mughalsarai, etc. (Designated as Kanpur Region)
A.N Chatterjee & Co., Kolkata (West Bengal)	All projects under Eastern Region
Pathak HD & Associates, Mumbai (Maharashtra)	All projects under Western Region
A.R. Viswanathan & Co., Bengaluru (Karnataka)	All projects under Southern Region
Branch Auditors for projects Abroad:	
Wahi & Gupta, New Delhi	All projects in Malaysia
Menbere Leul & Co., Ethiopia	Ethiopia
Audicontas, Lda, Beira	Mozambique
S. N. Nanda & Co., Afghanistan	Afghanistan
FIDUCIAIRE D' EXPERTISE COMPTABLE FIDEXA, Algeria	Algeria
Jayasinghe & Co., Colombo, Sri Lanka	Sri Lanka

ACKNOWLEDGMENT

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

We take this opportunity to reaffirm our trust in the competence and sincerity of purpose of the employees of this Company and record our grateful thanks to them for their tireless work to achieve the cherished goals of the Company and their dedication to quality.

For and on behalf of the Board of Directors

Place: New Delhi
Dated: 10.08.2011

K.K. GARG
Director Finance

MOHAN TIWARI
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

AN OVERVIEW

The Company has a long standing reputation as a consistent sectoral leader amongst the public sector construction companies in the Country with specialization in Railway and Highway constructions on turnkey basis and otherwise. It has been earning profits every year right from the second year of its incorporation. It has been one of the few construction companies in the public sector to have earned substantial foreign exchange for the Country and paid dividend without fail every year to the Government. 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 35 years both in the Country and abroad. In India, in particular, it is known for undertaking projects even in difficult terrains and disturbed regions.

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

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. Yes, it is regulated by the Government of India through the Railway Ministry and the Department of Public Enterprises under the Ministry of Heavy Industries. This is primarily done 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 government companies in general. However, no Government Department and no Government Company 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

During the immediate past three years Indian economy has been rocked by two shocks in rapid succession, namely global financial crisis and negative growth in the domestic front in agriculture and allied sectors compounded by erratic monsoons. Indian economy has successfully withstood and is transcending this economic stress through resilience and strength. The Gross Domestic Product (GDP) of India is estimated to have grown at 8.6% in 2010-11 in real terms.

Infrastructure is the crucial backbone of sustainable and inclusive economic growth. The Government has initiated a host of projects and schemes to upgrade physical infrastructure in all crucial sectors. Opportunities lie in the following areas for Ircon:

Railways - Dedicated Freight Corridor (DFC) project involving Western corridor from Mumbai to Rewari and Eastern corridor from Ludhiana to Dankuni. Along the Western corridor alignment, the Delhi – Mumbai industrial corridor is also coming up. DFC projects are expected to be funded from bilateral / multilateral funding agencies. Development of world class station and upgradation of passenger amenities by developing Adarsh stations. Indian Railways has also planned to set up its own captive thermal power plants to optimize the operational expenditure by obtaining electricity at economical tariffs.

Roads – Various components of National Highways Development Project (NHDP) like North-South and East-West corridor, port connectivity projects, special accelerated road development programme in the North-eastern region, NHDP Phase III to VII. This apart, development of the entire National highway network to minimum acceptable two-lane standard, development of roads in left wing extremism affected areas, construction of rural roads through ongoing Pradhan Mantri Gram Sadak Yojna (PMGSY), are also planned.

With greater emphasis being laid for safety at level crossings, a large number of road over bridges (ROBs) are to be constructed. Ircon, with a good track record of construction of ROBs, is well placed to be the executing agency for many of these ROBs.

Metros – Metro rail projects in National Capital Region, Bangalore, Mumbai, Chennai, Kolkata, etc.

Electrical projects – Projects under BOT/ BOOT/ BOLT in the areas of Railway electrification and extra high voltage 765 kv sub-stations are in the offing.

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, etc.

The Company is also executing projects in Malaysia, Sri Lanka, Algeria, Afghanistan, and Ethiopia. Opportunities are coming up in Sri Lanka, Bangladesh, Myanmar, Nepal, Vietnam, other Middle East Countries, and African Countries.

OUTLOOK

The Vision, Mission, and Objectives of the Company as stated in its Memorandum of Understanding with the Ministry of Railways for 2011-12 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 ₹ 3500 crores by the year 2011-12.
- ii) To achieve reasonable returns on the capital employed.

FINANCIAL PERFORMANCE

In the year 2010-11, the Company has registered an all time high total income of ₹3254 crores, as compared to the total income of ₹ 3217 crores achieved in 2009-10. Nearly 98% of the total income (amounting to ₹ 3175 crores) has arisen from construction operations, out of which nearly 50% (₹ 1577 crores) has been contributed by foreign projects as compared to 38% contribution from foreign projects (₹ 1196 crores) towards operating income of ₹ 3153 crores during 2009-10. In absolute terms operating income from foreign projects has increased by nearly 32% in the last one year. Profit before tax also increased by 51% from ₹ 264 crores in 2009-10 to ₹ 401 crores in 2010-11. Net Worth has increased by 15.26% and Gross Margin has increased by 44% during the year. Earning per share has increased by 32% from ₹ 184.06 in 2009-10 to ₹ 242.99 in 2010-11. The Company earned creditable net foreign exchange in 2010-11 to the tune of ₹ 427.61 crores which has been a quantum jump of 62% from ₹ 264 crores earned in 2009-10.

The Board of Directors has recommended a dividend @ ₹ 24 per share (240% on the paid-up share capital) for consideration and declaration by the shareholders. The Company has already paid an interim dividend @ ₹ 26 per share (260%) in February 2011. The dividend of ₹ 23.76 crores payable after declaration at the Annual General Meeting together with the interim dividend already paid (₹ 25.73 crores) would take the total dividend pay-out for the year 2010-11 to ₹ 49.49 crores, which is 500% of the paid-up share capital of the Company.

OPERATIONAL PERFORMANCE

Railways and Highways continued to be the primary sectors of interest. During 2010-11, Railways accounted for 64% of operating income, Highways accounted for 29%, and the balance 7% 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 55% in 2008-09 to 64% in 2010-11, whereas the proportion of income from highway sector has gone down from 35% in 2008-09 to 29% in 2010-11. The share of income from electrical projects and sub-stations (which form part of "Others") has also decreased by about 55% as compared to last year.

(₹ in crores)

	2008-09		2009-10		2010-11	
	Operating Income	%	Operating Income	%	Operating Income	%
Railways	1449	55	1801	57	2033	64
Highways	934	35	1004	32	935	29
Buildings	60	2	27	1	61	2
Others*	211	8	321	10	146	5
Total	2654		3153		3175	

* Includes income from Electrical Projects (₹ 177 crores during 2008-09, ₹ 285 crores during 2009-10, and ₹ 128 crores during 2010-11).

The trend of increase in the share of income from foreign projects continued during 2010-11. Foreign projects contributed 49% to total income during 2010-11 as compared to 38% in 2009-10 and 30% in 2008-09. The results of 2010-11 also reveal that Indian Projects have contributed 50% to the total income as compared to 61% during 2009-10, which was 68% during 2008-09.

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

(₹ in crores)

	2008-09		2009-10		2010-11	
	Total Income	%	Total Income	%	Total Income	%
Foreign	831	30	1217	38	1587	49
Domestic	1867	68	1967	61	1613	50
Unallocated	42	2	33	1	54	1
Total	2740		3217		3254	

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 multiplied the opportunities for securing more business. The Company is gearing itself to benefit from the boom in construction business. BOT projects both in Railway and Highway sectors and real estate presents very attractive opportunity 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. Government Guidelines restrict equity investment powers of the Company (granted by Company Law), which come in the way of availing new business opportunities promptly.

STRATEGY

The Company is focussed towards strategic marketing to sustain and improve its order book position by giving a thrust to its areas of core competence and international business. Core competence of the Company namely, Railways, Highways, electric sub-stations, Railway Electrification, and Commercial Complexes is being further consolidated. Efforts are also on to develop and establish competence in new areas of metro constructions, and to enter into water supply and sewage, transmission line, etc., and explore possibilities of entering into hydro-electric power, through strategic alliances and subsidiaries.

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. Ircon has suffered losses on most of the NHAJ projects due to continued non availability of encumbrance free land.

The Company's employees and projects have been and are exposed to risks and threats to life, liberty, and property while operating in risky geographical areas. It however takes pride in executing prestigious works in the nation building task. The Company has taken measures with the help of the Government to provide adequate security, facilities, and also insurance coverage in such places. It has a safety policy as an integral part of Safety, Health, and Environment (SHE) Policy and procedures.

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 a 'PR1+' rating 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 February – March 2011.

The problems faced by the Company in foreign projects are unique. Execution of projects abroad perforce necessitates parking of funds in foreign banks to tide over temporary cash flow mismatches. Such parking is subject to foreign exchange rate fluctuations. In order to mitigate this risk, foreign exchange movements are constantly monitored and surplus funds are repatriated to India in accordance with the applicable laws. Efforts are made to achieve a natural hedge by matching foreign currency inflows and outflows. Investment guidelines for foreign projects have been formulated 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 internal control and audit system are being reviewed periodically by the Management as well as the Audit Committee, followed up by corrective action. The Company is in the process of finalising a Fraud Prevention, Detection, and Control Policy (FPDC Policy) along with a supplementary Whistle Blower Policy.

HUMAN RESOURCE

The Company aims to achieve the right size and right mix of human resource/ employees for the organization. It has been focussing its attention on recruiting the right young talent to grow with the Company.

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

The Performance Management System based on the 2nd Pay Revision Committee recommendations is being fine tuned through concerted focus 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 is also taking initiatives based on the 2nd Pay Revision Committee recommendations to evolve a Pension Scheme as part of superannuation benefits in addition to the existing benefits of Contributory Provident Fund, Gratuity, and Post retirement Indoor Medical benefits through a Medical Trust.

REPORT ON CORPORATE GOVERNANCE

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

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

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

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

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

2. Board of Directors

2.1 Composition of Board of Directors

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

Normal strength of the Board of Directors of the Company from 1999 after Ircon became a Mini Ratna in 1998, was ten consisting of four whole-time directors (with a tenure of 5 years or till superannuation, whichever is earlier), two part-time (official) directors from Administrative Ministry, and four independent directors with a tenure of 3 years.

The tenure of all the four independent directors concluded in 2005. The Company has had only two independent directors, Mr. R. Subramanian and Mr. N. Parthasarathy, since October 2007 and tenure of both concluded in 2010 (i.e. on 28th June 2010 and 30th September 2010 respectively). As on date, the Company has only one independent director, Dr. G.V. Rao, w.e.f. 8th October 2010.

A monthly report on the position of vacancies at Board level is regularly sent to the Ministry of Railways with special request to expedite appointment of requisite independent directors.

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

BOARD OF DIRECTORS

(As on the date of this report)

Directors of Ircon	Whole-time/ Part-time (official) / Independent	Memberships of the Boards of public companies (excluding Ircon & private companies)	No. of Committee memberships held (including Ircon & excluding private companies)	
			As Chairman	As Member
A. P. Mishra [w.e.f. 27.10.2010 (FN)]	Chairman -- Part-time (official)	3 [RVNL, DMRC, and KRCL]	NIL	NIL
Mohan Tiwari	Managing Director -- Whole-time	1 [IrconISL]	NIL	1 [Audit Com. of Ircon]
K.K. Garg	Director Finance -- Whole-time	2 [IrconISL and CCFB]	NIL	1 [SIG Com. of Ircon]

Deepak Sabhlok [w.e.f. 16.04.2010 (FN)]	Director Projects --Whole-time	1 [IrrconISL]	NIL	1 [SIG Com. of Irrcon]
Hitesh Khanna [w.e.f. 07.03.2011 (FN)]	Director Works --Whole-time	1 [IrrconISL]	NIL	NIL
G. V. Rao [w.e.f. 08.10.2010 (FN)]	Independent -- Part-time (non-official)	NIL	1 [Audit Com. of Irrcon]	NIL
B. N. Rajasekhar [w.e.f. 25.10.2010 (FN)]	Part-time (official)	1 [MRVC]	1 [SIG Com. of Irrcon]	2 [Audit Com. of Irrcon and MRVC]

Notes:

- The term 'whole-time director' used in this report refers to functional / executive directors as contemplated in the Listing Agreement.
- The term 'part-time director' used in this report refers to non-executive directors as contemplated in the Listing Agreement.
- 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.
- The number of Directorships is within the maximum limit of fifteen (15) as mentioned in sections 275 to 278 of the Companies Act, 1956.
- Committees here denote Audit Committee, and Shareholders'/Investors' Grievance (SIG) Committee, as per Explanation 2 to Clause 49(I)(C)(ii) of the Listing Agreement.
- The number of committee memberships/ chairmanships of directors is within the maximum limit of ten in all including the limit of five chairmanships as prescribed in Clause 49(I)(C)(ii) of the Listing Agreement.
- The term 'official' indicates part-time Government nominated directors who hold office in the Government.
- The term 'non-official / independent' indicates part-time directors who hold no office in the Government and are independent.
- Full name of companies referred:
 - MRVC – Mumbai Rail Vikas Corporation Limited
 - RVNL – Rail Vikas Nigam Limited
 - DMRC – Delhi Metro Rail Corporation Limited
 - KRCL – Konkan Railway Corporation Limited
 - CCFB – Companhia Dos Caminhos De Ferro Da Beira
a JV Company in Mozambique
 - IrrconISL– Irrcon Infrastructure & Services Limited,
Irrcon's wholly owned subsidiary company

Directors who Ceased to hold office

(during 2010-11 and thereafter till the date of this report)

Directors of Irrcon	Whole-time/ Part-time (official)/ Independent	Members of the Boards of public companies (excluding Irrcon & private companies)	No. of Committee memberships held (including Irrcon and excluding private companies)	
			As Chairman	As Member
Surendra Singh Khurana {Held office from 16.03.2009 (FN) to 31.05.2010 (AN). Ceased to hold office on superannuation}	Chairman -- Part-time (official)	1	NIL	NIL

R. Subramanian {Held office from 29.06.2007 (FN) to 28.06.2010 (AN). Ceased to hold office due to completion of tenure}	Part-time (Independent)	1	2	NIL
A.K. Tiwari {Held office from 19.01.2009 (FN) to 31.08.2010 (AN). Ceased to hold office on superannuation}	Part-time (official)	1	1	1
Rakesh Chopra {Held office from 11.06.2010 (FN) to 30.09.2010 (AN). Ceased to hold office on superannuation}	Chariman -- Part-time (official)	3	—	—
N. Parthasarathy {Held office from 01.10.2007 (FN) to 30.09.2010 (AN). Ceased to hold office due to completion of tenure}	Part-time (Independent)	NIL	1	NIL
Madan Lal {Held office from 23.04.2007 (FN) to 31.12.2010 (AN). Ceased to hold office on superannuation}	Director Works -- Whole-time	1	NIL	1

3. Disclosures about Directors

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

The Company has neither made any public issue of shares nor issued any prospectus or letter of offer during 2010-11.

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

(i) Mr. Aditya Prakash Mishra, Chairman, Ircan [with effect from 27.10.2010 (FN)]

Born on 03.01.1953, he did graduation in Civil Engineering from Bihar College of Engineering, Patna, in 1973. Immediately after graduation, he worked as a Lecturer for two years in Bihar College of Engineering. He joined Indian Railways on 01.10.1975.

He has over 35 years of rich experience of working in various capacities in Indian Railways including track modernization, looking after maintenance of Rajdhani route, etc. He had also worked as an expert in Algeria on secondment through Rites Limited.

He had also been associated earlier with Ircan during 2002-03 on deputation as Project Director, Malaysia. Presently, he is Member Engineering, Railway Board w.e.f. 08.10.2010.

Mr. Mishra is part-time Chairman of Ircan w.e.f. 27.10.2010 in terms of his Presidential Orders dated 26.10.2010 issued by the Ministry of Railways.

(ii) Dr. Guda Ventakappa Rao
[with effect from 08.10.2010 (FN)]

Dr. G. V. Rao, Honorary Professor of Civil Engineering, University College of Engineering, Osmania University, Hyderabad, joined the Board of Ircon as Independent Director w.e.f. 08.10.2010 in terms of Presidential Order dated 17.09.2010 issued by the Ministry of Railways.

Born on 18.05.1945, he did B.Sc from Andhra University in 1962; B.E. (Civil) from BITS, Pilani in 1965; M.E. from I.I.Sc., Bengaluru in 1968; and Ph.D. from I.I.Sc, Bengaluru in 1973. Dr. Rao started his career with IIT Delhi in 1975 and became youngest professor in his department in 1985. He has over 35 years of rich experience in the field of teaching, R&D, and consultancy.

Dr. Rao founded the first and only one of its kind Geosynthetic Engineering Laboratory for quality testing and Standardization. In 2006, he was the only Indian to feature in the '142 names Geo' a world-wide compilation of people, by the International Fabrics Association (IFAI), who influence and continue to influence the geosynthetics arena.

Dr. Rao is a lead consultant for turnkey projects of NHAI, NTPC, NHPC, HCC, etc. He has been Lead Advisor to the Supreme Court of India on a case relating to environmental concerns as well as to Central Bureau of Investigation on issues of quality control.

Dr. Rao has authored over 10 reference books, several standard text books and manuals apart from authoring over 200 Research papers. He has guided over 100 M.Tech dissertations and 20 Ph.D thesis. He is involved in the work of Ground Improvement, Geosynthetics, etc. all over the Country. He has won over 25 prestigious awards including CBIP-Jawaharlal Nehru Birth Centenary Award for outstanding contribution to Water Resources (1994), International Geosynththetic Society – Leadership and Recognition Award (2008).

Dr. Rao has developed and initiated the first Masters Degree Programme in Transportation Engineering at IIT Delhi.

His present focus is on New Technologies for Roads and Jute/ Coir Geotextiles and Lime-fly Ash Stabilization for rural roads, characterization and utilization of fly ash, ash ponds, sanitary and Hazardous Waste Landfills, Third Party Quality Control Testing for Road works, bridges, and flyovers.

(iii) Mr. Bandakodigehalli Narasappa Rajasekhar
[with effect from 25.10.2010 (FN)]

Born on 09.08.1953, he did B.E. (Mech.) from Bengaluru University in 1973 and M.E. from Indian Institute of Science, Bengaluru, in 1975. He is an Indian Railway Service of Mechanical Engineers (IRSME) officer of 1974 batch who joined Indian Railways in October 1975.

He has over 35 years of rich experience of working in various capacities in Indian Railways. He was instrumental in ISO 9001 Certification of Wheel and Axle Plant (WAP), preparation of concurrent Protocol for Railway Wheels and Axles, introduction of concurrent two product casting method in WAP, introduction of innovative technique for transporting MG coaches to Workshops (across break-of-gauge) on BG trollies apart from being qualified as Lead Assessor. He was responsible for the design and development activities of Integral Coach Factory, Vendor development, evaluation etc., as well as maintenance of locomotives and other rolling stock, functioning of workshops, Management of restoration and rescue in times of accident, Cadre management and general administration. He also finalised the Model Rake refurbishing contract. During his tenure as Chief Personnel Officer, Southern Railway, he was responsible for staff matters and industrial relations.

He is Additional Member (Planning), Railway Board, w.e.f. 18.10.2010, and is responsible for planning and investment decisions in Railways. Mr. Rajasekhar is part-time official director of Ircon w.e.f. 25.10.2010 in terms of his Presidential Orders dated 18.10.2010 issued by the Ministry of Railways.

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

Born on 31.10.1959, he is a Gold medalist in B.E. (Civil) (Hons) from National Institute of Technology (NIT), Bhopal, and is an officer of Indian Railway Service of Engineers (IRSE) of 1982 batch. Prior to joining Indian Railways he worked in the civil engineering wing of Himachal Pradesh State Electricity Board as Assistant

Engineer (Civil) for 1½ years. He joined Indian Railways on 16.06.1984. He has 26 years of rich experience in various fields of Railway construction and contract management, and track maintenance and ancillary works. He was actively associated with the prestigious Rail Coach Factory, Kapurthala, during its construction phase.

He had worked on deputation with Ircon for about 5½ years as GM (Works) and GM (Marketing) (from February 2003 to October 2008). During this tenure he coordinated Ircon's Eastern and Western region works and was responsible for domestic and international bidding. He also headed Project Management Information System (PMIS) Cell of Ircon in Corporate office. Prior to joining Ircon as Director Projects on 16.04.2010, he was Chief Engineer (Track Machine) on South Eastern Railway.

**(v) Mr. Hitesh Khanna, Director Works, Ircon
[with effect from 07.03.2011 (FN)]**

Born on 07.10.1959, he did B.Sc. (Civil Engineering) with Honours from Delhi College of Engineering in 1981 and is an Indian Railway Services of Engineers (IRSE) officer of 1981 batch. Prior to joining Indian Railways in 1983, he had worked for two years in Engineers India Limited.

In his 30 year long career, he has worked for Indian Railways in various capacities for 20 years. During this period, he underwent training on the subject 'Maintenance and overhauling of track Machines' at TRANSMARK, Derby, UK, in 1995, and presented several technical papers in seminars. He has been a recipient of General Manager's award (in April 1997) and K.C. Sood Memorial Medal (in January 1999). Areas of his expertise include track maintenance, renewal, and construction including modern track technology.

He joined Ircon on deputation in March 2003 as General Manager and was posted as GM/ Design till November 2007 in Malaysia where his role was crucial in securing the largest double tracking project in Malaysia worth USD 1 billion. He took absorption in Ircon in February 2007 and was elevated as Executive Director/J&K in November 2007. Commissioning of the ₹ 2600 crore project of Qazigund-Baramulla Rail Link in Kashmir Valley was accomplished during his tenure as ED/J&K. He was also the coordinator for Dharam Qazigund Rail Link, Ircon's portion of Katra- Qazigund Rail Link Project, the estimated cost of which was ₹ 5600 crores.

As ED/Works (from 17.05.2010 to 06.03.2011) he was responsible for overseeing Ircon's double tracking project in Malaysia as well as civil works in the Western and Eastern Region of India including the major Rail cum Road Bridge over River Ganga, Road works, and ROBs in the State of Bihar. He assumed office as Director Works on 07.03.2011.

**(vi) Rakesh Chopra, Former Chairman, Ircon
[11.06.2010 (FN) to 30.09.2010 (AN)]**

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

He had over 37 years of rich experience in Indian Railways covering not only the engineering aspects but also managerial and administrative aspects.

The administrative experience as Member Engineering, Railway Board and Ex-officio Secretary to the Government of India, from April 2009 to September 2010, covered overall responsibility for all engineering activities, land management, etc., and projects including National Projects in NE region and J&K for Indian Railways including programming, budgeting, policy, and monitoring their implementation. He was part-time Chairman of Ircon from 11.06.2010 to 30.09.2010.

4. Remuneration of Directors

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

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

The Shareholders at 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 2010-11:

(in ₹)

Sl. No.	Name of the Directors	Salary & Allowances	Other Benefits & Perks	Performance Linked Incentive*	Retirements Benefits	Bonus/ Commission/ Ex-gratia	Stock Option during the year	Total
1	Mr. Mohan Tiwari Managing Director (throughout 2010-11)	18,48,409	4,90,546	8,60,578	1,67,182	-	-	33,66,715
2	Mr. Madan Lal Director Works (up to 31.12.2010)	14,32,092	7,74,399	6,27,074	10,08,609	-	-	38,42,174**
3	Mr. K.K. Garg Director Finance (throughout 2010-11)	17,18,863	2,81,436	3,475	1,49,642	-	-	21,53,416
4	Mr. Deepak Sabhlok Director Projects (w.e.f. 16.04.2010)	14,36,302	2,52,826	-	1,30,293	-	-	18,19,421
5	Mr. Hitesh Khanna Directors Works (w.e.f. 07.03.2011)	1,26,922	17,366	-	10,486	-	-	1,54,774

* Pertaining to the Year 2007-08 and 2008-09.

** Excludes ₹ 24,26,111/- towards payment from provident fund.

4.2 Details of payments made to Independent Directors/Part-time (Non-official) Directors during 2010-11:

(in ₹)

Sl. No	Name of the Independent Directors/ Part-time (Non-official) Directors	Sitting Fee		Total
		Board Meetings	Committee Meetings	
1	Mr. R. Subramanian (up to 28.06.2010)	20,000	20,000	40,000
2	Mr. N. Parthasarathy (up to 30.09.2010)	40,000	30,000	70,000
3	Dr. G. V. Rao (w.e.f. 08.10.2010)	40,000	30,000	70,000

5. Board procedure

BoD Meetings and Attendance during 2010-11:

The Board of Directors met eight times during the financial year 2010-11 on:

6th April 2010, 30th April 2010, 30th July 2010, 6th August 2010, 2nd November 2010, 30th December 2010, 3rd February 2011, and 24th March 2011.

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

Details of attendance of the Directors during 2010-11 are given below:-

Director	No. of Board Meetings during 2010-11		Attended last Annual General Meeting
	Held (during their respective tenures)	Attended	
S. S. Khurana	2	2	NA
Rakesh Chopra	2	2	NO
A. P. Mishra	4	2	NA
Mohan Tiwari	8	8	YES
Madan Lal	6	6	YES
Hitesh Khanna	1	Nil	NA
K. K. Garg	8	8	YES
Deepak Sabhlok	7	7	YES
R. Subramanian	2	2	NA
N. Parthasarathy	4	4	YES
G.V. Rao	4	4	NA
A. K. Tiwari	4	3	NA
B. N. Rajasekhar	4	3	NA

NA means - Not Applicable

Ms. Lalitha Gupta, Company Secretary & GM (Law), attended all the Board Meetings held during the year 2010-11.

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

The Company has in place a Code of Conduct for Board members and for Senior Management (including whole-time directors, Additional General Managers and above, and Project/ Functional heads) and also Key Values for the Company as a whole. These Codes came into effect from 1st April 2005 and have been posted on the website of the Company – www.ircon.org. The declaration signed by MD affirming receipt of compliance with the Code of Conduct and Key Values from Board of Directors and members of Senior Management team during 2010-11 is placed as **Annexure "B – 1"**.

7. Audit Committee

7.1 Terms of Reference

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

- 1) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct sufficient and credible.
- 2) Reviewing with the Management, the annual financial statements before they are approved by the Board of Directors. In particular: -
 - a) Changes in accounting policies and practices and their reasons.
 - b) Compliance with the listing and other legal requirements relating to financial statements.
 - c) Matters relating to compliance with accounting standards and disclosure in the Directors' report.
 - d) Related party transactions.
 - e) Qualifications in the draft audit report etc.
- 3) Reviewing with the Management, the quarterly financial statements before they are approved by the Board of Directors.
- 4) Management Discussion and analysis of financial conditions and results of operations.
- 5) Discussion with the auditors -- both internal and statutory auditors – to address significant issues and areas of concern.

- 6) Reviewing with the Management, the performance of statutory and internal auditors, adequacy of internal control systems and functions including the structure and working of internal audit department, and internal audit reports.
- 7) Reviewing the appointment, reappointment, replacement, removal, etc. of the statutory auditors and recommending their audit fees including approval of fee for any other permissible service by the auditors.
- 8) Reviewing appointment and remuneration of internal auditors.
- 9) Reviewing the Risk Policy and its implementation as regards risk assessment and risk mitigation, etc.

The Audit Committee had reviewed the financial reporting process and the Annual Financial Statements for 2010-11 including the areas under Clause 49 (II) (D) and (E) of the Listing Agreement before recommending the Annual Accounts for 2010-11 for approval by the Board of Directors.

7.2 Audit Committee – Composition and Attendance during 2010-11:

The Audit Committee of the Board, consisting of four part-time non-official (independent) Directors of the Company, was originally set up on 28.04.2000 with the approval of Board of Directors pursuant to Clause 49 of the Listing Agreement and as per the conditions for a Mini Ratna public sector company. This has been reconstituted as and when there has been a change in independent directors.

After the conclusion of tenure of two independent directors in June 2010 and September 2010 (also Chairman Audit Committee), the Audit Committee has been reconstituted under the Chairmanship of only one independent director (appointed in October 2010) with one part-time (official) director, and one whole-time director as members. Till the appointment of requisite number of independent directors by the Government, the Audit Committee cannot be constituted in full compliance of clause 49 of Listing Agreement. The present composition of the Committee is:

Dr. G. V. Rao, Independent Director	–	Chairman
Mr. B. N. Rajasekhar, Part -time official Director	–	Member
Mr. Mohan Tiwari, Managing Director	–	Member

The Committee had four Audit Committee meetings during the financial year 2010-11 on 29th April 2010, 5th August 2010, 2nd November 2010, and 3rd February 2011.

The attendance by the members at the meetings held during the year 2010-11 is as follows:

Member	Status	Meetings held (during their respective tenures)	Meetings attended
R. Subramanian	Chairman	1	1
N. Parthasarathy	Member	2	2
G .V. Rao	Chairman	2	2
A. K. Tiwari	Member	2	NIL
B. N. Rajasekhar	Member	2	1
Mohan Tiwari	Member	3	3

Ms. Lalitha Gupta, Company Secretary & GM (Law), is the Secretary of the Audit Committee and attended all the meetings held during 2010-11.

8. Remuneration Committee

Remuneration committee is constituted pursuant to clause 5.1 of the Corporate Governance Guidelines issued by DPE, for deciding the annual bonus/ variable pay pool and policy for its distribution across executives and non-unionized supervisors, within the prescribed time period. It consist of one independent director (chairman of the committee) and two part-time (official) directors as its members.

The present composition of the Committee is:

Dr. G.V. Rao, Independent Director	–	Chairman
Mr. A.P. Mishra, Part -time official Chairman	–	Member
Mr. B. N. Rajasekhar, Part -time official Director	–	Member

The Committee had only one Remuneration Committee meeting during the financial year 2010-11 on 30th December 2010.

The attendance by the members at this meeting held during the year 2010-11 is as follows:

Member	Status	Meetings held (during their respective tenures)	Meetings attended
G.V. Rao	Chairman	1	1
A.P. Mishra	Member	1	NIL
B.N. Rajasekhar	Member	1	1

Ms. Lalitha Gupta, Company Secretary & GM (Law), is the Secretary of the Remuneration Committee and attended the said meeting held during 2010-11.

9. Shareholders' Grievance Committee

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

Mr. B. N. Rajasekhar, 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.

10. Subsidiary Company

'Ircon Infrastructure & Services Limited' (IrconISL), a wholly owned subsidiary company of Ircon, incorporated on 30th September 2009 with the main objective to undertake infrastructure projects, infrastructure construction work, Multi Functional Projects of Indian Railways, matters in real estate and allied areas, etc., is not a 'material non-listed Indian subsidiary' as per clause 49 (III) of the Listing Agreement.

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

11. General Body Meetings

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

Financial Year	Date of holding meeting	Time	Location
2009-10	22 nd September 2010	5 P.M.	Company's Registered Office, Delhi
2008-09	4 th September 2009	5 P.M.	Company's Registered Office, Delhi
2007-08	17 th September 2008	5 P.M.	Company's Registered Office, Delhi

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

C. One special resolution was passed through Postal Ballot during the year 2010-11 for the proposal of delisting of equity shares of Ircon from the Mumbai and Delhi Stock Exchanges at the instance of Promoter (Ministry of Railways) subject to compliance of SEBI (De-listing of Equity Shares) Regulations, 2009 and approval of the relevant Stock Exchanges.

Postal Ballot Notice dated 20.08.2010 was served to all the shareholders pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001, and pursuant to Regulation 8 (1)(b) of SEBI (De-listing of Equity Shares) Regulations, 2009.

The special resolution had been passed and based on Scrutinizer's Report, declared at the Annual General Meeting held on 22nd September 2010.

Details relating to the voting pattern are 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

- D. 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.
- E. The Company has followed the procedure as prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the resolutions by Postal Ballot) Rules, 2001 for conducting the postal ballot.
- F. No special resolution is proposed to be conducted through Postal Ballot in the ensuing Annual General Meeting.

12. Disclosures

- A. There has been no related party transaction of material nature with potential conflict of interest as contemplated under clause 49 (IV) (A) of the Listing Agreement.
- B. The Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India in the preparation of Financial Statements. Interest accrued on Iraqi dues and provision for interest to sub-contractors on back to back basis have been translated at the last settlement rate (i.e. 1 USD = ₹ 35.802) with the Government of India, based on prudence as per Accounting Standard 1, and not at the closing exchange rate as on 31st March 2011 as per Accounting Standard 11. This conservative practice of the Company based on prudence is more representative of the true and fair view of the matter in view of uncertainty regarding the time of realization of the long pending dues. A self explanatory note has been given in para 12 of "Notes to Accounts in Schedule R" and also in Directors' Report under the sub-heading "Operational Performance" (para H).
- C. The Company informs the Board every quarter about the risks associated with its projects in risky areas and foreign exchange management.

A Formal Risk Management Framework (RMF) evolved by engaging a consultant, CRISIL, is in place from August 2007. The Company also has a two tier team – a Risk Management Committee (RMC) comprising of Whole-time Directors and a Rapid Action Group (RAG) consisting of Executives Directors of the Company (below board level) to implement the RMF.

The RAG and the RMC have framed Risk Management Policy, Risk Management Processes and MIS report formats including MIS reports for select projects. These are being periodically reviewed by the Audit Committee. Some details are given in Management Discussion and Analysis Report under the heading 'Risks and Concern'.

The Company is in the process of finalising a Fraud Prevention, Detection, and Control Policy (FPDC Policy) along with a supplementary Whistle Blower Policy.

- D. Question of denying to any personnel access to audit committee has not arisen so far.
- E. 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.

- F. *Management*: A Management Discussion and Analysis Report spelling out the business environment in which the Company operates, its Vision, Mission, and Objectives, operational performance, strengths and opportunities, constraints, risks and concerns, strategy, internal control system and human resource has been included as part of the Directors' Report.
- G. 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 para 10 of "Notes to Accounts in Schedule R").
- H. Details of Administrative and office expenses as a percentage of total expenses with reasons for increase. (₹ in crores)

Particulars	2009-10	2010-11	Reason for increase
Administrative & other Expenses	59.79	61.42	
Bank & Other Finance Charges	12.43	14.15	
Total Expenses	2952.91	2852.90	
Administration expenses/ Total expenses	2.02%	2.15%	The increase is marginal and is mainly due to increase in turnover and inflation during the year.
Bank & Financial Charges/ Total expenses	0.42%	0.50%	

13. CEO/CFO Certification

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

14. General Information for shareholders

Means of communication

- Quarterly results are normally published in prominent daily newspapers viz. Business Line (English) and Business Standard (Hindi). The audited annual results as well as unaudited quarterly results are made available on the website of the Company www.ircon.org as per clause 49 (IV)(G)(ii).
- Shareholding pattern of the Company is also displayed on the Company's website.
- E - mail ID of the compliance officer exclusively for the purpose of registering complaints by investors has been displayed on website under the head "Investor Corner" for creating investor awareness as per Clause 47 (f) of the Listing Agreement.

35th Annual General Meeting

Date : 27th September 2011

Time : 5:00 p.m.

Venue: Board Meeting Room of the Company registered office:-
Plot No. C-4, District Centre, Saket, New Delhi – 110 017

Factual Calendar for approving matters pertaining to financial year 2010-11:

Financial reporting (unaudited) for the 1 st Quarter	6 th August 2010
Financial reporting (unaudited) for the 2 nd Quarter	2 nd November 2010
Financial reporting (unaudited) for the 3 rd Quarter	3 rd February 2011
Financial reporting (unaudited) for the 4 th Quarter and the year	10 th May 2011
Approval of Annual Accounts by BoD	10 th August 2011
Adoption of Audited Annual Accounts by shareholders	27 th September 2011

Financial Calendar in general:

Financial reporting (unaudited) for the 1 st Quarter	By or Before 14 th August
Financial reporting (unaudited) for the 2 nd Quarter	By or Before 14 th November
Financial reporting (unaudited) for the 3 rd Quarter	By or Before 14 th February
Financial reporting (unaudited) for the 4 th Quarter and the year	By or Before 15 th May
Approval of Annual Accounts by BoD	By or Before 15 th August
Adoption of Audited Annual Accounts by shareholders	By or Before 30 th September

Dates of book closure:

The Register of Members and Transfer Books will remain closed from 22.09.2011 to 27.09.2011 (both days inclusive).

Dividend payment date

During the financial year 2010-11 the Company had paid an interim dividend to its shareholders @ ₹ 26 per share on the paid-up share capital of ₹ 9,898 crores comprising 98,98,000 equity shares of ₹ 10 each. Final dividend for 2010-11 recommended by the Board of Directors @ ₹ 24 per share is expected to be paid after it is declared at the AGM scheduled to be held on Tuesday, the 27th September 2011. The total dividend for the year would be ₹ 49.49 crores.

Listing on Stock Exchanges

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

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

Stock Code of Company

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

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

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

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

Plant Locations/ Operating Units

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

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

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

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

1. Board: The tenure and pay scales of whole-time directors is decided by the Government. The part-time Chairman of the Company is a government official. The Company, however, has a room each earmarked for Chairman as well as for other Part-time Directors.
2. Information to Shareholders: Apart from the annual report etc., sent to the shareholders before the Annual General Meeting, periodical reports on the progress of projects of the Company including financial performance vis-a-vis the targets are being sent to the Administrative Ministry, Government of India (99.729% holder of the equity share capital of the Company).
3. Unqualified Auditors' Report: The Company has moved towards a regime of unqualified financial statements. There has been no adverse remark in the audit reports since 2004-05.
4. Training of Board Members: The normal practice is to furnish a set of documents/ booklets to a director on his/ her joining the Board. This includes data about the Company including its Brochure, Annual Report, Latest Unaudited Financial Results and MOU targets & achievements, Memorandum and Articles of Association, Corporate Governance provisions including Clause 49 of the Listing Agreement, a paper on "Ethics & Governance" (A Perspective by CVC) and a booklet on duties, rights, role, responsibilities, etc. of directors. When all vacancies of independent directors get filled up, a formal training schedule for directors is proposed to be worked out. As and when SCOPE organises any programme, directors are being nominated to attend.

Independent Director attended a Programme organized by SCOPE on 28th & 29th June 2011 in Hyderabad on Corporate Governance for Chief Executives & Directors of CPSEs with special focus on Independent Directors.

5. Evaluation of Board Members: Mechanism for evaluating the performance of part-time directors is being put in place.
6. Whistle Blower Policy: The Company is in the process of finalising a Whistle Blower Policy.
7. Remuneration Committee: Details given in para 8 of this report.

16. Compliance Certificate

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

Certificate obtained from a Practising Company Secretary regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 (VII) of the Listing Agreement is **placed as Annexure "B – 3" to this Report**. This Certificate will be forwarded to the Stock Exchanges along with the Annual Report of the Company.

DECLARATION BY MANAGING DIRECTOR REGARDING COMPLIANCE WITH THE CODE OF CONDUCT BY BOD MEMBERS AND SENIOR MANAGEMENT DURING THE FINANCIAL YEAR 2010-11.

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 2010-11.

MOHAN TIWARI
Managing Director

Place: New Delhi

Date: 10.8.2011

MANAGING DIRECTOR AND FINANCE HEAD CERTIFICATION

We have reviewed financial statements and the cash flow statement for the financial year 2010-11 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: 10.08.2011

M. Bangia & Associates

Company Secretaries

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

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

To

The Members of
IRCON INTERNATIONAL LIMITED
New Delhi

In respect of the compliance of the conditions of Corporate Governance for the year ended 31st March, 2011, by IRCON INTERNATIONAL LIMITED, a Government Company under section 617 of the Companies Act, 1956, as stipulated in clause 49 of the Listing Agreement entered into by the said Company with Delhi and Mumbai Stock Exchanges:

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

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

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

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

In our opinion and to the best of our information and on the basis of our review and according to the information and explanations given to us, we certify that the Company has complied with the mandatory requirements of Corporate Governance as stipulated in Clause 49 of the listing agreement(s) with the stock exchange(s) in all material respects except appointment of Independent Directors on the Board of the Company, which we understand is done by the Government and the process in conformity with the requirements of Clause-49 and corporate governance norms for a mini-ratna Public Sector Company is still in progress. Since 8th October 2010 only one independent Director is in position.

FOR M. BANGIA & ASSOCIATES
COMPANY SECRETARIES

MANOJ BANGIA
Proprietor
CP No. 3655

Place: New Delhi
Dated: 10.08.2011

ADDENDUM TO "REPORT ON CORPORATE GOVERNANCE"

The changes in the Corporate Governance Report consequential to the change in the date of the Annual General Meeting are as given below:-

S. No.	Existing	As Modified
1.	Para 14 "General Information for shareholders"	
(i)	" <u>35th Annual General Meeting</u> Date : 27 th September 2011 Times : 5 : 00 p.m."	" <u>35th Annual General Meeting</u> Date : 20th September 2011 Times : 12 : 30 p.m."
(ii)	" <u>Factual Calendar for approving matters pertaining to financial year 2010-11 :</u> Adoption of Audited : 27 th September, 2011 Annual Accounts by shareholders"	" <u>Factual Calendar for approving matters pertaining to financial year 2010-11 :</u> Adoption of Audited : 20th September, 2011 Annual Accounts by shareholders"
(iii)	"Dividend payment date Final Dividend for 2010-11 recommended by the Board of Directors @ ₹ 24 per share is expected to be paid after it is declared at the AGM scheduled to be held on Tuesday, the 27 th september 2011....."	"Dividend payment date Final Dividend for 2010-11 recommended by the Board of Directors @ ₹ 24 per share is expected to be dispatched on or after 15th October 2011 but before 18th October 2011 after it is declared at the AGM scheduled to be held on Tuesday, the 20th September 2011....."

For and on behalf of the Board of Directors

K.K. GARG
Director Finance

MOHAN TIWARI
Managing Director

Place: New Delhi
Dated: 09.09.2011

AWARDS AND CERTIFICATES

For Institution Authority	Nature of Award	Years
Ministry of Commerce Government of India Ministry of Programme Implementation, Department of Public Enterprises	National Export Award (Received from the President of India) "Award for Excellence" in performance as leading international railway and road construction company	1982-83, 1983-84 1990-91 & 1992-93* 1987-88
EEPC INDIA previously known as Engineering Export Promotion Council (EEPC) (22 Awards in all since inception)	<ul style="list-style-type: none"> i. All India Top Exporters shield for Export Excellence. ii. Regional Top Exporters Shield-civil engg. contractors iii. All India Special Shield in the field of export iv. All India Trophy for Highest Exports (Turnkey Industrial Project Exporters NON-SSI) v. All India Trophy for Top Exporters in the category of "Merchant Exporters" vi. All India Shield for Star performer as Large Enterprise in the field of Project Exports vii. Silver Trophy for Top Exporters as Medium Enterprises in recognition of outstanding contribution to Engineering Exports. viii. Gold Trophy for Top Exporters in the category of "Top Exporters as Merchant Exporters" ix. All India Export Award 	1985-86 to 1992-93, 1994-95 & 1995-96 1993-94, 1996-97 1996-97 1997-98 1998-99 to 2001-02, 2003-04 & 2006-07 2004-05 2005-06 2007-08 2008-09
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 from overseas construction contracts ii. Second Best performance in maximum foreign exchange earned and repatriated to India from overseas construction projects iii. Maximum turnover in overseas Construction Project iv. Second Best performance in turnover form overseas project v. Maximum foreign works secured in new areas in construction contracts vi. Maximum foreign business attempted vii. Maximum foreign exchange earned and repatriated from overseas service contracts viii. Second Best in the category of Maximum Foreign Exchange earned and repatriated to India from Overseas Construction and Engineering projects 	1984-85, 1988-89 to 1992-93, 1994-95, 1996-97, 1999-2000, 2001-02 & 2003-04 1993-94, 2000-01, 2002-03 & 2004-05 1984-85 to 1988-89, 1991-92 to 1993-94, 1995-96, 1998-99, 2000-01 & 2001-02 1989-90, 1990-91, 1994-95 & 1999-2000 1994-95, 1995-96, 1999-2000 & 2000-01 1994-95 to 1997-98, 2001-2002 & 2003-04 2000-01 & 2002-03 2005-06 & 2006-07
Construction World	"One of India's most admired construction companies"	2008-09
Essar Steel and E-18 and CNBC-TV 18	"Infrastructure Excellence Award" in Railway Category	2008-09
TUV Management Service GmbH, Munich Germany	ISO 9001:2008 Certificate for quality system of Ircan for construction of railway track, highways, bridges, tunnels, workshops, aircraft hangers, MS building railway electrification, S&T works and project management and servicing.	2008-11
'India Pride Awards' instituted by Dainik Bhaskar and Daily News & Analysis (DNA)	Silver Trophy for Excellence in Central PSUs in Transport	2010

FINANCIAL HIGHLIGHTS OF IRCON

(₹ in crores)

S. No.	Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
1	Total income (Incl. other income)	923.55	809.40	792.24	1014.40	1112.79	1543.21	2093.11	2739.46	3216.91	3254.15
2	Expenditure (Incl. increase / decrease in stock)	756.25	677.55	701.69	892.50	981.85	1407.98	1891.48	2507.61	2911.63	2815.99
3	Operating margin	167.30	131.85	90.55	121.90	130.94	135.23	201.63	231.85	305.28	438.16
4	Interest Expenses	3.21	0.19	0.12	--	--	--	--	--	--	--
5	Depreciation	40.09	16.02	11.80	14.14	20.05	24.24	41.17	44.19	41.27	36.91
6	Profit before tax	127.21	115.83	78.75	107.76	110.89	110.99	160.47	187.66	264.01	401.25
7	Profit after tax	103.70	87.06	61.61	88.83	80.66	75.69	113.80	140.18	182.18	240.51
8	Dividend	17.32	18.81	18.81	20.29	25.74	25.74	29.69	29.69	36.62	49.49
9	Foreign projects reserve	66.57	60.57	57.57	44.48	44.28	33.10	30.40	27.90	2.90	--
10	General Reserve	532.93	604.27	647.46	721.14	767.71	824.33	903.18	1011.62	1181.76	1372.41
11	Other Reserves	1.70	2.20	2.35	7.15	7.41	7.15	5.45	25.32	4.80	--
12	Reserves & Surplus	601.20	667.04	707.38	772.77	819.40	864.58	939.03	1064.84	1189.46	1372.41
13	Net fixed assets	60.20	62.25	123.43	135.96	160.10	260.22	279.46	260.05	236.19	244.00
14	Inventories	73.60	66.60	58.94	41.37	42.35	89.43	159.01	430.52	373.36	300.46
15	Foreign exchange earnings	284.00	189.88	113.72	72.79	55.97	51.05	37.35	95.58	264.14	427.61
16	Share Capital	4.95	4.95	4.95	4.95	9.90	9.90	9.90	9.90	9.90	9.90
17	Capital employed	631.20	671.99	712.33	778.17	829.53	875.68	951.05	1078.05	1204.65	1382.31
18	Government Investements	--	--	--	--	--	--	--	--	--	--
19	Net worth	606.15	671.99	712.33	777.72	829.30	874.48	948.93	1074.74	1199.36	1382.31
20	Profit before tax to capital employed*	20.15	17.24	11.05	13.85	13.37	12.68	16.87	17.41	21.92	29.03
21	Operating margin to capital employed*	26.51	19.62	12.71	15.67	15.78	15.44	21.20	21.51	25.34	31.70
22	Profit after tax to share capital*	2095.31	1759.04	1244.80	1794.93	814.93	764.73	1149.71	1416.27	1840.60	2429.39
23	Expenditure to income*	81.88	83.71	88.57	87.98	88.23	91.24	90.37	91.54	90.51	86.54
24	Number of employees **	1797	1553	1609	1652	1723	1830	1978	1964	1751	1678
25	Income per employee	0.51	0.52	0.49	0.61	0.65	0.84	1.06	1.40	1.84	1.94
26	Foreign exchange earning per employee	0.16	0.12	0.07	0.04	0.03	0.03	0.02	0.05	0.15	0.25
27	Current ratio**	1.75	1.94	1.79	1.54	1.41	1.25	1.21	1.24	1.31	1.23
28	Debt / equity ratio**	0.04	--	--	--	--	--	--	--	--	--
29	Investments	65.73	65.58	122.41	200.11	213.29	234.38	245.57	234.50	129.94	185.37

Notes: *20 to 23 are in percentage

** 24, 27 & 28 are not in Rupees

Multi-Functional Complexes - Under Construction



GWALIOR



HUBLI



HARIDWAR



KANNUR



UDAIPUR



RAIPUR



MADURAI



JABALPUR

Annual Accounts

2010-11

BALANCE SHEET

as at 31st March, 2011

(₹ in crores)

Particulars	Schedule	As at 31st March, 2011		As at 31st March, 2010	
Sources of Funds					
Shareholders' Funds:					
Share Capital	A	9.90		9.90	
Reserves & Surplus	B	1,372.41	1,382.31	1,189.46	1,199.36
Loan Funds:					
Proportionate portion of Loan fund in Jointly Controlled Entity/s					5.29
TOTAL			1,382.31		1,204.65
Application of Funds					
Fixed Assets:					
Gross Block	C	517.93		484.15	
Less: Depreciation		277.50		256.76	
Net Block		240.43		227.39	
Capital work-in-progress	D	1.77		1.55	
Machinery-in-transit		-		5.29	
Proportionate interest in Jointly Controlled Entity/s		1.80		1.96	
			244.00		236.19
Investments	E		185.37		129.93
Deferred Tax (Net)	M-1&2		131.06		87.39
Current Assets, Loans and Advances:					
Inventories	F	300.46		373.36	
Sundry Debtors	G	876.21		470.72	
Cash and Bank balances	H	2,036.24		1,313.70	
Other current assets	I	78.39		70.81	
Loans and advances	J	1,079.04		878.52	
Proportionate interest in Jointly Controlled Entity/s		46.29		46.57	
		4,416.63		3,153.68	
Less: Current Liabilities and provisions:					
Liabilities	K	2,559.07		1,767.83	
Provisions	L	1,000.98		597.63	
Proportionate portion in Jointly Controlled Entity/s		34.70		37.08	
		3,594.75		2,402.54	
Net Current Assets			821.88		751.14
TOTAL			1,382.31		1,204.65
Significant Accounting Policies					
Notes on Accounts					
Schedules 'A' to 'R' form an integral part of the Accounts.					
	Q		--		--
	R				

As per our Report of even date attached

For and on behalf of the Board of Directors

For Wahi & Gupta

Chartered Accountants

FRN 2263N

K.P. WAHI

Partner

M. No. 16164

LALITHA GUPTA

Company Secretary
& GM (Law)

K.K. GARG

Director Finance

MOHAN TIWARI

Managing Director

Place: New Delhi

Date: 10.08.2011

PROFIT AND LOSS ACCOUNT

For the year ended 31st March, 2011

(₹ in crores)

Particulars	Schedule	2010-11	2009-10
Income:			
Operating Income	N	3,167.89	3,139.83
Proportionate portion of construction work in Jointly Controlled Entity/s		7.44	13.06
Total Operating Income		3,175.33	3,152.89
Other Income	N	78.82	64.02
Total Income		3,254.15	3,216.91
Expenditure:			
Operating Expenditure	O	2,561.48	2,777.21
Administrative & Other Expenditure	O	61.42	59.79
Depreciation	C	36.91	41.27
Provisions & Write backs (net)	L	190.11	66.72
Proportionate portion of expenses in Jointly Controlled Entity/s		0.83	10.79
Total Expenditure		2,850.75	2,955.78
Profit before prior period adjustments/ Extra-ordinary items		403.40	261.13
Prior period adjustments & Extra-ordinary items	P	(2.15)	2.87
Profit before tax		401.25	264.00
Provision for tax			
Current tax			
-For the year		179.82	108.70
-For earlier years (net)		24.59	(0.75)
-Deferred tax (net)	M-1&2	(43.67)	(26.13)
		160.74	81.82
Profit after tax		240.51	182.18
Add: Housing Projects Reserve written back		4.80	0.15
Add: Foreign Projects Reserve written back		2.90	25.00
Profit available for Appropriation		248.21	207.33
Appropriations:			
Interim Dividend		25.73	20.98
Tax on Interim Dividend		4.28	3.56
Proposed Final Dividend		23.76	15.64
Tax on Proposed Final Dividend		3.79	2.66
Balance transferred to General Reserve		190.65	164.49
Earnings Per Share-Basic & Diluted (in ₹)		242.99	184.06

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

As per our Report of even date attached

For Wahi & Gupta

Chartered Accountants

FRN 2263N

K.P. WAHI

Partner

M. No. 16164

LALITHA GUPTA

Company Secretary
& GM (Law)

K.K. GARG

Director Finance

MOHAN TIWARI

Managing Director

Place: New Delhi

Date : 10.08.2011

Schedule "A"

SHARE CAPITAL

(₹ in crores)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Authorised 25,000,000 Equity shares of Rs.10 each	25.00	25.00
Issued, Subscribed & Paid-up 9,898,000 Equity shares of Rs.10 each-fully paid	9.90	9.90
TOTAL	9.90	9.90

Schedule "B"

RESERVES AND SURPLUS

(₹ in crores)

Particulars	As at 31st March, 2011	As at 31st March, 2010
General Reserve:		
Opening Balance	1,181.76	1,011.62
Add: Transfer from Profit & Loss Account	190.65	164.49
Add: Transfer from Foreign Exchange Fluctuation Reserve	-	5.65
	1,372.41	1,181.76
Foreign Exchange Fluctuation Reserve		
Opening Balance		20.37
Additions during the year		-
Less:- Transfer to General Reserves		5.65
Balance Transfer to Exchange Gain		14.72
		-
Foreign Projects Reserve:		
Opening Balance	2.90	27.90
Less:Transfer to Profit and Loss Account	2.90	25.00
		2.90
Housing Projects Reserve:		
Opening Balance	4.80	4.95
Less:Transfer to Profit and Loss Account	4.80	0.15
		4.80
TOTAL	1,372.41	1,189.46

Schedule " C "

FIXED ASSETS AS AT 31ST MARCH, 2011

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.10	Additions	Sales / Adjustments	As at 31.03.11	Upto 31.03.10	For the year (refer Note-4)	Sales/ Adjustments	Upto 31.03.11	As at 31.03.11	As at 31.03.10
Freehold Land	3.45	-	-	3.45	-	-	-	-	3.45	3.45
Lease hold Land (1&6)	36.40	-	-	36.40	0.14	0.01	-	0.15	36.25	36.26
Lease hold Buildings (5)	41.35	0.27	(1.51)	40.11	3.37	0.75	(0.51)	3.61	36.50	37.98
Freehold Buildings / Flats-Residential	9.30	-	-	9.30	2.74	0.15	-	2.89	6.41	6.56
Freehold Buildings / Flats-Non-Res.	10.64	-	-	10.64	0.26	0.17	-	0.43	10.21	10.38
Plant & Machinery (2&3)	324.81	49.46	(10.68)	363.59	204.23	29.96	(9.56)	224.63	138.96	120.58
Survey Instruments	4.67	0.16	(0.77)	4.06	3.91	0.33	(0.72)	3.52	0.54	0.76
Computers	11.71	0.76	(2.43)	10.04	9.28	1.53	(2.39)	8.42	1.62	2.43
Office Equipments	7.82	0.52	(1.00)	7.34	6.17	0.79	(0.91)	6.05	1.29	1.65
Furniture, Fixtures, Furnishings	8.26	0.42	(1.20)	7.48	6.77	1.17	(1.19)	6.75	0.73	1.49
Caravans, Camps & Temp. Sheds	7.70	0.14	(0.74)	7.10	7.69	0.10	(0.74)	7.05	0.05	0.01
Vehicles	18.06	1.23	(0.85)	18.44	12.20	2.56	(0.76)	14.00	4.44	5.86
Current Year Total	484.15	52.96	(19.18)	517.93	256.76	37.52	(16.78)	277.50	240.43	227.39
Previous year's figures	482.62	11.76	(10.23)	484.15	225.59	40.99	(9.83)	256.76	227.39	257.03

Note:-

- Registration in respect of Lease Hold land at Kasba-Kolkata, Gross Block ₹ 0.24 crore, Net Block ₹ 0.22 crore (Gross Block ₹ 0.24 crore, Net Block ₹ 0.23 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.
- Fixed Assets include the followings assets beyond economic repair and held for disposal (at lower of the realizable value & book value): - (₹ in crores)

Assets Block	As at 31.03.2011		As at 31.03.2010	
	Gross Block	Net Block	Gross Block	Net Block
Plant and Machinery	-	-	0.83	-
Total	-	-	0.83	-

- Includes Loco on short lease and standby
- Depreciation for the year has been allocated as given below:- (₹ in crores)

Description	2010-11	2009-10
Profit & Loss Account		
Current	36.91	41.27
Prior Period	0.61	(0.28)
Total	37.52	40.99

- Includes on Railways land for 30 years lease (Gross value ₹ 3.79 crores) for which agreement is to be finalised.
- Lease hold land includes land at Greater Noida Industrial Development Authority (GNIDA) for construction of proposed Central Inspection Cell (CIC) by the Company (Gross value ₹ 0.80 crore). The request for time extension for construction of Building has been submitted to the appropriate authority.

Schedule "D"
CAPITAL WORK-IN-PROGRESS *

(₹ in crores)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Opening Balance	1.55	0.65
Additions during the year:		
- Work Expenses	0.22	0.90
TOTAL	1.77	1.55

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

Central Inspection Cell (CIC, Noida)	<u>1.77</u>	<u>1.55</u>
--------------------------------------	-------------	-------------

Schedule "E"
INVESTMENTS

(₹ in crores)

Particulars	As at 31st March, 2011		As at 31st March, 2010	
	Nos.	Amount	Nos.	Amount
LONG TERM INVESTMENTS:				
Quoted (Other than trade):				
6.85% Tax Free India Infrastructure Finance Company Ltd. (IIFCL) Bonds	6,000	61.27	1,000	10.14
Less: Amortisation of premium paid on investment		<u>0.20</u>	<u>0.01</u>	10.13
6.00% Tax Free Indian Railway Finance Company Limited (IRFC) Bonds	5,000	50.00	5,000	50.00
		50.00		50.00
Un-Quoted (Trade Investments):				
Investment in integrated Joint venture/s				
CCFB, Mozambique (1)				
1,250,000 equity shares of Meticaïs 24000 each (2)	1,25,000	5.53	1,25,000	5.53
Ircon-Soma Tollway Private Limited (ISTPL) (2 a&b)				
63,870,000 equity shares of Rs 10 each fully paid-up	63,870,000	63.87	63,870,000	63.87
Investment in Wholly Owned Subsidiary				
Ircon Infrastructure & Services Limited				
49,00,000 equity shares of Rs. 10/- each)	4,900,000	<u>4.90</u>	4,00,000	<u>0.40</u>
		74.30		69.80
TOTAL		185.37		129.93

Disclosure regarding Quoted/Unquoted Investments:

Aggregate of Unquoted investments - Book value	74.30	69.80
Aggregate of Quoted investments - Book value	111.07	60.13
- Market value	111.24	60.21

- As per Articles of Association of CCFB, these shares are under restrictions for transfer for a period of 3 years from the date of takeover of concession i.e. 9th/10th December, 2005 or until the date of completion of the rehabilitation work, whichever is later subject to the pre-emption right of the other shareholders.
- The value of one equity share of Meticaïs 24000 is equivalent to ₹ 44.27.
 - Equity shares of ISTPL are Pledged with consortium of eight Banks from whom ISTPL has borrowed loan of ₹ 450 crores
 - As per Articles of Association (Article V) of ISTPL, shareholders can transfer their shareholding only after 3 years subject to Concession Agreement dated 28th September 2005 signed with NHAI which provides for equity holding of not less than 51% by Consortium members in ISTPL during the construction period and three years following COD (Commercial Operation Date). Full Commercial operation started on 19.04.2010. The aforesaid shareholding can be diluted to 26% subsequently subject to the pre-emption right of the other shareholders. The Loan Agreement of ISTPL dated 7th August 06 signed with Lenders for ₹ 450 crores however provides for holding of 51% shareholding till repayment of loan i.e. 30.09.2018.

Schedule "F"
INVENTORIES

(₹ in crores)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Materials & Stores:		
- In hand	56.18	98.13
- With third parties	6.27	9.38
- In transit	14.01	35.04
	76.46	142.55
Contract Work-in-progress		
- at Cost	88.46	80.78
- at Realisable Value	135.54	150.03
TOTAL	300.46	373.36

Schedule "G"
SUNDRY DEBTORS *

(₹ in crores)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Unsecured :		
Outstanding for more than six months		
- Considered good	125.41	18.13
- Considered doubtful & Provided for:	10.53	8.94
	135.94	27.07
Others		
Considered good	750.80	452.59
	750.80	452.59
	886.74	479.66
Less : Provision for doubtful debts	10.53	8.94
TOTAL	876.21	470.72

*** Includes amount due from Subsidiary :**

Particulars	Balance at the end of year		Maximum Balance during the year	
	31.03.2011	31.03.2010	10-11	09-10
More than Six Months	-	-	-	-
Others	4.39	0.75	4.39	0.75
Total	4.39	0.75	4.39	0.75

Schedule "H"

CASH AND BANK BALANCES

(₹ in crores)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Cash-in-hand(1)	0.71	0.28
Cheques / Drafts-in-hand	45.62	0.51
Balances with scheduled banks		
In Current accounts	321.59	102.86
In Flexi accounts	88.60	132.66
In Fixed deposits (2) & (3)	1,525.66	865.98
	1,935.85	1,101.50
Remittance in transit	1.34	0.90
Balances with other banks (4)		
In Current accounts	21.17	14.30
In Flexi accounts	0.02	-
In Fixed deposits (5)	31.53	196.21
	52.72	210.51
TOTAL	2,036.24	1,313.70

- (1) Includes Stamps in hand & Staff Imprest ₹ **0.005 Crore** (₹ 0.007 Crore).
- (2) FDRs received from contractors towards EMD ₹ **32.23 Crores** (₹ 26.23 Crores)
- (3) FDRs includes ₹ **406.00 Crores** (₹ 248.55 Crores) against advances from clients on which interest is passed on to them.
- (4) Details given in Schedule "H-1"
- (5) Includes margin money / under lien ₹ **15.22 Crores** (₹ 72.25 Crores).

Schedule "H-1"

DETAILS OF BALANCES WITH OTHER BANKS

(₹ in crores)

Name of the Banks	Balance as at		Maximum balance during	
	31.03.2011	31.03.2010	2010-11	2009-10
Current Account				
Bank Nergara, Indonesia USD A/C	-	-		0.01
Bank Nergara, Indonesia	-	-		0.02
CIMB Bank Berhad, Malaysia	0.94	0.20	2.58	2.02
CIMB Bank Berhad, Malaysia	0.02	0.18	0.19	2.11
EON Bank Berhad, Malaysia	0.93	0.10	54.38	117.59
Standard Chartered Bank, Malaysia	0.01	0.01	0.01	0.01
Commercial Bank of Ethiopia	0.59	0.68	1.34	2.32
Nepal SBI Bank Ltd.-Dharan	-	0.06	0.50	0.06
Nepal SBI Bank Ltd.-Kathmandu	0.01	1.86	1.86	4.05
Nepal Bank Ltd.- Itahari	-	0.14	0.14	0.41
Nepal Bank Ltd.-Lahan	-	0.01	0.01	0.10
B.I.M (Mozambique)	0.11	1.00	1.83	9.47
B.C.I FOMENTO, Mozambique	5.09	3.43	9.09	10.21
BNP Paribas, Algeria	13.11	6.32	89.82	7.10
BNA Algeria	-	0.01	0.01	0.03
Kabul Bank, Mazar-e-Sharif	0.03	0.01	0.15	0.01
Peoples Bank, Galle	0.28	0.29	1.08	2.27
Peoples Bank, Medawachchiya	0.05	-	0.16	-
TOTAL	21.17	14.30		
Flexi Account				
Nepal SBI Bank Ltd-Kathmandu	0.02	-	0.17	-
TOTAL	0.02	-		
Fixed Deposit				
CIMB Bank Berhad, Malaysia	5.02	7.61	8.72	7.61
EON Bank Berhad, Malaysia	15.22	175.11	276.15	522.52
EON Bank Berhad, Malaysia	1.38	1.26	1.38	1.26
EON Bank Berhad, Malaysia	0.53	2.35	2.35	8.44
CIMB Bank Berhad, Malaysia	-	-	-	5.76
BNP Paribas, Hydra, Algiers	4.96	-	6.08	-
Nepal SBI Bank Ltd.-Kathmandu	-	-	-	0.12
B.C.I FOMENTO, Mozambique	4.42	1.59	4.42	1.59
Banco International, Mozambique	-	7.86	7.86	7.86
Peoples Bank, Galle	-	0.43	0.43	2.40
TOTAL	31.53	196.21		

Schedule "I"

OTHER CURRENT ASSETS

(₹ in crores)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Interest Accrued on:		
Staff loans and advances (Secured)	1.30	1.35
Staff loans and advances (Unsecured)	0.34	0.34
Deferred Dues (Iraq project)	31.82	31.82
Loan to Indian Railway Welfare Organisation	1.02	1.01
Deposits & Advances with :		
Contractors, Suppliers & Others	28.56	22.90
Deposit with Scheduled banks	13.77	13.10
Deposit with Non-scheduled banks	0.01	0.02
	13.78	13.12
Bonds	1.57	0.27
TOTAL	78.39	70.81

Schedule "J"
LOANS & ADVANCES

(₹ in crores)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Secured (considered good):		
Staff Loans & Advances	2.50	2.59
Advances to Contractors against material & machinery	68.84	64.83
	71.34	67.42
Unsecured :		
Interest bearing Loans to:		
Indian Railway Welfare Organisation	-	0.20
Joint ventures:		
CCFB	93.24	91.49
ISTPL	10.00	10.00
Subsidiary :		
Itron ISL	23.20	-
	126.44	101.69
Advances recoverable in cash or kind for value to be received:		
Deposit with custom, port trust and other authorities:		
- Sales Tax	21.76	13.14
- Custom Authority & Others	10.68	9.86
	32.44	23.00
Deposits, Claims Recoverable & Retention Money	193.91	170.97
Amount recoverable from:		
Joint ventures:		
CCFB	1.40	1.57
ISTPL	-	0.01
Subsidiary :		
Itron ISL	0.26	0.04
	1.66	1.62
Advances:		
- Contractors / Suppliers & others	174.03	143.45
- Staff	3.11	1.90
- Sales-tax (including TDS)	34.58	39.91
- Value added tax (Net)	47.96	20.77
- Income-tax (including TDS)	401.87	301.74
[includes Wealth Tax ₹ 0.11 crore (₹ 0.12 crore)]	661.55	507.77
Prepaid Expenses	9.21	22.54
TOTAL	1,096.55	895.01
Secured Considered Good	71.34	67.42
Unsecured Considered Good	1,007.70	811.10
Considered Doubtful	17.51	16.49
	1,096.55	895.01
Less: Provision for doubtful advances	17.51	16.49
TOTAL	1,079.04	878.52

Details of amount due from Directors:

Current year		Previous year	
Balance at the end of the year	Maximum balance during the year	Balance at the end of the year	Maximum balance during the year
0.021	0.077	Nil	0.032

Schedule "K"

CURRENT LIABILITIES

(₹ in crores)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Sundry Creditors		
- Micro Small & Medium Enterprises	-	-
- Others	460.30	508.91
Advance from Client (1 & 3)	963.56	497.09
Advance Work Receipts	779.30	456.93
Deposits & Retention Money (2)	296.21	258.90
Amount Payable to RICON	11.08	3.48
Book Overdraft	3.42	1.19
Other Liabilities	45.20	41.33
TOTAL	2559.07	1767.83

1. Includes Interest payable on advance from clients ₹ **5.49 Crores** (₹ 61.98 Crores)
2. Includes FDRs received from contractors towards EMD ₹ **32.23 Crores** (₹ 26.23 Crores).
3. Includes ₹ **2.72 crores** Advance from Ircon ISL, A wholly owned subsidiary of the Company.

Schedule "L"
PROVISIONS

(₹ in crores)

Particulars	Opening Balance as at 1.04.2010	During the year 2010-11			Closing Balance as at 31.03.2011
		Additions	Written Back	Utilisation	
Provided for :	37.66	8.83	-	1.88	44.61
Gratuity	4.11	-	-	-	4.07
Less: Fund with LIC Gratuity	33.55	8.83	-	1.88	40.54
Leave Salary	38.18	18.16	-	2.32	54.02
Settlement allowances on Retirement	1.29	0.16	-	-	1.45
Pension	-	9.20	-	-	9.20
Total of Retirement Benefits (A)	73.02	36.35	-	4.20	105.21
Performance Related Pay (B)	21.54	11.50	4.92	5.01	23.11
Doubtful debts	8.94	1.85	0.26	-	10.53
Doubtful advances	16.49	1.92	0.87	0.03	17.51
Demobilisation	9.61	6.60	0.48	0.25	15.48
Maintenance	22.06	19.32	0.68	3.28	37.42
Future contingencies (Contracts)	29.91	13.66	10.29	13.10	20.18
Design Guarantee	-	129.69	-	-	129.69
Corporate Social Responsibility	-	1.61	-	0.83	0.78
Liabilities (Legal cases)	24.49	16.09	0.06	10.62	29.90
Other expenses	60.65	13.67	1.66	3.39	69.27
Income-tax, Fringe Benefit Tax & Wealth tax	338.05	212.24	7.84	0.12	542.33
Dividend (Interim & Proposed)	15.64	49.49	-	41.37	23.76
Tax on Dividend (Interim & Proposed)	2.66	8.07	-	6.88	3.85
TOTAL (I)	623.06	522.06	27.06	89.08	1,029.02
Adjusted for:					
Doubtful debts considered in Schedule-G	8.94				10.53
Doubtful advances considered in Schedule-I	16.49				17.51
Retirements Benefits considered in Schedule -O (A above)		36.35	-	4.20	
PRP included in Salaries, Wages & Benefits (B above)		11.50	4.92	5.01	
Income-tax adjusted / considered separately		212.24	7.84	0.12	
Dividend paid / considered separately		49.49	-	41.37	
Corporate-tax on Dividend paid / considered separately		8.07	-	6.88	
TOTAL (II)	25.43	317.65	12.76	57.58	28.04
Net: Current Year (I-II)	597.63	204.41	14.30	31.50	1,000.98
Previous Year	419.30	92.41	12.51	25.96	597.63

NOTES:

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

Current Year

Previous Year

190.11

66.72

Retirement Benefits considered in Schedule-O

32.15

15.23

Performance Related Pay considered in Schedule -O

1.57

13.19

Provisions (Utilisation) carried to Schedule-O

31.50

25.96

Schedule "M-1"

DEFERRED TAX ASSET

(₹ in crores)

Particulars	As at 01.04.2010	Addition (Deletion) During 2010-11	As at 31.03.2011
Asset			
Provision for :			
- Maintenance and demobilisation	7.62	6.35	13.97
- Future Contingencies	9.94	(3.39)	6.55
- Doubtful debts and advances	8.10	1.00	9.10
- Gratuity	12.51	1.96	14.47
- Legal cases	5.05	4.65	9.70
- Design Guarantee	-	32.42	32.42
- Others	27.30	2.93	30.23
Expenses			
- On Voluntary retirement scheme	0.11	(0.05)	0.06
- Allowed for tax purpose when paid	13.80	7.07	20.87
Total	84.43	52.94	137.37

Schedule "M-2"

DEFERRED TAX LIABILITY

(₹ in crores)

Particulars	As at 01.04.2010	Addition (Deletion) During 2010-11	As at 31.03.2011
Depreciation	(2.96)	9.27	6.31
Total	(2.96)	9.27	6.31

Deferred Tax (Net)

87.39

43.67

131.06

Schedule "N"
INCOME

(₹ in crores)

Particulars	2010-11	2009-10
OPERATING INCOME		
Contract Revenue	3,140.13	3,109.51
Loco lease	26.20	23.66
Machinery hire charges	1.56	6.66
	3,167.89	3,139.83
OTHER INCOME		
Interest on Bonds (Gross) (1)	5.41	0.60
Bank Interest Gross (2)	57.89	47.79
Less:- Interest reimbursed to client	15.70	18.07
		29.72
Interest on refund of income-tax received	-	0.96
Interest on Advances	8.11	9.91
Interest on staff advances	0.26	0.34
Profit on sale of assets	5.15	0.50
Miscellaneous (3)	17.70	21.99
	78.82	64.02
TOTAL	3,246.71	3,203.85

(1) Includes Tax deducted at source ₹ **Nil Crore** (₹ 0.01 Crore).

(2) Includes Tax deducted at source ₹ **5.20 Crores** (₹ 5.08 Crores).

(3) Includes unclaimed amount written back ₹ **1.86 Crores** (₹ 1.32 Crores).

Schedule "O" EXPENSES

(₹ in crores)

Particulars	Operating Expenses		Administrative Expenses	
	2010-11	2009-10	2010-11	2009-10
1 Expenses:				
Work expenses	1,639.28	1,803.87	-	-
Total of Work expenses	1,639.28	1,803.87	-	-
2 Decrease (Increase) in Work-in-progress	(7.67)	10.87	-	-
3 Materials and Stores consumed:				
Opening Balance	107.50	165.07	-	-
Add: Purchase during the year	477.16	588.23	-	-
	584.66	753.30	-	-
Less: Closing Balance	62.45	107.50	-	-
Total of Material & Stores consumed	522.21	645.80	-	-
4 Employee remuneration and benefits (1) :				
Salaries, Wages, Bonus, allowances & benefits	97.71	105.17	25.67	27.52
Contribution to provident and other funds	5.30	6.86	1.96	2.43
Foreign service contribution	0.57	0.52	0.50	0.53
Retirement Benefits	32.15	15.23	-	-
VRS Expenses	-	-	0.03	0.10
Staff welfare	1.94	2.82	0.36	0.55
Total of Employee remuneration & benefits	137.67	130.60	28.52	31.13
5 Other Expenses:				
Design, Drawing, Business Development & Consultancy Charges	151.03	62.00	-	-
Inspection, Geo Technical Investigation & Survey Exp. Etc.	1.98	1.55	-	-
Exchange Fluctuation Loss	27.86	52.23	-	-
Less:- Exchange Fluctuation Gain	3.81	21.61	-	-
Net Exchange Fluctuation Loss	24.06	30.72	-	-
Rent - Non-residential	3.57	3.07	0.42	0.22
Rates and Taxes	39.54	18.10	1.37	0.19
Vehicle Operation and Maintenance	12.85	16.37	0.77	0.71
Repairs and maintenance				
- Machinery	17.02	22.73	-	-
- Building	0.26	0.32	0.45	0.39
- Office and others	1.88	3.42	1.94	1.51
Power, Electricity and Water charges	3.34	2.42	1.18	1.03
Hire charges of machinery	12.00	15.03	-	-
Insurance	9.55	8.86	0.03	0.02
Travelling & conveyance	9.10	8.51	2.26	2.44
Printing & stationery	1.94	2.17	0.89	1.05
Postage, telephone & telex	1.97	2.65	0.63	0.62
Legal & Professional charges	2.44	3.56	1.24	2.38
Security Services	4.56	3.42	0.27	0.21
Business promotion	0.95	0.64	0.09	0.24
Bad assets written off	0.01	0.02	-	-
Loss on sale of Assets/Stores	-	-	0.14	0.01
Amortisation of premium paid on Invest.	-	-	0.20	0.02
Bank and other finance charges	-	-	14.15	12.43
Director sitting fee	-	-	0.02	0.03
Donation	-	-	0.03	0.15
Auditors remuneration (2)	-	-	0.60	0.42
Advertisement & publicity	-	-	4.40	3.44
Training & Recruitment	-	-	0.30	0.17
Corporate Social Responsibility	-	-	0.83	-
Miscellaneous expenses	3.44	6.47	0.69	0.98
	301.49	212.03	32.90	28.66
Less: Provisions Utilised (3)	31.50	25.96	-	-
Total of Other Expenses	269.99	186.07	32.90	28.66
TOTAL	2,561.48	2,777.21	61.42	59.79

(1) Includes Income-tax on non-monetary perks ₹ 0.23 Crores (₹ 0.42 Crores).

(2) Payment to Statutory Auditors:	2010-11	2009-10
(i) Audit Fee - current year	0.20	0.19
(ii) Tax Audit Fees - current year	0.05	0.05
(iii) Certification Fees	0.06	0.06
(iv) Travelling & out of pocket expenses:		
- Local	0.26	0.07
- Foreign	0.03	0.05
Total	0.60	0.42

(3) Details given in Schedule 'L'.

Schedule "P"

PRIOR PERIOD ADJUSTMENTS & EXTRAORDINARY ITEMS

(₹ in crores)

Particulars	2010-11	2009-10
PRIOR PERIOD ITEMS:		
Income:		
Contract Revenue	(4.15)	(0.16)
Interest income on deposits/ loans	-	4.14
Miscellaneous	0.50	0.05
	(3.65)	4.03
Expenses:		
Work expenses	(2.47)	0.18
Administrative expenses	-	0.05
Depreciation	0.61	(0.28)
Others	0.36	1.21
	(1.50)	1.16
TOTAL	(2.15)	2.87

SIGNIFICANT ACCOUNTING POLICIES**1. Basis of Preparation**

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

2. Statement of Compliance

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

3. Foreign Currency Transactions**(a) Transactions within the Country:**

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

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

(b) Transactions of Integral Foreign Operations

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

- i) Revenue items are translated into Indian currency at the monthly average of opening and closing TT buying rates.
 - ii) Inventories are translated at the TT buying rates 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 TT buying rate.
 - v) Fixed assets and non-monetary items are translated at the TT buying rate at the date of transaction.
- (c) The net exchange differences resulting from the translations at (a) & (b) above are recognised as income or expense for the year.

(d) Transactions of Non-Integral Foreign Operations

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

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

4. Fixed Assets

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

5. Investments

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

6. Inventories

(A) Construction Work in Progress

Construction work-in-progress is valued at cost till such time the outcome of the job cannot be ascertained reliably and at realisable value thereafter. Site mobilisation expenditure to the extent not written off are valued at cost.

(B) Others

- (i) In Cost Plus contracts, the cost of all materials, spares and stores not reimbursable as per the terms of the contract is shown as inventory valued as per (iii) below.
- (ii) In Item Rate and Lump Sum Turnkey contracts, the cost of all materials, spares (other than capitalized) and stores are charged to Profit and Loss Account in the year of use.
- (iii) Inventories are valued at lower of the cost arrived at on First in First out (FIFO) basis and net realisable value.
- (iv) Loose tools are expensed in the year of purchase.

7. Cash and Cash Equivalents

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

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

8. Provisions

(a) Provision for maintenance

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

9. Contract Revenue Recognition

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

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

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

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

10. Contracts executed under Joint Venture (JV)

Contracts executed under Joint Venture (JV)

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

11. Leases

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

12. Liquidated Damages and Escalations

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

13. Research & Development Expenses

Expenses on research & development are charged to revenue.

14. Mobilisation Expenses

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

15. Depreciation

- (i) Depreciation on fixed assets in India is provided on Straight Line basis (SLM) in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956, except in following cases where it is provided at the rates higher than prescribed in the said Schedule:
 - (a) General Construction Equipment 19.00%
 - (b) Office Equipment 19.00%
 - (c) Computer including UPS & Inverters 31.67%
 - (d) Vehicles (including Heavy Vehicles) 23.75%
 - (e) Furniture & Fixtures 23.75%
 - (f) Speed Boats 19.00%

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

16. Borrowing Cost

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

17. Retirement Benefits

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

18. Prior period adjustment and extraordinary items

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

19. Taxes

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

20. Segment Reporting

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

21. Contingent Liabilities and Contingent Assets

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

NOTES FORMING PART OF THE ACCOUNTS INCLUDING DISCLOSURES

- 1) Contingent liabilities consist of:
- Claims against the Company not acknowledged as debt ₹ 349.18 crores (₹ 273.65 crores). Against this the Company has counter claims of ₹ 61.79 crores (₹ 101.42 crores). In case claims against the Company do materialise, claims for ₹ 143.24 crores (₹ 102.89 crores) 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 ₹ 114.27 crores (₹ 132.03 crores) of which ₹ 29.31 crores (₹ 31.44 crores) are reimbursable from the clients.
 - Pending disposal of application for extension of time by clients, Company is contingently liable to pay liquidated damages to the extent of ₹ 0.03 crore (₹ 6.11 crores)
 - Outstanding Bank Guarantee of ₹ 0.15 crore (₹ 0.15 crore) to CIDCO towards flats.
 - Claims of Provident Fund Commissioner, J & K for ₹ 1.75 crores (₹ 1.75 crores).
- 2) A demand of ₹ 55.23 crores 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 2001-02 to 2006-07. However, an amount of ₹ 16.67 crores (₹ 12.58 crores) on account of demanded Sale 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 assessment with the Dy. Commissioner Sales-tax (Appeal) and the matter is pending. 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. No assessment has been framed by the department for financial year 2007-08 to 2010-11.
- 3) Estimated amount of contracts remaining to be executed on capital account (net of Advances) is ₹ 0.22 crore (₹ 0.57 crore).
- 4) (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.
- 5) (a) Earnings in foreign currency:

(₹ in crores)

Particulars	2010-11	2009-10
Work Receipts, Loco lease	1528.64	1225.59
Bank Interest	8.18	10.13
Other Interest	0.14	0.07
Foreign Exchange Fluctuation Gain	3.50	21.61
Others	4.67	3.64
TOTAL	1545.13	1261.04

(b) Expenditure in foreign currency:

(₹ in crores)

Particulars	2010-11	2009-10
Operational Expenses	728.21	782.07
Consultancy Charges	12.83	14.94
Foreign Exchange Fluctuation Loss	28.75	52.33
Administrative & Other Expenses	347.73	147.56
TOTAL	1117.52	996.89

(c) CIF value of Imports:

(₹ in crores)

Particulars	2010-11	2009-10
Capital Goods	-	-
Materials	17.76	11.76
Consumables, Components and Spares	0.23	-
TOTAL	17.99	11.76

6) Disclosure regarding Leases:

I. Operating Leases for Locos

- a) The Company has provided 25 locomotives on lease to a foreign client as on 31.03.2011. The lease is currently valid up to 31.12.2011.
- b) Future minimum lease rental payable / receivable under operating lease for each of the following period is as under:

(₹ in crores)

Lease Rent	Not later than 1 year	Later than 1 year to 5 years	Later than 5 years
Receivable	20.13 (13)	(Nil) (Nil)	(Nil) (Nil)
Payable	(Nil) (Nil)	(Nil) (Nil)	(Nil) (Nil)

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

(₹ in crores)

Particulars of assets	As on 31.03.2011	As on 31.03.2010
Gross carrying amount of assets	24.82	24.82
Accumulated depreciation	8.82	6.39
Depreciation during the year	2.43	1.26

II. Operating lease for Light Vehicles

The Company has taken 5 (5) 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 crores)

Lease Rent	Not later than 1 year	Later than 1 year to 5 years	Later than 5 years
Payable	0.06 (0.07)	0.04 (0.09)	Nil (Nil)

III Operating Lease for Premises

The Company's leasing arrangements are in respect of operating leases of premises for residential use of employees, offices, guesthouses and transit camps. These leasing arrangements, which are not non cancellable, are mostly for one year, and are usually renewable on mutually agreed terms. The Expenses Schedule (Sch O) under Employee Remuneration and Benefits includes ₹ 5.15 crores (₹ 6.31 crores) 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 ₹ 3.99 crores (₹ 3.29 crores) shown as rent in Schedule O.

7) Segment Reporting:

Primary Segment information (Geographic):

(₹ in crores)

Particulars	International		Domestic		Others*		Total	
	10-11	09-10	10-11	09-10	10-11	09-10	10-11	09-10
A. Turnover								
Operating Income	1576.54	1196.25	1595.42	1952.25	3.37	4.38	3175.33	3152.88
Other Income	10.73	20.56	17.88	14.82	50.21	28.65	78.82	64.03
Inter-segment	-	-	-	-	-	-	-	-
Total Revenue	1587.27	1216.81	1613.30	1967.07	53.58	33.03	3254.15	3216.91
B. Result								
Profit before Provision, Depreciation, Interest and Tax	542.60	240.02	66.12	119.63	19.55	25.53	628.27	385.18
Less: Provision & write backs (Net)	158.41	8.93	30.22	53.61	1.48	17.37	190.11	79.91
Depreciation for the year	16.51	16.82	16.02	19.51	4.38	4.94	36.91	41.27
Interest	-	-	-	-	-	-	-	-
Profit Before Tax	367.68	214.27	19.88	46.51	13.69	3.23	401.25	264.01
Provision for Tax	131.70	57.45	17.67	22.80	11.37	1.58	160.74	81.83
Profit After Tax	235.98	156.82	2.21	23.71	2.32	1.65	240.51	182.18
C. Other Information								
Assets	2114.50	1158.14	1190.00	1021.16	1672.56	1427.89	4977.06	3607.19
Include Fixed Assets (Net Block)	99.84	65.87	59.12	85.27	85.04	85.05	244.00	236.19
Liabilities	1876.17	973.87	1152.63	958.74	565.95	469.93	3594.75	2402.54
Capital Expenditure Additions to Fixed Assets	50.71	3.39	1.13	6.50	1.12	1.87	52.96	11.76

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

Secondary Segment information (Business):

(₹ in crores)

Particulars	Operating Income		Segment Assets		Additions to Fixed Assets	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Construction, etc.	3149.13	3129.23	4956.41	3564.93	52.85	11.51
Leasing & Operation	26.20	23.65	20.65	42.26	0.11	0.25
Total	3175.33	3152.88	4977.06	3607.19	52.96	11.76

8) Disclosures in respect of Joint - Ventures

a) List of unincorporated Joint-Ventures:

(i) In Operation:

S. No.	Name of the JV	Partner(s) and Country of Origin	Participating Interest (in %) as on 31st March	
			2011	2010
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	International Metro Civil Contractor, (IMCC) (work completed on 05.03.2006)	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) (work completed on 07.04.2010)	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

(ii) Closed JVs:

S. No.	Name of the JV	Partner(s) and Country of Origin	Participating Interest (in %) as on 31st March	
			2011	2010
1	Ircon-COBRA-ELIOP (Work Completed on 15.06.2007)	Ircon, India COBRA, Spain ELIOP, Spain	61.22	61.22
			34.35	34.35
			4.43	4.43
2	Ircon-Sree Bhawani Builders (Project closed, payment yet to be received)	Ircon, India Sree Bhawani Builders, India	24.21	24.21
			75.79	75.79
3	SMJ - Ircon (Project closed, final settlement yet to be made)	Ircon, India Sumber Mitra Jaya, Indonesia	25.00	25.00
			75.00	75.00
4	Ircon - SMJ Project JV (Work completed)	Ircon, India Sumber Mitra Jaya, Indonesia	55.00	55.00
			45.00	45.00

b) List of Joint-Venture Companies:

S. No.	Name of JV Company	Shareholders and country of origin	Percentage of Ownership	
			As at 2011	As at 2010
1	CCFB (Companhia Dos Caminhos De Ferro Da Beira SARL) Mozambique	Ircon, India RITES, India CFM, Mozambique	25.00	25.00
			26.00	26.00
			49.00	49.00
2	Ircon-Soma Tollway Private Limited.	Ircon, India Soma Enterprise Limited, India	50.00	50.00
			50.00	50.00

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

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

S. No.	Particulars	RICON-CETA SARL		RICON		IMCC		MTG		TOTAL	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1.	Income	-	-	2.83	3.99	0.19	0.02	4.43	9.03	7.44	13.06
2.	Expenditure	-	-	0.97	2.27	0.09	0.02	(0.23)	8.50	0.83	10.79
3.	Fixed Assets	1.79	1.79	-	-	-	-	0.004	0.17	1.80	1.96
4.	Current Assets	21.07	22.98	12.95	12.44	4.89	4.61	7.38	6.55	46.29	46.57
5.	Current Liabilities	24.24	24.77	4.06	5.41	4.61	1.39	1.79	5.49	34.70	37.08
6.	Loan Fund	-	-	-	5.29	-	-	-	-	-	5.29

- d) Contingent liability towards the Company's share of indemnity bond in case of IMCC as on 31.03.2011 is ₹ 1.24 crores (₹ 1.24 crores).
- e) Proportionate share of sales-tax liability in case of IMCC as on 31.03.2011 ₹ 4.25 crores (₹ 4.25 crores) and in respect of Service Tax is ₹ 1.01 crores (₹ 1.01 crores).
- f) Contingent liability towards the Company's share of bank guarantee in case of MTG as on 31.03.2011 is ₹ 2.36 crores (₹ 4.69 crores)
- g) Contingent liability towards the Company's share of corporate guarantee to Central Excise in case of MTG as on 31.03.2011 is ₹ 1.54 crores (₹ 1.54 crores)
- h) Contingent liability towards the Company's share of bank guarantee in case of Irrcon-RCS-PFLEIDERER as on 31.03.2011 is ₹ 0.91 crore (₹ 0.91 crore)
- i) The Company has extended Corporate Guarantee to the tune of ₹ 30 crores being 50% of the Short Term Loan availed by ISTPL during the year.
- j) Contingent liability towards the Company's share in case of IMCC (Joint Venture) in respect of Income Tax Liability as on 31.03.2011 is ₹ 5.29 crores (₹ 3.25 crores).

9) Related Party disclosures:

a) Enterprises where control exists:

Unincorporated Joint Ventures – Same as list at serial no. 8(a) above.

Joint Venture Companies – Same as list at serial no. 8(b) above.

Wholly Owned Subsidiary - Irrcon Infrastructure & Services Limited (IrrconISL).

b) Key management personnel:

Directors: -S/Shri Mohan Tiwari, K K Garg, Deepak Sabhlok (appointed w.e.f. 16.04.2010), Madan Lal (retired on 31.12.2010), and Hitesh Khanna (appointed w.e.f. 07.03.2011).

c) Disclosure of transactions with related parties:

(₹ in crores)

Particulars	Transactions		Outstanding Amount	
	2010-11	2009-10	As on 31.03.2011	As on 31.03.2010
Remuneration to key management Personnel (b above) & Sitting Fees to other Independent Directors	As per Note No. 10		Nil	Nil
Service from enterprises where directors interest exist	Nil	Nil	Nil	Nil
Investment in CCFB/ISTPL/IrconISL	4.5	0.40	74.30	69.80
Loan to CCFB/ISTPL/IrconISL	41.52*	(4.45)	126.44	101.69
Advance recoverable from CCFB/ISTPL/RICON/IrconISL	(0.05)	0.68	1.66	10.84
Amount payable to RICON/IrconISL	10.32	2.99	13.79	3.48
Income from CCFB/RICON/ISTPL/IrconISL	38.38	77.10	7.53	58.95
Receiving of Services / Purchase of goods	Nil	Nil	Nil	Nil

* It includes ₹ 18.32 crores pertaining to interest accrued on loan to CCFB (interest on first loan upto 31.12.2010 and interest on second loan upto 31.03.2011) which has been converted into principal as per terms & conditions of loan agreement and restatement of loan.

10) Remuneration to Directors are as under:

(₹ in crores)

Sr.	Particulars	2010-11	2009-10
I	Salary & Allowances	0.78	0.53
II	Contribution to Provident Fund	0.06	0.06
III	Superannuation including Retirement Benefits	0.09	0.05
IV	Reimbursement of Medical expenses	0.01	0.02
V	Sitting Fee	0.02	0.03
VI	Other benefits	0.18	0.14
	TOTAL	1.14	0.83

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

11) The Company has carried out the assessment on impairment of individual assets by working out the recoverable amount based on lower of the net realisable value and carrying cost during the year in terms of AS 28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India. There is no impairment loss (₹ Nil).

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

Under DPA, the outstanding balances dues as certified by Central Bank of Iraq (CBI) to Exim Bank upto Sept.1995 were settled by GOI by issuing bonds in two phases. Subsequent to 2nd phase, CBI had further certified (confirmed by Exim Bank in May, 2000) an amount of USD 0.89 crore (equivalent to ₹ 31.82 crores 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 crores converted at the last settlement rate of 1 USD = ₹ 35.802) has been provided in the books of accounts.

- b) The accrued interest on deferred Iraqi dues and provision for interest to sub-contractors (under Deferred Payment Agreement Protocol) on back-to-back basis have been translated at the last settlement rate (i.e. 1 USD = ₹ 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 31.03.2011 as per AS-11, Other Current Assets would have been ₹ 85.88 crores (higher by ₹ 7.49 crores), Provisions would have been ₹ 1004.52 crores (higher by ₹ 3.54 crores) and Profit Before Tax would have been ₹ 405.20 crores (higher by ₹ 3.95 crores).
- 13) The lease agreement for Locos 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 locos 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.
- 14) The Company had taken a policy from Life Insurance Corporation of India (LIC) under Group Gratuity Scheme. The contributions to LIC were made up to FY 2003-04. Subsequent contributions could not be made as the demand from LIC was not crystallized. Accumulated balance including interest as on 31.03.2011 in the fund maintained by LIC amounting to ₹ 4.07 crores (₹ 4.11 crores) shown as a deduction from provision towards Company's liability for gratuity made as per actuarial valuation in terms of Accounting Policy no. 17(i) (Schedule L). Amount of ₹ 4.07 crores has been received from LIC during the year 2011-12.
- 15) The Company in its Income-Tax returns is claiming deduction under Section-80 IA of Income- Tax Act, 1961, in respect of eligible construction projects w.e.f. Assessment year 2000-01. The deduction has been 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, but the Income tax Department has 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 upto AY 2010-11 is ₹ 509.50 crores (₹ 443.44 crores). The matter is pending before the Tribunal.

16) **Disclosure under AS-15**

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 return on investments is greater than the obligation of the Company as per actuarial valuation, hence no further provision is considered necessary.

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 crores 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. However, the amount available in the fund including the return on investments is more than the amount required for such benefits as per actuarial valuation.

Leave Encashment

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

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

i) Change in the present value of obligations

(₹ in crores)

	Gratuity	Leave Encashment	PRMF
Present Value of Obligation as at beginning of the period	37.66 (29.56)	38.18 (29.80)	1.29 (10.19)
Interest Cost	2.82 (2.22)	2.86 (2.23)	0.09 (0.76)
Current Service Cost	2.53 (2.31)	3.92 (3.37)	0.07 (0.72)
Past Service Cost	- (-)	- (-)	- (-)
Benefit Paid	(2.01) ((1.71))	(2.47) ((1.62))	- ((0.22))
Actuarial (gain)/loss on obligation	3.61 (5.28)	11.52 (4.39)	(.01) (5.49)
Present Value of Obligation as at the end of the period	44.61 (37.66)	54.02 (38.18)	1.45 (16.96)

ii) Changes in the fair value of plan assets

(₹ in crores)

	Gratuity	Leave Encashment	PRMF*
Fair Value of plan assets as at beginning of the period	4.11 (3.77)	- (-)	- (23.69)
Expected return on Plan Assets	0.36 (0.33)	- (-)	- (2.07)
Contributions	- (-)	- (-)	- (-)
Benefit Paid	(0.13) (-)	- (-)	- (-)
Actuarial (gain) / loss on Plan Assets	(0.26) (-)	- (-)	- (1.88)
Fair Value of Plan assets as at the end of the period	4.07 (4.11)	- (-)	- (23.89)

iii) Fair Value of Plan Assets

	Gratuity	Leave Encashment	PRMF*
Fair value of Plan Asset at the beginning of period	4.11 (3.77)	- (-)	- (23.69)
Actual return on Plan Assets	0.09 (0.33)	- (-)	- (0.19)
Benefits paid	(0.13) (-)	- (-)	- (-)
Fair value of Plan Assets at the end of period	4.07 (4.11)	- (-)	- (23.89)
Funded Status	(40.54) ((33.55))	(54.02) ((38.18))	(1.45) (6.93)
Excess of actual over expected return on plan assets	(0.26) (-)	- (-)	- ((1.88))

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

iv) Actuarial Gain / Loss recognised for the period

	Gratuity	Leave Encashment	PRMF
Actuarial gain / (loss) for the period - Obligation	(3.61) ((5.27))	(11.52) ((4.39))	0.01 ((5.49))
Actuarial gain / (loss) for the period - Plan Assets	0.26 (-)	- (-)	- ((1.88))
Total (gain) / loss for the period	3.87 (5.28)	11.52 (4.39)	(0.01) (7.37)
Actuarial (gain) / loss recognised in the period	3.87 (5.28)	11.52 (4.39)	(0.01) (7.37)

v) Amount recognised in Balance Sheet

	Gratuity	Leave Encashment	PRMF
Present Value of Obligation as at the end of the period	44.61 (37.66)	54.02 (38.18)	1.45 (16.96)
Fair Value of Plan Assets as at 31.03.2011	4.07 (4.11)	- (-)	- (23.89)
Funded Status	(40.54) ((33.55))	(54.02) ((38.18))	(1.45) ((6.93))
Excess of actual over estimated	(0.26) -	-	-
Net liability recognised in the Balance Sheet	(40.54) ((33.55))	(54.02) ((38.18))	(1.45) ((6.93))

vi) Expenses recognised in Profit & Loss Account

	Gratuity	Leave Encashment	PRMF
Current Service Cost	2.53 (2.31)	3.92 (3.37)	0.07 (0.72)
Past Service Cost	- (-)	- (-)	- (-)
Interest Cost	2.82 (2.22)	2.86 (2.24)	0.09 (0.76)
Expected return on plan assets	(0.36) ((0.33))	- (-)	- (2.07)
Net actuarial (gain) / loss recognised in year	3.87 (5.28)	11.52 (4.39)	(0.01) (7.37)
Expensed recognised in the Profit & Loss A/c	8.87 (9.47)	18.31 (9.99)	0.16 (6.79)

vii) Amount for the Current Period

	Gratuity	Leave Encashment	PRMF
Present value of Obligation	44.61 (37.66)	54.02 (38.18)	1.45 (16.96)
Plan Assets	4.07 (4.10)	(-) (-)	(-) (23.89)
Surplus (Deficit)	(40.54) ((33.55))	(54.02) ((38.18))	(1.45) ((6.93))
Experience adjustments on plan liabilities -(Loss)/ Gain	(3.61) (5.28)	(11.52) ((4.39))	0.01 ((5.49))
Experience adjustments on plan assets - (Loss) / Gain	(0.26) (0.33)	- (-)	- ((1.88))

(viii) Actuarial Assumptions

I) Method used	Projected Unit Credit Method
II) Discount rate	7.50%
III) Rate of increase in Compensation Levels	7.50%
IV) Rate of return on Plan Assets - Gratuity	8.75%
V) Average Outstanding Service of Employees up to Retirement	14.61 years
VI) Estimated term of Benefit Obligations	14.61 years

17) Disclosure in respect of Contract, in Progress*

(₹ in crores)

Details	Up to 31.03.11
(a) Aggregate amount of costs incurred and recognized profits (Less recognized losses)	10531.77
	As on 31.03.11
(b) Amount of Advances received from Client	1650.33
(c) Amount of Retentions (by Client)	332.93

* excluding projects completed up to 31.03.2011

- 18 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 on 31st March 2011.
- 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 2011 is ₹ Nil (₹ Nil).
- 19) The accounting policy relating to prior period / prepaid items has been changed by increasing the amount from ₹ 5000 to ₹ 50000. Due to this change, the net effect of the same is not material.
- 20) As per existing policy, for Design guarantee after the maintenance period, a token provision of ₹ 10 lakhs is kept for each such project. This policy has been changed during the year for making provision for unforeseen expenditure during design guarantee period based on risk perception of management in each contract subject to a minimum amount of ₹ 50 lakhs and maximum amount of Design guarantee specified in contract agreement with the client. Due to this change in policy, a sum of ₹ 129.69 crores has been provided in Malaysia project. Because of this change, profit for the year is lower by ₹ 129.69 crores.
- 21) During the year, the Company has changed accounting procedure relating to expenditure on "Design, Drawing, Business Development and Consultancy Charges". This is now based on receipt of services; earlier this expenditure was accounted for based on contract revenue recognition. Due to this change, the turnover is higher by ₹ 118 crore, PBT is higher by ₹ 34.94 crores, Current Liabilities are reduced by ₹ 47.73 crores and Current Assets are reduced by ₹ 12.79 crores.
- 22) Basic earnings per share are computed by dividing net profit after tax ₹ 240.51 crores (₹ 182.18 crores) by (9,898,000) fully paid equity shares of ₹ 10 each. Diluted Earnings per share is not applicable, as there is no dilution involved.
- 23) Previous year's figures in brackets have been regrouped, rearranged and recast wherever necessary to make it comparable to the current year's classification.

For WAHI & GUPTA

Chartered Accountants

FRN: 2263N

For and on behalf of the Board of Directors

K.P. WAHI
Partner
M.No.16164

LALITHA GUPTA
Company Secretary
& GM (Law)

K.K. GARG
Director Finance

MOHAN TIWARI
Managing Director

Place: New Delhi

Dated: 10.08.2011

Balance Sheet Abstract and Company Business Profile:
I Registration Details:

Registration No.	8171	State Code	55
Balance Sheet Date	31-03-2011		

(₹ in crores)

II Capital raised during the year:

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

III Position of mobilisation and deployment of funds

Total liabilities	4977.06	Total Assets	4977.06
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Sources of funds:

Paid-up Capital	9.90	Reserves & Surplus	1372.41
Secured Loans	Nil	Unsecured Loans	Nil
		Deferred Tax Liability	Nil

Application of funds:

Net fixed assets	244.00	Investments	185.37
Net current assets	821.88	Deferred Tax Asset	131.06
Miscellaneous Expenditure	Nil	Accumulated losses	Nil

IV Performance of the Company

Turnover	3254.15	Total expenditure	2852.90
Profit before Tax	401.25	Profit after Tax	240.51
Earning per share (₹)	242.99	Dividend rate	500%

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

Product Description	Other Projects:	Turnkey Construction
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For and on behalf of the Board of Directors

LALITHA GUPTA
Company Secretary
& GM (Law)

K.K. GARG
Director Finance

MOHAN TIWARI
Managing Director

Place: New Delhi
Dated: 10.08.2011

CASH FLOW STATEMENT

For the year ended on 31st March 2011

(₹ in crores)

		2010-11	2009-10
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before taxation & extraordinary items		403.40	261.13
Adjustment for:			
Depreciation		37.52	40.99
Amortisation of premium on investment		0.20	0.02
Loss / (Profit) on sale of assets (net)		(5.01)	(0.49)
Interest Income		(55.97)	(41.53)
Provisions - Additions (Write back) Net		190.11	66.72
Effect of Exchange differences on translation of Foreign Currency			
Cash & Cash Equivalents		24.06	30.72
Operating Profit before working capital changes	(1)	594.31	357.56
Adjustment for :			
Decrease /(Increase) in Trade Receivables / Loans & Advances		(606.01)	(204.28)
Decrease /(Increase) in Inventories		72.90	57.16
(Decrease) / Increase in Sundry Creditors		790.76	61.42
Decrease /(Increase) in JCE Current Assets		0.28	7.44
(Decrease) / Increase in JCE Current Liabilities		(2.38)	(2.56)
	(2)	255.55	(80.82)
Cash generated from operation	(1-2)	849.86	276.74
Cash flow before prior period & extraordinary items		849.86	276.74
Foreign Exchange Fluctuation Reserve		-	(14.72)
Prior period & extraordinary items		(2.15)	2.87
NET CASH FROM OPERATING ACTIVITIES	(A)	847.71	264.89
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets including Capital WIP		(47.89)	(17.94)
Sale of fixed assets		7.41	0.89
Interest received		48.38	41.54
Investment Matured (including profit on sale)		-	160.08
Investment in Equity and Bonds		(55.63)	(55.54)
Decrease (Increase) in JCE Fixed Assets		0.16	0.41
NET CASH FROM INVESTING ACTIVITIES	(B)	(47.57)	129.44
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend (Including Corporate Tax) paid		(48.25)	(35.77)
(Decrease)/Increase in JCE Loan Fund		(5.29)	1.99
NET CASH FROM FINANCING ACTIVITIES	(C)	(53.54)	(33.78)
Effect of Exchange Differences on translation of Foreign Currency Cash & Cash Equivalents			
		(24.06)	(30.72)
NET INCREASE IN CASH & CASH EQUIVALENT	(A+B+C)	722.54	329.82
Cash and cash equivalent (opening)	(D)	1,313.70	983.87
Cash and cash equivalent (closing)	(E)	2,036.24	1,313.70
NET INCREASE IN CASH & CASH EQUIVALENT	(E+D)	722.54	329.83

- Note : 1. Cash and cash equivalents consist of cash in hand and balance 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 ₹ 15.22 crores (₹ 72.25 crores).
5. Cash & Cash Equivalent (closing) includes FDR ₹ 32.23 crores (₹ 6.23) received from contractors towards EMD and ₹ 406.00 crores (₹ 248.55 crores) against advances from clients on which interest is passed on to them.

As per our Report of even date attached

For Wahi & Gupta

Chartered Accountants

FRN 2263N

For and on behalf of Board of Directors

K.P. WAHI

Partner

M.No. 16164

LALITHA GUPTA

Company Secretary
& GM (Law)

K.K. GARG

Director Finance

MOHAN TIWARI

Managing Director

Place: New Delhi

Date: 10.08.2011

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, 2011, Profit & Loss Account and Cash flow statement for the year ended on that date, annexed thereto in which are incorporated the accounts of Algeria, Mozambique, Ethiopia, Afghanistan, Sri Lanka, Northern, Western, Eastern, Southern, Kanpur 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 Notes to Accounts (Schedule 'R') & Significant Accounting Policies (Schedule "Q")
 - a) Note No. 12.b): Carrying balances at exchange rate prevalent at the time of settlement of dues in 1995 with Government of India and not translating at rates prevalent on 31.03.2011 is not in conformity with AS-11. As a result, other current assets is lower by ₹ 7.49 crores, provisions is lower by ₹ 3.54 crores and profit is lower by ₹ 3.95 crores.
 - b) Note No. 20: During the year the company has changed the accounting policy for "Provision for Design Guarantee after the maintenance period". Due to such change, profit for the year is lower by ₹ 129.69 crores, and current liability and provision is higher by ₹ 129.69 crores.
 - c) Note No. 21: During the year the company has changed the procedure of charging Drawings, Design & Consultancy expenses. Earlier it was being charged on turnover basis whereas now it has been charged on services rendered basis. Due to this change, the turnover of the Company has increased this year by ₹ 118 crores, Drawings, Design & Consultancy expenses increased by ₹ 83.06 crores, profit increased by ₹ 34.94 crores, Current Liabilities reduced by ₹ 47.73 crores and Current Assets reduced by ₹ 12.79 crores.
5. Further to our comments in annexure referred to in para 3 above and subject to clause (a), (b) and (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 Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this Report comply with accounting standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956 except otherwise stated.
 - e) Being a Government Company, pursuant to the Gazette notification No. GSR 829(E) dated 21.10.2003 issued by Government of India, provisions of clause(g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the company.
 - f) In our opinion and according to the best of our information and according to the explanations given to us, the said accounts read with Significant Accounting Policies (Schedule-Q) and Notes on Accounts (Schedule-R) give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31.03.2011;
 - ii) In the case of Profit & Loss account, of the profit for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

FOR WAHI & GUPTA
Chartered Accountants
FRN 2263N

K.P. WAHI
Partner

Membership No.16164

Place: New Delhi
Date: 10.08.2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (3) thereof)

- i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. The fixed assets were physically verified by the management during the year. There is a regular programme of verification, which in our opinion, is reasonable having regard to the size of the Company and nature of its business. No material discrepancies were noticed on such verifications.
- c. During the year no substantial disposal of fixed assets of the Company has taken place which would have affected its going concern status.
- ii. a. The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable.
- b. In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c. On the basis of our examination of records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on comparison of physical verification results with the book records are not material and have been properly dealt with in the books of account.
- iii. According to the information and explanation given to us by the management and records produced, the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Thus, the requirements under para 4(iii) (b) to (d) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control.
- v. According to the information and explanations given to us by the management and records produced, there are no transactions that need to be entered into the register pursuant to Section 301 of the Companies Act, 1956.
- vi. According to the information and explanations given to us, and as per our examination of records, the Company has not accepted any deposits from public and therefore, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provision of the Companies Act, 1956, and rules framed there under, are not applicable.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of the business.
- viii. The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, in respect of the Company.
- ix. a. The company is generally regular in depositing undisputed statutory dues with appropriate Authority including provident fund, income tax, sales tax, wealth-tax, service-tax, custom duty, excise duty, cess and other statutory dues applicable with the appropriate authorities. The investor Education & Protection Fund and Employees' State Insurance are not applicable to the company. According to the information and explanation given to us, there are no undisputed statutory dues which were outstanding as on 31.03.2011 for a period over six months from the date the same become payable except ₹ 0.08 crores being undisputed Sales Tax liability of OFC Bangalore Project outstanding for more than six months.
- 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 31.3.2011.

Nature of the dues	Amount (in ₹ crores)	Period for which amount relate	Forum where pending
Sales Tax	1.99	1995-96	Maharashtra Sales Tax Tribunal, Mumbai
Sales Tax	1.53	1996-97	
Royalty	0.02	1984-85 and 1985-86	High Court, Allahabad
Sales Tax	0.99	2002-03	Commissioner Sales Tax, Orissa
Sales Tax	0.03	1993-94	High Court, M.P.
Sales Tax	0.87	1997-2002	Asst Commissioner Sales Tax, Behala
Sales Tax	0.71	2003-04 & 2004-05	
Sales Tax	1.75	1987-88 to 1994-95	Bihar Sales Tax Tribunal
Sales Tax	1.50	2009-10	Dy Commissioner Appeal, Ajmer
Cess	8.35	2001-02	Spl Secretary, Mining Department, Rajasthan
Sales Tax	0.21	1997-98	Revenue Board, Gwalior
Sales Tax	0.56	2007-08	High Court, Allahabad
Sales Tax	0.52	2010-11	Dy. Commissioner, Sales Tax, Noida
Sales Tax	1.19	2006-07	Dy. Commissioner (Appeals), Punjab Sales Tax
Provident Fund	1.75	2003-04 to 2006-07	Provident Fund Commissioner, J&K
Sales Tax	55.23	2001-02 to 2006-07	Dy Commissioner of Sales Tax (Appeals), J&K
Entry Tax	0.07	2007-08	Jt. Commissioner Appeals Jhansi
UPTT	1.45	2007-08	Dy. Commissioner of Sales Tax, Orai
Entry Tax	0.03	2009-10	Dy Commissioner Sales Tax, Lucknow
Sales Tax	0.01	2005-06	High Court/Allahabad
Sales Tax	0.28	2002-03	
Sales Tax	0.18	2003-04	
Sales Tax	0.41	2004-05	
Entry Tax	0.15	2006-07	Jt. Commissioner Appeals, Jhansi
UPTT	0.43	2006-07	
Sales Tax	0.06	1995-96 to 2000-01	Tamil Nadu Sales Tax Appellate Tribunal, Chennai
Sales Tax	0.08	1982-83, 1987-88 & 1989-90	DC (Appeal) Jhansi
Custom Duty	5.81	1989-90	Dy Commissioner (Custom), Mumbai

* However, an amount of ₹ 16.67 crores 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: 2263N

K.P. WAHI
Partner
M.No. 16164

Place: New Delhi

Date: 10.08.2011

**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 2011.**

The preparation of financial of Ircon International Limited for the year ended 31st March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act 1956 are responsible for expressing opinion on these financial statement under section 227 of the Companies Act, 1956 based on the independent audit in accordance with the auditing and assurance standards by their professional body, the Institute of Chartered Accountants of India. This is slated to been done by them vide their Audit Report dated 10.08.2011.

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 of the financial statements of Ircon International Limited for the year ended 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 619(4) of the Companies Act, 1956.

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

John K. Sellate

Pr. Director of Commercial Audit &
Ex-Officio Member, Audit Board-IV

Place: New Delhi.

Date 06.09.2011

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

FINANCIAL HIGHLIGHTS OF IRCON (CONSOLIDATED)

(₹ in crores)

S. No.	Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
1	Total income (Incl. other income)	923.55	809.40	792.24	1014.40	1112.79	1543.21	2093.11	2739.46	3216.19	3225.94
2	Expenditure (Incl. increase / decrease in stock)	756.25	677.55	701.69	892.50	981.85	1407.98	1891.48	2507.61	2910.99	2791.02
3	Operating margin	167.30	131.85	90.55	121.90	130.94	135.23	201.63	231.85	305.20	434.92
4	Interest Expenses	3.21	0.19	0.12	--	--	--	--	--	--	--
5	Depreciation	40.09	16.02	11.80	14.14	20.05	24.24	41.17	44.19	41.27	36.90
6	Profit before tax	127.21	115.83	78.75	107.76	110.89	110.99	160.47	187.66	263.93	398.02
7	Profit after tax	103.70	87.06	61.61	88.83	80.66	75.69	113.80	140.18	182.10	237.26
8	Dividend	17.32	18.81	18.81	20.29	25.74	25.74	29.69	29.69	36.62	49.49
9	Foreign projects reserve	66.57	60.57	57.57	44.48	44.28	33.10	30.40	27.90	2.90	--
10	General Reserve	532.93	604.27	647.46	721.14	767.71	824.33	903.18	1011.62	1181.68	1369.08
11	Other Reserves	1.70	2.20	2.35	7.15	7.41	7.15	5.45	25.32	4.80	--
12	Reserves & Surplus	601.20	667.04	707.38	772.77	819.40	864.58	939.03	1064.84	1189.38	1369.08
13	Net fixed assets	60.20	62.25	123.43	135.96	160.10	260.22	279.46	260.05	236.90	271.08
14	Inventories	73.60	66.60	58.94	41.37	42.35	89.43	159.01	430.52	373.36	300.46
15	Foreign exchange earnings	284.00	189.88	113.72	72.79	55.97	51.05	37.35	95.58	264.14	427.61
16	Share Capital	4.95	4.95	4.95	4.95	9.90	9.90	9.90	9.90	9.90	9.90
17	Capital employed	631.20	671.99	712.33	778.17	829.53	875.68	951.05	1078.05	1204.57	1378.98
18	Government Investments	--	--	--	--	--	--	--	--	--	--
19	Net worth	606.15	671.99	712.33	777.72	829.30	874.48	948.93	1074.74	1199.28	1378.98
20	Profit before tax to capital employed*	20.15	17.24	11.05	13.85	13.37	12.68	16.87	17.41	21.91	28.86
21	Operating margin to capital employed*	26.51	19.62	12.71	15.67	15.78	15.44	21.20	21.51	25.34	31.54
22	Profit after tax to share capital*	2095.31	1759.04	1244.80	1794.93	814.93	764.73	1149.71	1416.27	1839.79	2396.57
23	Expenditure to income*	81.88	83.71	88.57	87.98	88.23	91.24	90.37	91.54	90.51	86.52
24	Number of employees **	1797	1553	1609	1652	1723	1830	1978	1964	1751	1678
25	Income per employee	0.51	0.52	0.49	0.61	0.65	0.84	1.06	1.40	1.84	1.92
26	Foreign exchange earning per employee	0.16	0.12	0.07	0.04	0.03	0.03	0.02	0.05	0.15	0.25
27	Current ratio**	1.75	1.94	1.79	1.54	1.41	1.25	1.21	1.24	1.31	1.22
28	Debt / equity ratio**	0.04	--	--	--	--	--	--	--	--	--
29	Investments	65.73	65.58	122.41	200.11	213.29	234.38	245.57	234.50	129.54	180.47

Notes: *20 to 23 are in percentage

** 24, 27 & 28 are not in Rupees

CONSOLIDATED BALANCE SHEET

as at 31st March, 2011

(₹ in crores)

Particulars	Schedule	As at 31st March, 2011		As at 31st March, 2010	
Sources of Funds					
Shareholders' Funds:					
Share Capital	A	9.90		9.90	
Reserves & Surplus	B	1,369.08	1,378.98	1,189.38	1,199.28
Loan Funds:					
Proportionate portion of Loan fund in Jointly Controlled Entity/s					5.29
TOTAL			1,378.98		1,204.57
Application of Funds					
Fixed Assets:					
Gross Block	C	517.93		484.15	
Less: Depreciation		277.50		256.76	
Net Block		240.43		227.39	
Capital work-in-progress	D	28.85		2.26	
Machinery-in-transit		-		5.29	
Proportionate interest in Jointly Controlled Entity/s		1.80		1.96	
			271.08		236.90
Investments	E		180.47		129.53
Deferred Tax (Net)	M-1&2		131.09		87.39
Current Assets, Loans and Advances:					
Inventories	F	300.46		373.36	
Sundry Debtors	G	874.35		470.01	
Cash and Bank balances	H	2,036.33		1,314.02	
Other current assets	I	77.84		70.81	
Loans and advances	J	1,055.58		878.48	
Proportionate interest in Jointly Controlled Entity/s		46.29		46.57	
		4,390.85		3,153.25	
Less: Current Liabilities and provisions:					
Liabilities	K	2,558.78		1,767.85	
Provisions	L	1,001.03		597.63	
Proportionate portion in Jointly Controlled Entity/s		34.70		37.08	
		3,594.51	796.34	2,402.56	750.69
Net Current Assets					
Misc. Expenses (to the extent not written off)	Q		-		0.06
TOTAL			1,378.98		1,204.57
Significant Accounting Policies	R				
Notes on Accounts	S				
Schedules 'A' to 'S' form an integral part of the Account					

As per our Report of even date attached

For and on behalf of the Board of Directors

For WAHI & GUPTA

Chartered Accountants

FRN 2263N

K.P. WAHI

Partner

M. No. 16164

LALITHA GUPTA

Company Secretary

& GM (Law)

K.K. GARG

Director Finance

MOHAN TIWARI

Managing Director

Place: New Delhi

Date: 10.08.2011



CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March, 2011

(₹ in crores)

Particulars	Schedule	2010-11	2009-10
Income:			
Operating Income	N	3,140.27	3,139.11
Proportionate portion of construction work in Jointly Controlled Entity/s		7.44	13.06
Total Operating Income		3,147.71	3,152.17
Other Income	N	78.23	64.02
Total Income		3,225.94	3,216.19
Expenditure:			
Operating Expenditure	O	2,536.46	2,776.55
Administrative & Other Expenditure	O	61.45	59.80
Depreciation	C	36.90	41.27
Provisions & Write backs (net)	L	190.11	66.72
Proportionate portion of expenses in Jointly Controlled Entity/s		0.83	10.79
Total Expenditure		2,825.75	2,955.13
Profit before prior period adjustments/ Extra-ordinary items		400.19	261.06
Prior period adjustments & Extra-ordinary items	P	(2.17)	2.87
Profit before tax		398.02	263.93
Provision for tax			
Current tax			
-For the year		179.87	108.70
-For earlier years (net)		24.59	(0.75)
-Deferred tax (net)	M-1&2	(43.70)	(26.13)
		160.76	81.82
Profit after tax		237.26	182.11
Add: Housing Projects Reserve written back		4.80	0.15
Add: Foreign Projects Reserve written back		2.90	25.00
Profit available for Appropriation		244.96	207.26
Appropriations:			
Interim Dividend		25.73	20.98
Tax on Interim Dividend		4.28	3.57
Proposed Final Dividend		23.76	15.64
Tax on Proposed Final Dividend		3.79	2.66
Balance transferred to General Reserve		187.40	164.41
Earnings Per Share-Basic & Diluted (in ₹)		239.70	183.99

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

As per our Report of even date attached

For WAHI & GUPTA
Chartered Accountants
FRN 2263N

For and on behalf of the Board of Directors

K.P. WAHI
Partner
M. No. 16164

LALITHA GUPTA
Company Secretary
& GM (Law)

K.K. GARG
Director Finance

MOHAN TIWARI
Managing Director

Place: New Delhi
Date : 10.08.2011

Schedule "A"

SHARE CAPITAL

(₹ in crores)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Authorised 25,000,000 Equity shares of ₹ 10 each	25.00	25.00
Issued, Subscribed & Paid-up 9,898,000 Equity shares of ₹ 10 each-fully paid	9.90	9.90
TOTAL	9.90	9.90

Schedule "B"

RESERVES AND SURPLUS

(₹ in crores)

Particulars	As at 31st March, 2011	As at 31st March, 2010
General Reserve:		
Opening Balance	1,181.68	1,011.62
Add: Transfer from Profit & Loss Account	187.40	164.41
Add: Transfer from Foreign Exchange Fluctuation Reserve	-	5.65
	1,369.08	1,181.68
Foreign Exchange Fluctuation Reserve		
Opening Balance		20.37
Additions during the year		-
Less:- Transfer to General Reserves		5.65
Balance Transfer to Exchange Gain		14.72
		-
Foreign Projects Reserve:		
Opening Balance	2.90	27.90
Less:Transfer to Profit and Loss Account	2.90	25.00
	-	2.90
Housing Projects Reserve:		
Opening Balance	4.80	4.95
Less:Transfer to Profit and Loss Account	4.80	0.15
	-	4.80
TOTAL	1,369.08	1,189.38

Schedule " C "

FIXED ASSETS AS AT 31ST MARCH, 2011

(₹ in crores)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.04.2010	Additions	Sales / Adjustments	As at 31.03.2011	Upto 31.03.2010	For the year (refer Note-4)	Sales/ Adjustments	Upto 31.03.2011	As at 31.03.11	As at 31.03.10
Freehold Land	3.45	-	-	3.45	-	-	-	-	3.45	3.45
Lease hold Land (1&6)	36.40	-	-	36.40	0.14	0.01	-	0.15	36.25	36.26
Lease hold Buildings (5)	41.35	0.27	(1.51)	40.11	3.37	0.75	(0.51)	3.61	36.50	37.98
Freehold Buildings / Flats-Residential	9.30	-	-	9.30	2.74	0.15	-	2.89	6.41	6.56
Freehold Buildings / Flats-Non-Res.	10.64	-	-	10.64	0.26	0.17	-	0.43	10.21	10.38
Plant & Machinery (2&3)	324.81	49.46	(10.68)	363.59	204.23	29.96	(9.56)	224.63	138.96	120.58
Survey Instruments	4.67	0.16	(0.77)	4.06	3.91	0.33	(0.72)	3.52	0.54	0.76
Computers	11.71	0.76	(2.43)	10.04	9.28	1.53	(2.39)	8.42	1.62	2.43
Office Equipments	7.82	0.52	(1.00)	7.34	6.17	0.79	(0.91)	6.05	1.29	1.65
Furniture, Fixtures, Furnishings	8.26	0.42	(1.20)	7.48	6.77	1.17	(1.19)	6.75	0.73	1.49
Caravans, Camps & Temp. Sheds	7.70	0.14	(0.74)	7.10	7.69	0.10	(0.74)	7.05	0.05	0.01
Vehicles	18.06	1.23	(0.85)	18.44	12.20	2.56	(0.76)	14.00	4.44	5.86
Current Year Total	484.15	52.96	(19.18)	517.93	256.76	37.52	(16.78)	277.60	240.43	227.39
Previous year's figures	482.62	11.76	(10.23)	484.15	225.59	40.99	(9.83)	256.76	227.39	257.03

Note:-

- Registration in respect of Lease Hold land at Kasba-Kolkata, Gross Block ₹ 0.24 crore, Net Block ₹ 0.22 crore (Gross Block ₹ 0.24 crore, Net Block ₹ 0.23 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.
- Fixed Assets include the followings assets beyond economic repair and held for disposal (at lower of the realizable value & book value):-

(₹ in crores)

Assets Block	As at 31.03.2011		As at 31.03.2010	
	Gross Block	Net Block	Gross Block	Net Block
Plant and Machinery	-	-	0.83	-
Total	-	-	0.83	-

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

(₹ in crores)

Description	2010-11	2009-10
Profit & Loss Account		
Current	36.90	41.27
Prior Period	0.61	(0.28)
Capital Work in progress	0.01	-
Total	37.52	40.99

- Includes Railways land for 30 years lease (Gross value ₹ 3.79 crores) for which agreement is to be finalised.
- Lease hold land includes land at Greater Noida Industrial Development Authority (GNIDA) for construction of proposed Central Inspection Cell (CIC) by the Company (Gross value ₹ 0.80 crore). The request for time extension for construction of Building has been submitted to the appropriate authority.

Schedule "D"

CAPITAL WORK-IN-PROGRESS *

(₹ in crores)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Opening Balance	2.26	0.66
Additions during the year:		
- Work Expenses	23.89	1.50
- Material Purchased & Consumed	0.03	-
- Depreciation	0.01	-
- Salaries, Wages, Allowances & Benefits	1.46	0.05
- Contribution to PF & Other Funds	0.06	-
- Design, Drawing, Business Development & Consultancy Charges	0.77	0.02
- Rent - Non Residential	0.03	-
- Rates & Taxes	0.12	-
- Vehicle Operation & Maintenance	0.01	-
- Repairs & Maintenance		
- Machinery	0.01	-
- Hire Charges of Machinery	0.01	-
- Travelling Expenses	0.11	0.01
- Printing & Stationery		-
- Postage, telephone & telex	0.01	-
- Legal & Professional Charges	0.01	-
- Business Promotion		0.01
- Auditors Remuneration	0.01	
- Advertisement & Publicity	0.02	0.01
- Misc Operating Exp.	0.03	-
TOTAL	28.85	2.26

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

1. Central Inspection Cell (CIC, Noida)	1.77	1.56
2. Multi Functional Complexes	27.08	0.70

Schedule "E"

INVESTMENTS

(₹ in crores)

Particulars	As at 31st March, 2011		As at 31st March, 2010	
	Nos.	Amount	Nos.	Amount
LONG TERM INVESTMENTS:				
Quoted (Other than trade):				
6.85% Tax Free India Infrastructure Finance Company Ltd. (IIFCL) Bonds	6,000	61.27	1,000	10.14
Less: Amortisation of premium paid on investment		<u>0.20</u>	<u>0.01</u>	10.13
6.00% Tax Free Indian Railway Finance Company Limited (IRFC) Bonds	5,000	50.00	5,000	50.00
		50.00		50.00
Un-Quoted (Trade Investments):				
Investment in integrated Joint venture/s				
CCFB, Mozambique (1)				
1,250,000 equity shares of Meticaïs 24000 each (2)	1,250,000	5.53	1,250,000	5.53
Ircon-Soma Tollway Private Limited (ISTPL) (2 a&b)				
63,870,000 equity shares of ₹ 10 each fully paid-up	63,870,000	63.87	63,870,000	63.87
		69.40		69.40
TOTAL		180.47		129.53

Disclosure regarding Quoted/Unquoted Investments:

Aggregate of Unquoted investments - Book value	69.40	69.40
Aggregate of Quoted investments - Book value	111.07	60.13
- Market value	111.24	60.21

- As per Articles of Association of CCFB, these shares are under restrictions for transfer for a period of 3 years from the date of takeover of concession i.e. 9th/10th December, 2005 or until the date of completion of the rehabilitation work, whichever is later subject to the pre-emption right of the other shareholders.
- The value of one equity share of Meticaïs 24000 is equivalent to ₹ 44.27.
 - Equity shares of ISTPL are Pledged with consortium of eight Banks from whom ISTPL has borrowed loan of ₹ 450 crores
 - As per Articles of Association (Article V) of ISTPL, shareholders can transfer their shareholding only after 3 years subject to Concession Agreement dated 28th September 2005 signed with NHAI which provides for equity holding of not less than 51% by Consortium members in ISTPL during the construction period and three years following COD (Commercial Operation Date). Full Commercial operation started on 19.04.2010. The aforesaid shareholding can be diluted to 26% subsequently subject to the pre-emption right of the other shareholders. The Loan Agreement of ISTPL dated 7th August 06 signed with Lenders for ₹ 450 crore however provides for holding of 51% shareholding till repayment of loan i.e. 30.09.2018.

Schedule "F"
INVENTORIES

(₹ in crores)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Materials & Stores:		
- In hand	56.18	98.13
- With third parties	6.27	9.38
- In transit	14.01	35.04
	76.46	142.55
Contract Work-in-progress		
- at Cost	88.46	80.78
- at Realisable Value	135.54	150.03
TOTAL	300.46	373.36

Schedule "G"
SUNDRY DEBTORS

(₹ in crores)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Unsecured :		
Outstanding for more than six months		
- Considered good	125.41	18.13
- Considered doubtful & Provided for:	10.53	8.94
	135.94	27.07
Others		
Considered good	748.94	451.88
	748.94	451.88
	884.88	478.95
Less : Provision for doubtful debts	10.53	8.94
TOTAL	874.35	470.01

Schedule "H"

CASH AND BANK BALANCES

(₹ in crores)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Cash-in-hand(1)	0.71	0.28
Cheques / Drafts-in-hand	45.62	0.51
Balances with scheduled banks		
In Current accounts	321.60	102.93
In Flexi accounts	88.60	132.66
In Fixed deposits (2) & (3)	1,525.74	866.23
	1,935.94	1,101.82
Remittance in transit	1.34	0.90
Balances with other banks (4)		
In Current accounts	21.17	14.30
In Flexi accounts	0.02	-
In Fixed deposits (5)	31.53	196.21
	52.72	210.51
TOTAL	2,036.33	1,314.02

- (1) Includes Stamps in hand & Staff Imprest ₹ **0.005 Crore** (₹ 0.007 Crore).
- (2) FDRs received from contractors towards EMD ₹ **32.23 Crores** (₹ 26.23 Crores)
- (3) FDRs includes ₹ **406.00 Crores** (₹ 248.55 Crores) against advances from clients on which interest is passed on to them.
- (4) Details given in Schedule "H-1"
- (5) Includes margin money / under lien ₹ **15.22 Crores** (₹ 72.25 Crores).

Schedule "H-1"

DETAILS OF BALANCES WITH OTHER BANKS

(₹ in crores)

Name of the Banks	Balance as at		Maximum balance during	
	31.03.2011	31.03.2010	2010-11	2009-10
Current Account				
Bank Nergara, Indonesia USD A/C	-	-		0.01
Bank Nergara, Indonesia	-	-		0.02
CIMB Bank Berhad, Malaysia	0.94	0.20	2.58	2.02
CIMB Bank Berhad, Malaysia	0.02	0.18	0.19	2.11
EON Bank Berhad, Malaysia	0.93	0.10	54.38	117.59
Standard Chartered Bank, Malaysia	0.01	0.01	0.01	0.01
Commercial Bank of Ethiopia	0.59	0.68	1.34	2.32
Nepal SBI Bank Ltd.-Dharan	-	0.06	0.50	0.06
Nepal SBI Bank Ltd.-Kathmandu	0.01	1.86	1.86	4.05
Nepal Bank Ltd.- Itahari	-	0.14	0.14	0.41
Nepal Bank Ltd.-Lahan	-	0.01	0.01	0.10
B.I.M (Mozambique)	0.11	1.00	1.83	9.47
B.C.I FOMENTO, Mozambique	5.09	3.43	9.09	10.21
BNP Paribas, Algeria	13.11	6.32	89.82	7.10
BNA Algeria	-	0.01	0.01	0.03
Kabul Bank, Mazar-e-Sharif	0.03	0.01	0.15	0.01
Peoples Bank, Galle	0.28	0.29	1.08	2.27
Peoples Bank, Medawachchiya	0.05	-	0.16	-
TOTAL	21.17	14.30		
Flexi Account				
Nepal SBI Bank Ltd-Kathmandu	0.02	-	0.17	-
TOTAL	0.02	-		
Fixed Deposit				
CIMB Bank Berhad, Malaysia	5.02	7.61	8.72	7.61
EON Bank Berhad, Malaysia	15.22	175.11	276.15	522.52
EON Bank Berhad, Malaysia	1.38	1.26	1.38	1.26
EON Bank Berhad, Malaysia	0.53	2.35	2.35	8.44
CIMB Bank Berhad, Malaysia	-	-	-	5.76
BNP Paribas, Hydra, Algiers	4.96	-	6.08	-
Nepal SBI Bank Ltd.-Kathmandu	-	-	-	0.12
B.C.I FOMENTO, Mozambique	4.42	1.59	4.42	1.59
Banco International, Mozambique	-	7.86	7.86	7.86
Peoples Bank, Galle	-	0.43	0.43	2.40
TOTAL	31.53	196.21		

Schedule "I"

OTHER CURRENT ASSETS

(₹ in crores)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Interest Accrued on:		
Staff loans and advances (Secured)	1.30	1.35
Staff loans and advances (Unsecured)	0.34	0.34
Deferred Dues (Iraq project)	31.82	31.82
Loan to Indian Railway Welfare Organisation	1.02	1.01
Deposits & Advances with : Contractors, Suppliers & Others	28.01	22.90
Deposit with Scheduled banks	13.77	13.10
Deposit with Non-scheduled banks	0.01	0.02
	13.78	13.12
Bonds	1.57	0.27
TOTAL	77.84	70.81

Schedule "J"

LOANS & ADVANCES

(₹ in crores)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Secured (considered good):		
Staff Loans & Advances	2.50	2.59
Advances to Contractors against material & machinery	68.84	64.83
	71.34	67.42
Unsecured :		
Interest bearing Loans to:		
Indian Railway Welfare Organisation	-	0.20
Joint ventures:		
CCFB	93.24	91.49
ISTPL	10.00	10.00
	103.24	101.69
Advances recoverable in cash or kind for value to be received:		
Deposit with custom, port trust and other authorities:		
- Sales Tax	21.75	13.14
- Custom Authority & Others	10.68	9.86
	32.43	23.00
Deposits, Claims Recoverable & Retention Money	193.91	170.97
Amount recoverable from Joint venture/s:		
CCFB	1.40	1.57
ISTPL	-	0.01
	1.40	1.58
Advances:		
- Contractors / Suppliers & others	174.04	143.45
- Staff	3.11	1.90
- Sales-tax (including TDS)	34.58	39.91
- Value added tax (Net)	47.96	20.77
- Income-tax (including TDS)	401.87	301.74
[includes Wealth Tax ₹ 0.11 crore (₹ 0.12 crore)]	661.56	507.77
Prepaid Expenses	9.21	22.54
TOTAL	1,073.09	894.97
Secured Considered Good	71.34	67.42
Unsecured Considered Good	984.24	811.06
Considered Doubtful	17.51	16.49
	1,073.09	894.97
Less: Provision for doubtful advances	17.51	16.49
TOTAL	1,055.58	878.48

Details of amount due from Directors:

Current year		Previous year	
Balance at the end of the year	Maximum balance during the year	Balance at the end of the year	Maximum balance during the year
0.021	0.077	Nil	0.032

Schedule "K"

CURRENT LIABILITIES

(₹ in crores)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Sundry Creditors		
- Micro Small & Medium Enterprises	-	-
- Others	461.06	508.92
Advance from Client (1)	960.84	497.09
Advance Work Receipts	780.49	456.93
Deposits & Retention Money (2)	296.30	258.90
Amount Payable to RICON	11.08	3.48
Book Overdraft	3.42	1.19
Other Liabilities	45.59	41.34
TOTAL	2558.78	1767.85

1. Includes Interest payable on advance from clients ₹ 5.49 Crores (₹ 61.98 Crores)
2. Includes FDRs received from contractors towards EMD ₹ 32.23 Crores (₹ 26.23 Crores).

Schedule "L"
PROVISIONS

(₹ in crores)

Particulars	Opening Balance as at 01.04.2010	During the year 2010-11			Closing Balance as at 31.03.2011
		Additions	Written Back	Utilisation	
Provided for :					
Gratuity	37.66	8.83	-	1.88	44.61
Less: Fund with LIC Gratuity	4.11	-	-	-	4.07
	33.55	8.83	-	1.88	40.54
Leave Salary	38.18	18.16	-	2.32	54.02
Settlement allowances on retirement	1.29	0.16	-	-	1.45
Pension	-	9.20	-	-	9.20
Total of Retirement Benefits (A)	73.02	36.35	-	4.20	105.21
Performance Related Pay (B)	21.54	11.50	4.92	5.01	23.11
Doubtful debts	8.94	1.85	0.26	-	10.53
Doubtful advances	16.49	1.92	0.87	0.03	17.51
Demobilisation	9.61	6.60	0.48	0.25	15.48
Maintenance	22.06	19.32	0.68	3.28	37.42
Future contingencies (Contracts)	29.91	13.66	10.29	13.10	20.18
Design Guarantee	-	129.69	-	-	129.69
Corporate Social Responsibility	-	1.61	-	0.83	0.78
Liabilities (Legal cases)	24.49	16.09	0.06	10.62	29.90
Other expenses	60.65	13.67	1.66	3.39	69.27
Income-tax, Fringe Benefit Tax & Wealth tax	338.05	212.29	7.84	0.12	542.38
Dividend (Interim & Proposed)	15.64	49.49	-	41.37	23.76
Tax on Dividend (Interim & Proposed)	2.66	8.07	-	6.88	3.85
TOTAL (I)	623.06	522.11	27.06	89.08	1,029.07
Adjusted for:					
Doubtful debts considered in Schedule-G	8.94				10.53
Doubtful advances considered in Schedule-I	16.49				17.51
Retirements Benefits considered (A above)		36.35	-	4.20	
PRP included in Salaries, Wages & Benefits (B above)		11.50	4.92	5.01	
Income-tax adjusted / considered separately*		212.29	7.84	0.12	
Dividend paid / considered separately		49.49	-	41.37	
Corporate-tax on Dividend paid / considered separately		8.07	-	6.88	
TOTAL (II)	25.43	317.70	12.76	57.58	28.04
Net: Current Year (I-II)	597.63	204.41	14.30	31.50	1,001.03
Previous Year	419.30	92.41	12.51	25.96	597.64

NOTES:

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

Current Year
Previous Year
190.11

66.72

Retirement Benefits considered in Shedule-O

32.15

15.22

Performance Related Pay considered in Schedule -O

1.57

13.19

Provisions (Utilisation) carried to Schedule-O

31.50

25.96

Schedule "M-1"
DEFERRED TAX ASSET

(₹ in crores)

Particulars	As at 01.04.2010	Addition (Deletion) During 2010-11	As at 31.03.2011
	Total	Total	Total
Asset			
Provision for :			
- Maintenance and demobilisation	7.62	6.35	13.97
- Future Contingencies	9.94	(3.39)	6.55
- Doubtful debts and advances	8.10	1.00	9.10
- Gratuity	12.51	1.98	14.49
- Legal cases	5.05	4.65	9.70
- Design Guarantee		32.42	32.42
- Others	27.30	2.93	30.23
Expenses			
- On Voluntary retirement scheme	0.11	(0.05)	0.06
- Allowed for tax purpose when paid	13.80	7.06	20.86
- 3/5th of Preliminary Expenses	-	0.02	0.02
Total	84.43	52.97	137.40

Schedule "M-2"
Deferred Tax Liability

(₹ in crores)

Particulars	As at 01.04.2010	Addition (Deletion) During 2010-11	As at 31.03.2011
	Total	Total	Total
Depreciation	(2.96)	9.27	6.31
Total	(2.96)	9.27	6.31

Deferred Tax (Net)	87.39	43.70	131.09
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Schedule "N"
INCOME

(₹ in crores)

Particulars	2010-11	2009-10
OPERATING INCOME		
Contract Revenue	3,112.51	3,108.79
Loco lease	26.20	23.66
Machinery hire charges	1.56	<u>6.66</u>
	3,140.27	3,139.11
OTHER INCOME		
Interest on Bonds (Gross) (1)	5.41	0.60
Bank Interest Gross (2)	57.30	47.79
Less:- Interest reimbursed to client	15.70	<u>18.07</u>
Interest on refund of income-tax received	-	0.96
Interest on Advances	8.11	9.91
Interest on staff advances	0.26	0.34
Profit on sale of assets	5.15	0.50
Miscellaneous (3)	17.70	<u>21.99</u>
	78.23	64.02
TOTAL	3,218.50	3,203.13

(1) Includes Tax deducted at source ₹ Nil Crores (₹ 0.01 Crore).

(2) Includes Tax deducted at source ₹ 5.20 Crores(₹ 5.08 Crores).

(3) Includes unclaimed amount written back ₹ 1.86 Crores (₹ 1.32 Crores).

Schedule "O" EXPENSES

(₹ in crores)

Particulars	Operating Expenses		Administrative Expenses	
	2010-11	2009-10	2010-11	2009-10
1 Expenses:				
Work expenses	1,615.97	1,803.27	-	-
Total of Work expenses	1,615.97	1,803.27	-	-
2 Decrease (Increase) in Work-in-progress	(7.68)	10.87	-	-
3 Materials and Stores consumed:				
Opening Balance	107.50	165.07	-	-
Add: Purchase during the year	477.12	588.23	-	-
	584.62	753.30	-	-
Less: Closing Balance	62.45	107.50	-	-
Total of Material & Stores consumed	522.17	645.80	-	-
4 Employee remuneration and benefits (1) :				
Salaries, Wages, Bonus, allowances & benefits	96.61	105.16	25.67	27.52
Contribution to provident and other funds	5.27	6.86	1.96	2.43
Foreign service contribution	0.57	0.52	0.50	0.53
Retirement Benefits	32.15	15.22	-	-
VRS Expenses	-	-	0.03	0.10
Staff welfare	1.94	2.82	0.36	0.55
Total of Employee remuneration & benefits	136.54	130.58	28.52	31.13
5 Other Expenses:				
Design, Drawing, Business Development & Consultancy Charges	150.73	61.97	-	-
Inspection, Geo Technical Investigation & Survey Exp.Etc	1.98	1.55	-	-
Exchange Fluctuation Loss	27.81	52.33	-	-
Less:- Exchange Fluctuation Gain	3.81	21.61	-	-
Net Exchange Fluctuation Loss	24.06	30.72	-	-
Rent - Non-residential	3.54	3.07	0.42	0.22
Rates and Taxes	39.43	18.10	1.37	0.19
Vehicle Operation and Maintenance	12.84	16.37	0.77	0.71
Repairs and maintenance				
- Machinery	17.01	22.73	-	-
- Building	0.26	0.32	0.45	0.39
- Office and others	1.88	3.42	1.94	1.51
Power, Electricity and Water charges	3.34	2.42	1.18	1.03
Hire charges of machinery	12.00	15.03	-	-
Insurance	9.55	8.86	0.03	0.02
Travelling & conveyance	9.06	8.51	2.25	2.44
Printing & stationery	1.94	2.17	0.89	1.05
Postage, telephone & telex	1.96	2.65	0.63	0.62
Legal & Professional charges	2.44	3.56	1.24	2.38
Security Services	4.56	3.42	0.27	0.21
Business Promotion	0.95	0.63	0.09	0.24
Bad assets written off	0.01	0.02	-	-
Preliminary Expenses Written off	-	-	0.06	0.02
Loss on sale of Assets/Stores	-	-	0.14	0.01
Amortisation of premium paid on Invest.	-	-	0.20	0.02
Bank and other finance charges	-	-	14.15	12.42
Director sitting fee	-	-	0.02	0.03
Donation	-	-	0.03	0.15
Auditors remuneration (2)	-	-	0.60	0.42
Advertisement & publicity	-	-	4.38	3.44
Training & Recruitment	-	-	0.30	0.17
Corporate Social Responsibility	-	-	0.83	-
Miscellaneous expenses	3.42	6.47	0.69	0.98
	300.96	212.99	32.93	28.67
Less: Provisions Utilised (3)	31.50	25.96	-	-
Total of Other Expenses	269.46	186.03	32.93	28.67
TOTAL	2,536.46	2,777.65	61.45	59.80

(1) Includes Income-tax on non-monetary perks ₹ 0.23 Crore (₹ 0.42 Crore).

Payment to Statutory Auditors:	2010-11	2009-10
(i) Audit Fee - current year	0.25	0.19
(ii) Tax Audit Fees - current year	0.02	0.05
(iii) Certification Fees	0.60	0.06
(iv) Travelling & out of pocket expenses:		
- Local	0.04	0.07
- Foreign	0.03	0.05
Total	0.94	0.42

(3) Details given in Schedule 'L'.

Schedule "P"

PRIOR PERIOD ADJUSTMENTS & EXTRAORDINARY ITEMS

(₹ in crores)

Particulars	2010-11	2009-10
PRIOR PERIOD ITEMS:		
Income:		
Contract Revenue	(4.15)	(0.16)
Interest income on deposits/ loans	-	4.14
Miscellaneous	0.50	0.05
	(3.65)	4.03
Expenses:		
Work expenses	(2.45)	0.18
Administrative expenses	-	0.05
Depreciation	0.61	(0.28)
Others	0.36	1.21
	(1.48)	1.16
TOTAL	(2.17)	2.87

Schedule "Q"

MISC. EXPENSES (TO THE EXTENT NOT WRITTEN OFF)

(₹ in crores)

Particulars	2010-11	2009-10
Opening Balance / Incurred during the year	0.06	0.08
Less :- written off-preliminary expenses	0.06	0.02
	-	0.06
Total	-	0.06

Schedule "R" (Consolidated)

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation

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

2. Consolidated Financial Statements

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

3. Statement of Compliance

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

4. Foreign Currency Transactions

(a) Transactions within the Country:

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

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

(b) Transactions of Integral Foreign Operations

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

- i) Revenue items are translated into Indian currency at the monthly average of opening and closing TT buying rates.
 - ii) Inventories are translated at the TT buying rates 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 TT buying rate.
 - v) Fixed assets and non-monetary items are translated at the TT buying rate at the date of transaction.
- (c) The net exchange differences resulting from the translations at (a) & (b) above are recognised as income or expense for the year.

(d) Transactions of Non-Integral Foreign Operations

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

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

5. Fixed assets

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

6. Investments

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

7. Inventories

(A) Construction Work in Progress

- (i) Construction work-in-progress is valued at cost till such time the outcome of the job cannot be ascertained reliably and at realisable value thereafter. Site mobilisation expenditure to the extent not written off 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 Profit and Loss Account in the year of use.
- (iii) Inventories are valued at lower of the cost arrived at on First in First out (FIFO) basis and net realisable value.
- (iv) Loose tools are expensed in the year of purchase.

8. Cash and Cash Equivalents

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

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

9. Provisions

(a) Provision for maintenance

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

10. Contract Revenue Recognition

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

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

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

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

11. Contracts executed under Joint Venture (JV)

Contracts executed under Joint Venture (JV)

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

12. Leases

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

13. Liquidated Damages and Escalations

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

14. Research & Development Expenses

Expenses on research & development are charged to revenue.

15. Mobilisation Expenses

The initial contract expenses on new projects for mobilization 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.

16. Depreciation

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

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

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

17. Borrowing Cost

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

18. Retirement Benefits

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

19. Prior period adjustment and extraordinary items

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

20. Taxes

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

21. Segment Reporting

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

22. Contingent Liabilities and Contingent Assets

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

Schedule "S" (CONSOLIDATED)

NOTES FORMING PART OF THE ACCOUNTS INCLUDING DISCLOSURES

- 1) Contingent liabilities consist of:
- Claims against the Company not acknowledged as debt ₹ 349.18 crores (₹ 273.65 crores). Against this the Company has counter claims of ₹ 61.79 crores (₹ 101.42 crores). In case claims against the Company do materialise, claims for ₹ 143.24 crores (₹ 102.89 crores) 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 ₹ 114.27 crores (₹ 132.03 crores) of which ₹ 29.31 crores (₹ 31.44 crores) are reimbursable from the clients.
 - Pending disposal of application for extension of time by clients, Company is contingently liable to pay liquidated damages to the extent of ₹ 0.03 crore (₹ 6.11 crores)
 - Outstanding Bank Guarantee of ₹ 0.15 crore (₹ 0.15 crore) to CIDCO towards flats.
 - Claims of Provident Fund Commissioner, J & K for ₹ 1.75 crores (₹ 1.75 crores).
- 2) A demand of ₹ 55.23 crores 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 2001-02 to 2006-07. However, an amount of ₹ 16.67 crores (₹ 12.58 crores) on account of demanded Sale 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 assessment with the Dy. Commissioner Sales-tax (Appeal) and the matter is pending. 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. No assessment has been framed by the department for financial year 2007-08 to 2010-11.
- 3) (a) Estimated amount of contracts remaining to be executed on capital account (net of Advances) is ₹ 0.22 crore (₹ 0.57 crore).
- (b) In case of Subsidiary (Ircan Infrastructures Services Ltd.), the estimate amount of contract amounting to ₹ 74.79 crores (₹ 104.57 crores)
- 4) (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.
- 5) (a) Earnings in foreign currency:

	(₹ in crores)	
Particulars	2010-11	2009-10
Work Receipts, Loco lease	1528.64	1225.59
Bank Interest	8.18	10.13
Other Interest	0.14	0.07
Foreign Exchange Fluctuation Gain	3.50	21.61
Others	4.67	3.64
TOTAL	1545.13	1261.04

(b) Expenditure in foreign currency:

(₹ in crores)

Particulars	2010-11	2009-10
Operational Expenses	728.21	787.07
Consultancy charges	12.83	14.94
Foreign Exchange Fluctuation Loss	28.75	52.33
Administrative & Other Expenses	347.73	147.56
TOTAL	1117.52	996.89

(c) CIF value of Imports:

(₹ in crores)

Particulars	2010-11	2009-10
Capital Goods	-	-
Materials	17.76	11.76
Consumables, Components and Spares	0.23	-
TOTAL	17.99	11.76

6) Disclosure regarding Leases:

I. Operating Leases for Locos

- a) The Company has provided 25 locomotives on lease to a foreign client as on 31.03.2011. The lease is currently valid up to 31.12.2011.
- b) Future minimum lease rental payable / receivable under operating lease for each of the following period is as under:

(₹ in crores)

Lease Rent	Not later than 1 year	Later than 1 year to 5 years	Later than 5 years
Receivable	20.13 (13)	(Nil) (Nil)	(Nil) (Nil)
Payable	(Nil) (Nil)	(Nil) (Nil)	(Nil) (Nil)

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

(₹ in crores)

Particulars of assets	As on 31.03.2011	As on 31.03.2010
Gross carrying amount of assets	24.82	24.82
Accumulated depreciation	8.82	6.39
Depreciation during the year	2.43	1.26

II. Operating lease for Light Vehicles

The Company has taken 5 (5) 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 crores)

Lease Rent	Not later than 1 year	Later than 1 year to 5 years	Later than 5 years
Payable	0.06 (0.07)	0.04 (0.09)	Nil (Nil)

III Operating Lease for Premises

The Company's leasing arrangements are in respect of operating leases of premises for residential use of employees, offices, guesthouses and transit camps. These leasing arrangements, which are not non cancellable, are mostly for one year, and are usually renewable on mutually agreed terms. The Expenses Schedule (Sch O) under Employee Remuneration and Benefits includes ₹ 5.15crores (₹ 6.31 crores) 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 ₹ 3.99 crores (₹ 3.29 crores) shown as rent in Schedule O.

IV Disclosure regarding lease in case of Ircon Infrastructure & Service Limited:

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

7) Segment Reporting:

Primary Segment information (Geographic):

(₹ in crores)

Particulars	International		Domestic		Others*		Total	
	10-11	09-10	10-11	09-10	10-11	09-10	10-11	09-10
A. Turnover								
Operating Income	1576.54	1196.25	1568.36	1952.25	2.81	4.38	3147.71	3152.88
Other Income	10.73	20.56	17.88	14.82	49.62	28.65	78.23	64.03
Inter-segment	-	-	-	-	-	-	-	-
Total Revenue	1587.27	1216.81	1586.24	1967.07	52.43	33.03	3225.94	3216.91
B. Result								
Profit before Provision, Depreciation, Interest and Tax	542.60	240.02	64.03	119.63	18.40	25.53	625.03	385.18
Less: Provision & write backs (Net)	158.41	8.93	30.22	53.61	1.48	17.37	190.11	79.91
Depreciation for the year	16.51	16.82	16.01	19.51	4.38	4.94	36.90	41.27
Interest	-	-	-	-	-	-	-	-
Profit Before Tax	367.68	214.27	17.80	46.51	12.54	3.23	398.02	264.01
Provision for Tax	131.70	57.45	17.69	22.80	11.37	1.58	160.76	81.83
Profit After Tax	235.98	156.82	0.11	23.71	1.17	1.65	237.26	182.18
C. Other Information								
Assets	2114.50	1158.14	1186.43	1021.16	1672.56	1427.89	4973.49	3607.19
Include Fixed Assets (Net Block)	99.84	65.87	86.20	85.27	85.04	85.05	271.08	236.19
Liabilities	1876.17	973.87	1152.39	958.74	565.95	469.93	3594.51	2402.54
Capital Expenditure Additions to Fixed Assets	50.71	3.39	1.13	6.50	1.12	1.87	52.96	11.76

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

Secondary Segment information (Business):

(₹ in crores)

Particulars	Operating Income		Segment Assets		Additions to Fixed Assets	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Construction, etc.	3121.51	3129.23	4952.84	3564.93	52.85	11.51
Leasing & Operation	26.20	23.65	20.65	42.26	0.11	0.25
Total	3147.71	3152.88	4973.49	3607.19	52.96	11.76

8) Disclosures in respect of Joint - Ventures

a) List of unincorporated Joint-Ventures:

(i) In Operation:

S. No.	Name of the JV	Partner(s) and Country of Origin	Participating Interest (in %) as on 31st March	
			2011	2010
1	RICON	Ircan, India RITES, India	49.00	49.00
			51.00	51.00
2	Ircan-GANNON Dunkerly	Ircan, India GANNON Dunkerly	55.70	55.70
			44.30	44.30
3	Ircan-RCS-PFLEIDERER	Ircan, 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	International Metro Civil Contractor, (IMCC) (work completed on 05.03.2006)	Dywidag, Germany Larsen & Tubro Ltd., India Samsung Corp., Korea Shimizu Corp., Japan Ircan, 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) (work completed on 07.04.2010)	Dywidag, Germany Larsen & Tubro Ltd., India Samsung Corp., Korea Shimizu Corp., Japan Ircan, India	29.00	29.00
			26.00	26.00
			26.00	26.00
			9.50	9.50
			9.50	9.50

(ii) Closed JVs:

S. No.	Name of the JV	Partner(s) and Country of Origin	Participating Interest (in %) as on 31st March	
			2011	2010
1	Ircan-COBRA-ELIOP (Work Completed on 15.06.2007)	Ircan, India COBRA, Spain ELIOP, Spain	61.22	61.22
			34.35	34.35
			4.43	4.43
2	Ircan-Sree Bhawani Builders (Project closed, payment yet to be received)	Ircan, India Sree Bhawani Builders, India	24.21	24.21
			75.79	75.79
3	SMJ - Ircan (Project closed, final settlement yet to be made)	Ircan, India Sumber Mitra Jaya, Indonesia	25.00	25.00
			75.00	75.00
4	Ircan - SMJ Project JV (Work completed)	Ircan, India Sumber Mitra Jaya, Indonesia	55.00	55.00
			45.00	45.00

b) List of Joint-Venture Companies:

S. No.	Name of JV Company	Shareholders & country of origin	Percentage of Ownership	
			As at 2011	As at 2010
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 Ltd.	Ircon, India Soma Enterprise Limited, India	50.00 50.00	50.00 50.00

@ w.e.f 01.05.2008, the JV partners have changed the nature of operation of JV as per which the balance scope of work has been bifurcated amongst them as against Joint Control followed earlier. As a result the nature of JV has changed from Jointly Controlled Entity (JCE) to Jointly Controlled Operation (JCO). Proportionate Consolidation method has been followed till 30.4.2008 as per Accounting policy No.11(ii) and thereafter accounted for as independent contracts as per the Accounting policy No.11(i) of Schedule-R of the Company in respect of JCO.

c) Statement of Income, Expenditure, Profit, Assets & Liabilities of JCEs:

S.No.	Particulars	RICON-CETA SARL		RICON		IMCC		MTS		TOTAL	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1.	Income	-	-	2.83	3.99	0.19	0.02	4.43	9.03	7.44	13.06
2.	Expenditure	-	-	0.97	2.27	0.09	0.02	(0.23)	8.50	0.83	10.79
3.	Fixed Assets	1.79	1.79	-	-	-	-	0.004	0.17	1.80	1.96
4.	Current Assets	21.07	22.98	12.95	12.44	4.89	4.61	7.38	6.55	46.29	46.57
5.	Current Liabilities	24.24	24.77	4.06	5.41	4.61	1.39	1.79	5.49	34.70	37.08
6.	Loan Fund	-	-	-	5.29	-	-	-	-	-	5.29

- d) Contingent liability towards the Company's share of indemnity bond in case of IMCC as on 31.03.2011 is ₹ 1.24 crores (₹ 1.24 crores).
- e) Proportionate share of sales-tax liability in case of IMCC as on 31.03.2011 ₹ 4.25 crores (₹ 4.25 crores) and in respect of Service Tax is ₹ 1.01 crores (₹ 1.01 crores).
- f) Contingent liability towards the Company's share of bank guarantee in case of MTG as on 31.03.2011 is ₹ 2.36 crores (₹ 4.69 crores)
- g) Contingent liability towards the Company's share of corporate guarantee to Central Excise in case of MTG as on 31.03.2011 is ₹ 1.54 crores (₹ 1.54 crores)
- h) Contingent liability towards the Company's share of bank guarantee in case of Ircon-RCS-PFLEIDERER as on 31.03.2011 is ₹ 0.91 crore (₹ 0.91 crore)
- i) The Company has extended Corporate Guarantee to the tune of ₹ 30 crores being 50% of the Short Term Loan availed by ISTPL during the year.
- j) Contingent liability towards the Company's share in case of IMCC (Joint Venture) in respect of Income Tax Liability as on 31.03.2011 is ₹ 5.29 crores (₹ 3.25 crores).

9) Related Party disclosures:

a) Enterprises where control exists:

Unincorporated Joint Ventures – Same as list at serial no. 8(a) above.

Joint Venture Companies – Same as list at serial no. 8(b) above.

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

b) Key management personnel:

Directors: -S/Shri Mohan Tiwari, K K Garg, Deepak Sabhlok(appointed w.e.f.16.04.2010) , Madan Lal (retired on 31.12.2010), and Hitesh Khanna (appointed w.e.f. 07.03.2011).

c) Disclosure of transactions with related parties:

(₹ in crores)

Particulars	Transactions		Outstanding Amount	
	2010-11	2009-10	As on 31.03.2011	As on 31.03.2010
Remuneration to key management Personnel (b above) & Sitting Fees to other Independent Directors	As per Note No. 10		Nil	Nil
Service from enterprises where directors interest exist	Nil	Nil	Nil	Nil
Investment in CCFB/ISTPL	Nil	Nil	69.40	69.40
Loan to CCFB/ISTPL	18.32*	(4.45)	103.24	101.69
Advance recoverable from CCFB/ISTPL/RICON	(0.16)	0.25	1.40	10.07
Amount payable to RICON	7.59	2.99	11.08	3.48
Income from CCFB/RICON/ISTPL	10.20	76.38	3.28	58.95
Receiving of Services / Purchase of goods	Nil	Nil	Nil	Nil

* It includes ₹ 18.32 crores pertaining to interest accrued on loan to CCFB (interest on first loan upto 31.12.2010 and interest on second loan upto 31.03.2011) which has been converted into principal as per terms & conditions of loan agreement and restatement of loan.

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

(₹ in crores)

Sr.	Particulars	2010-11	2009-10
1	Capital	4.90	0.40
2	Reserves	0.05	(0.02)
3	Total Assets	35.88	1.15
4	Total Liabilities	35.88	1.15
5	Investment	Nil	Nil
6	Turnover	1.10	Nil
7	Profit Before Tax	0.09	(0.02)
8	Provision for Tax	0.02	Nil
9	Profit After Tax	0.07	(0.02)
10	Proposed Dividend	Nil	Nil

10) Remuneration to Directors are as under:

(₹ in crores)

Sr.	Particulars	2010-11	2009-10
I	Salary & Allowances	0.78	0.53
II	Contribution to Provident Fund	0.06	0.06
III	Superannuation including Retirement Benefits	0.09	0.05
IV	Reimbursement of Medical expenses	0.01	0.02
V	Sitting Fee	0.02	0.03
VI	Other benefits	0.18	0.14
	TOTAL	1.14	0.83

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

- 11) The Company has carried out the assessment on impairment of individual assets by working out the recoverable amount based on lower of the net realisable value and carrying cost during the year in terms of AS 28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India. There is no impairment loss (₹ Nil).
- 12) a) Due to gulf war when payments from clients (including for Samawa and Al-muthana Projects executed in Iraq) were not forthcoming, Govt. of India (GOI) bailed out project exporters in Iraq including Ircon under Deferred Payment Agreement Protocol (DPA).
Under DPA, the outstanding balances dues as certified by Central Bank of Iraq (CBI) to Exim Bank upto Sept.1995 were settled by GOI by issuing bonds in two phases. Subsequent to 2nd phase, CBI had further certified (confirmed by Exim Bank in May, 2000) an amount of USD 0.89 crore (equivalent to ₹ 31.82 crores 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 crores converted at the last settlement rate of 1 USD = ₹ 35.802) has been provided in the books of accounts.
- b) The accrued interest on deferred Iraqi dues and provision for interest to sub-contractors (under Deferred Payment Agreement Protocol) on back-to-back basis have been translated at the last settlement rate (i.e. 1 USD = ₹ 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 31.03.2011 as per AS-11, Other Current Assets would have been ₹ 85.88 crores (higher by ₹ 7.49 crores), Provisions would have been ₹ 1004.52 crores (higher by ₹ 3.54 crores) and Profit Before Tax would have been ₹ 401.97 crores (higher by ₹ 3.95 crores).
- 13) The lease agreement for Locos 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 locos 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.
- 14) The Company had taken a policy from Life Insurance Corporation of India (LIC) under Group Gratuity Scheme. The contributions to LIC were made up to FY 2003-04. Subsequent contributions could not be made as the demand from LIC was not crystallized. Accumulated balance including interest as on 31.03.2011 in the fund maintained by LIC amounting to ₹ 4.07 crores (₹ 4.11 crores) shown as a deduction from provision towards Company's liability for gratuity made as per actuarial valuation in terms of Accounting Policy no. 18(i) (Schedule L). Amount of ₹ 4.07 crores has been received from LIC during the year 2011-12.
- 15) The Company in its Income-Tax returns is claiming deduction under Section-80 IA of Income- Tax Act, 1961, in respect of eligible construction projects w.e.f. Assessment year 2000-01. The deduction has been 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, but the Income tax Department has 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 upto AY 2010-11 is ₹ 509.50 crores (₹ 443.44 crores). The matter is pending before the Tribunal.

16) Disclosure under AS-15

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 return on investments is greater than the obligation of the Company as per actuarial valuation, hence no further provision is considered necessary.

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 crores 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. However, the amount available in the fund including the return on investments is more than the amount required for such benefits as per actuarial valuation.

Leave Encashment

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

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

i) Change in the present value of obligations

(₹ in crores)

	Gratuity	Leave Encashment	PRMF
Present Value of Obligation as at beginning of the period	37.66 (29.56)	38.18 (29.80)	1.29 (10.19)
Interest Cost	2.82 (2.22)	2.86 (2.23)	0.09 (0.76)
Current Service Cost	2.53 (2.31)	3.92 (3.37)	0.07 (0.72)
Past Service Cost	- (-)	- (-)	- (-)
Benefit Paid	(2.01) ((1.71))	(2.47) ((1.62))	- ((0.22))
Actuarial (gain)/loss on obligation	3.61 (5.28)	11.52 (4.39)	(.01) (5.49)
Present Value of Obligation as at the end of the period	44.61 (37.66)	54.02 (38.18)	1.45 (16.96)

ii) Changes in the fair value of plan assets

	Gratuity	Leave Encashment	PRMF
Fair Value of plan assets as at beginning of the period	4.11 (3.77)	- (-)	- (23.69)
Expected return on Plan Assets	0.36 (0.33)	- (-)	- (2.07)
Contributions	- (-)	- (-)	- (-)
Benefit Paid	(0.13) (-)	- (-)	- (-)
Actuarial (gain) / loss on Plan Assets	(0.26) (-)	- (-)	- (1.88)
Fair Value of Plan assets as at the end of the period	4.07 (4.11)	- (-)	- (23.89)

iii) Fair Value of Plan Assets

	Gratuity	Leave Encashment	PRMF*
Fair value of Plan Asset at the beginning of period	4.11 (3.77)	- (-)	- (23.69)
Actual return on Plan Assets	0.09 (0.33)	- (-)	- (0.19)
Benefits paid	(0.13) (-)	- (-)	- (-)
Fair value of Plan Assets at the end of period	4.07 (4.11)	- (-)	- (23.89)
Funded Status	(40.54) ((33.55))	(54.02) ((38.18))	(1.45) (6.93)
Excess of actual over expected return on plan assets	(0.26) (-)	- (-)	- ((1.88))

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

iv) Actuarial Gain / Loss recognised for the period

	Gratuity	Leave Encashment	PRMF
Actuarial gain / (loss) for the period - Obligation	(3.61) ((5.27))	(11.52) ((4.39))	0.01 ((5.49))
Actuarial gain / (loss) for the period - Plan Assets	0.26 (-)	- (-)	- ((1.88))
Total (gain) / loss for the period	3.87 (5.28)	11.52 (4.39)	(0.01) (7.37)
Actuarial (gain) / loss recognised in the period	3.87 (5.28)	11.52 (4.39)	(0.01) (7.37)

v) Amount recognised in Balance Sheet

	Gratuity	Leave Encashment	PRMF
Present Value of Obligation as at the end of the period	44.61 (37.66)	54.02 (38.18)	1.45 (16.96)
Fair Value of Plan Assets as at 31.03.2011	4.07 (4.11)	- (-)	- (23.89)
Funded Status	(40.54) ((33.55))	(54.02) ((38.18))	(1.45) ((6.93))
Excess of actual over estimated	(0.26) -		
Net liability recognised in the Balance Sheet	(40.54) ((33.55))	(54.02) ((38.18))	(1.45) ((6.93))

vi) Expenses recognised in Profit & Loss Account

	Gratuity	Leave Encashment	PRMF
Current Service Cost	2.53 (2.31)	3.92 (3.37)	0.07 (0.72)
Past Service Cost	- (-)	- (-)	- (-)
Interest Cost	2.82 (2.22)	2.86 (2.24)	0.09 (0.76)
Expected return on plan assets	(0.36) ((0.33))	- (-)	- (2.07)
Net actuarial (gain) / loss recognised in year	3.87 (5.28)	11.52 (4.39)	(0.01) (7.37)
Expensed recognised in the Profit & Loss A/c	8.87 (9.47)	18.31 (9.99)	0.16 (6.79)

vii) Amount for the Current Period

	Gratuity	Leave Encashment	PRMF
Present value of Obligation	44.61 (37.66)	54.02 (38.18)	1.45 (16.96)
Plan Assets	4.07 (4.10)	-	(23.89)
Surplus (Deficit)	(40.54) ((33.55))	(54.02) ((38.18))	(1.45) ((6.93))
Experience adjustments on plan liabilities -(Loss)/ Gain	(3.61) (5.28)	(11.52) ((4.39))	0.01 ((5.49))
Experience adjustments on plan assets - (Loss) / Gain	(0.26) (0.33)	- (-)	- ((1.88))

viii) Actuarial Assumptions

I) Method used	Projected Unit Credit Method
II) Discount rate	7.50%
III) Rate of increase in Compensation Levels	7.50%
IV) Rate of return on Plan Assets - Gratuity	8.75%
V) Average Outstanding Service of Employees up to Retirement	14.61 years
VI) Estimated term of Benefit Obligations	14.61 years

17) Disclosure in respect of Contract in Progress*

(₹ in crores)

Details	Up to 31.03.11
(a) Aggregate amount of costs incurred and recognized profits (Less recognized losses)	10531.77
	As on 31.03.11
(b) Amount of Advances received from Client	1650.33
(c) Amount of Retentions (by Client)	332.93

* Excluding projects completed up to 31.03.2011

- 18) 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 Micro, Small and Medium Enterprises as on 31st March 2011.
- 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 2011 is ₹ Nil (₹ Nil).
- 19) The accounting policy relating to prior period / prepaid items has been changed by increasing the amount from ₹ 5000 to ₹ 50000. Due to this change, the net effect of the same is not material.
- 20) As per existing policy, for Design guarantee after the maintenance period, a token provision of ₹ 10 lakhs is kept for each such project. This policy has been changed during the year for making provision for unforeseen expenditure during design guarantee period based on risk perception of management in each contract subject to a minimum amount of ₹ 50 lakhs and maximum amount of Design guarantee specified in contract agreement with the client. Due to this change in policy, a sum of ₹ 129.69 crores has been provided in Malaysia project. Because of this change, profit for the year is lower by ₹ 129.69 crores.
- 21) During the year, the Company has changed accounting procedure relating to expenditure on "Design, Drawing, Business Development and Consultancy Charges". This is now based on receipt of services; earlier this expenditure was accounted for based on contract revenue recognition. Due to this change, the turnover is higher by ₹ 118 crores, PBT is higher by ₹ 34.94 crores, Current Liabilities are reduced by ₹ 47.73 crores and Current Assets are reduced by ₹ 12.79 crores.
- 22) Basic earnings per share are computed by dividing net profit after tax ₹ 237.26 crores (₹ 182.11 crores) by (9,898,000) fully paid equity shares of ₹ 10 each. Diluted Earnings per share is not applicable, as there is no dilution involved.
- 23) Previous year's figures in brackets have been regrouped, rearranged and recast wherever necessary to make it comparable to the current year's classification.

For WAHI & GUPTA

Chartered Accountants

FRN: 2263N

K.P. WAHI

Partner

M.No.16164

LALITHA GUPTA

Company Secretary
& GM (Law)

K.K. GARG

Director Finance

MOHAN TIWARI

Managing Director

Place: New Delhi

Dated: 10.08.2011

For and on behalf of the Board of Directors

Balance Sheet Abstract and Company Business Profile:
I Registration Details:

Registration No.	8171	State Code	55
Balance Sheet Date	31-03-2011		

(₹ in crores)

II Capital raised during the year:

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

III Position of mobilisation and deployment of funds

Total liabilities	4973.49	Total Assets	4973.49
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Sources of funds:

Paid-up Capital	9.90	Reserves & Surplus	1369.08
Secured Loans	Nil	Unsecured Loans	Nil
		Deferred Tax Liability	Nil

Application of funds:

Net fixed assets	271.08	Investments	180.47
Net current assets	796.34	Deferred Tax Asset	131.09
Miscellaneous Expenditure	Nil	Accumulated losses	Nil

IV Performance of the Company

Turnover	3225.94	Total expenditure	2827.92
Profit before Tax	398.02	Profit after Tax	237.26
Earning per share (₹)	239.70	Dividend rate	500%

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

Product Description	Other Projects:	Turnkey Construction
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For and on behalf of the Board of Directors

LALITHA GUPTA
Company Secretary
& GM (Law)

K.K. GARG
Director Finance

MOHAN TIWARI
Managing Director

Place: New Delhi
Dated: 10.08.2011

CONSOLIDATED CASH FLOW STATEMENT

For the year ended on 31st March 2011

	2010-11	2009-10
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation & extraordinary items	400.19	261.06
Adjustment for:		
Depreciation	37.52	40.99
Amortisation of premium on investment	0.20	0.02
Preliminary expenses written off	0.06	0.02
Loss / (Profit) on sale of assets (net)	(5.01)	(0.49)
Interest Income	(55.38)	(41.53)
Provisions - Additions (Write back) Net	190.11	66.72
Effect of Exchange differences on translation of Foreign Currency		
Cash & Cash Equivalents	24.06	30.72
Operating Profit before working capital changes	(1) 591.75	357.51
Adjustment for :		
Decrease (Increase) in Trade Receivables / Loans & Advances	(581.44)	(203.53)
Decrease (Increase) in Inventories	72.90	57.16
(Decrease) / Increase in Sundry Creditors	790.44	61.45
Decrease (Increase) in JCE Current Assets	0.28	7.44
(Decrease) / Increase in JCE Current Liabilities	(2.38)	(2.56)
Misc. Expenses (Preliminary Expenses during the year)	-	(0.08)
	(2) 279.80	(80.12)
Cash generated from operation	(1-2) 871.55	277.39
Cash flow before prior period & extraordinary items	871.55	277.39
Foreign Exchange Fluctuation Reserve	-	(14.72)
Prior period & extraordinary items	(2.17)	2.87
NET CASH FROM OPERATING ACTIVITIES	(A) 869.38	265.54
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including Capital WIP	(74.26)	(18.65)
Sale of fixed assets	7.41	0.89
Interest received	48.35	41.54
Investment Matured (including profit on sale)	-	160.08
Investment in Equity and Bonds	(51.13)	(55.14)
Decrease (Increase) in JCE Fixed Assets	0.16	0.40
NET CASH FROM INVESTING ACTIVITIES	(B) (69.47)	129.12
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend (Including Corporate Tax) paid	(48.25)	(35.78)
(Decrease)/Increase in JCE Loan Fund	(5.29)	1.99
NET CASH FROM FINANCING ACTIVITIES	(C) (53.54)	(33.79)
Effect of Exchange Differences on translation of Foreign Currency Cash & Cash Equivalents		
	(24.06)	(30.72)
NET INCREASE IN CASH & CASH EQUIVALENT	(A+B+C) 722.31	330.15
Cash and cash equivalent (opening)	(D) 1,314.02	983.87
Cash and cash equivalent (closing)	(E) 2,036.33	1,314.02
NET INCREASE IN CASH & CASH EQUIVALENT	(D+E) 722.31	330.15

- Note: 1. Cash and cash equivalents consist of cash in hand and balance 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 ₹ 15.22 crores (₹ 72.25 crores).
5. Cash & Cash Equivalent (closing) includes FDR ₹ 32.23 crores (₹ 26.23) received from contractors towards EMD and ₹ 406.00 crores (₹ 248.55 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 Board of Directors

For WAHI & GUPTA
Chartered Accountants
FRN 2263N

K.P. WAHI
Partner
M.No. 16164

LALITHA GUPTA
Company Secretary
& GM (Law)

K.K. GARG
Director Finance

MOHAN TIWARI
Managing Director

Place: New Delhi
Date: 10.08.2011

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, 2011, the Consolidated Profit & Loss Account and the Consolidated Cash flow statement for the period ended on that date, annexed thereto which we have signed under reference to this report. These Consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express 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 ₹ 35.88 crore as at 31st March, 2011 and total revenues of ₹ 1.10 crore and net cash out flow of ₹ 0.23 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 reports of the other auditors.
4. We report that the Consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, issued by the Institutes 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 Notes to Accounts (Schedule 'S') & Significant Accounting Policies (Schedule "R")
 - a) Note No. 12.b): Carrying balances at exchange rate prevalent at the time of settlement of dues in 1995 with Government of India and not translating at rates prevalent on 31.03.2011 is not in conformity with AS-11. As a result, other current assets is lower by ₹ 7.49 crores, provisions is lower by ₹ 3.54 crores and profit is lower by ₹ 3.95 crores.
 - b) Note No. 20: During the year the company has changed the accounting policy for "Provision for Design Guarantee after the maintenance period". Due to such change, profit for the year is lower by ₹ 129.69 crores, and current liability and provision is higher by ₹ 129.69 crores.
 - c) Note No. 21: During the year the company has changed the procedure of charging Drawings, Design & Consultancy expenses. Earlier it was being charged on turnover basis whereas now it has been charged on services rendered basis. Due to this change, the turnover of the Company has increased this year by ₹ 118 crores, Drawings, Design & Consultancy expenses increased by ₹ 83.06 crores, profit increased by ₹ 34.94 crores, Current Liabilities reduced by ₹ 47.73 crores and Current Assets reduced by ₹ 12.79 crores.
6. Further to our comments in para 5 above and based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of Consolidated Balance Sheet, of the state of affairs of the Ircon International Limited and its subsidiary as at 31.03.2011;
 - ii) In the case of Consolidated Profit & Loss account, of the consolidated results of the operations of Ircon International Limited and its subsidiary for the period ended on that date; and
 - iii) In the case of Consolidated Cash Flow Statement, of the Cash flow for the period ended on that date.

FOR WAHI & GUPTA
Chartered Accountants
FRN 2263N

K.P. WAHI
Partner
Membership No.16164

Place: New Delhi
Date: 10.08.2011



IRCON INTERNATIONAL LIMITED

Civil, Mechanical, Electrical, Communications and Turnkey Contractors

(A Government of India Undertaking)

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