AFCONS INFRASTRUCTURE LIMITED

BOARD OF DIRECTORS

C. P. Mistry - Chairman
P. S. Mistry
S. P. Mistry
N. J. Jhaveri
J. J. Parakh
B. D. Narang
R. M. Premkumar
A. H. Divanji
P. N. Kapadia
N. D. Khurody
K. Subrahmanian - Managing Director
S. Paramasivan - Executive Director (Finance & Commercial)

Audit Committee Members

N. J. Jhaveri - Chairman
J. J. Parakh
P. N. Kapadia
N. D. Khurody

COMPANY SECRETARY

P. R. Rajendran

AUDITORS

Deloitte Haskins & Sells, Chartered Accountants
J. C. Bhatt & Associates, Chartered Accountants

REGISTERED OFFICE

"AFCONS HOUSE"
16, Shah Industrial Estate,
Veera Desai Road,
Azad Nagar P.O.
Andheri (West)
Mumbai- 400 053

Thirty-Fifth Annual General Meeting on 29th September, 2011 at 4.30 p.m. at "Afcons House", 16, Shah Industrial Estate, Veera Desai Road, Andheri (West), Mumbai- 400 053

BANKERS

State Bank of India
UCO Bank
Oriental Bank of Commerce
Axis Bank Ltd.
Bank of India
Dena Bank
BNP Paribas
ING Vysya Bank Ltd.
ICICI Bank Ltd.
Union Bank of India
IDBI Bank Ltd.
Standard Chartered Bank
Yes Bank Ltd.

REGISTRARS & SHARE TRANSFER AGENT

Cameo Corporate Service Limited
Subramanian Building,
1 Club House Road,
Chennai-600002
Tel.no.: 044-28460390
Fax no.: 044-28460129
Email id.: afcons@cameoindia.com

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AFCONS INFRASTRUCTURE LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Thirty-Fifth Annual Report together with the Audited statement of accounts for the year ended 31st March 2011.

1. CONSOLIDATED FINANCIAL RESULTS

Rupees (in Lacs)

Particulars	**31st March 2011**	**31st March 2010**
Total Income	2,89,302	2,32,257
Profit/(Loss) before Tax	15,136	12,656
Provision for Taxation	(3,208)	(2,906)
Excess/(short) provision for tax in respect of earlier years	(32)	(1)
Profit/(Loss) after Tax	11,897	9,748
Minority Interest	(18)	(387)
Balance brought forward from previous years	18,531	9,175
Appropriation	(4)	(4)
Balance Carried Forward to Balance Sheet	30,406	18,531

2. OPERATIONS

During the year under review, your Company has performed well as can be reflected from the financial results above. The Total Income, PBT, EBIDTA and PAT has grown by 24.56%, 19.60%,7.87% & 22.04% respectively.

Our Order book as on 31st March 2011 was Rs.8,17,428 Lacs as compared to our previous year order book of Rs.5,75,377 Lacs. Presently the share of the overseas contract is 10.83% of the order book.

During the year under review, the following major works were completed:

1. Relocation of 220 MW Floating Power Plant from Mangalore to Kakinada for GMR Energy Ltd., Bangalore.
2. Bait Al Barakah – Maritime facilities for guarding restricted area in Oman for Royal Court Affairs, Oman.
3. Site Grading Work at Kochi LNG Terminal, Puthuuvypeen, Kerala, for Petronet LNG Limited.
4. Improvement for Outer Ring Road from IIT gate to NH-8 Intersection, New Delhi for Public Works Department, New Delhi.

During the year under review, the Company has secured the following major contracts:

1. Rehabilitation, strengthening and four laning of Jammu–Udhampur section from Km 15.00 (on Jammu Bypass) to Km 67.00 on NH 1A in the State of Jammu & Kashmir for SP Jammu Udhampur Highway Private Limited for Rs.1,59,800 Lacs.
2. Design and Construction of container berth (625 m length) at Hazira for Adani Hazira Port Private Limited Rs. 9,700 Lacs.
3. Civil and erection works forming part of DSO phase of Iron Ore Mining in Liberia for SNC-Lavalin and Arcelor Mittal for US$ 55 millions equivalent to Rs.25,000 Lacs.
4. EPC Marine facilities for standby jetty at Dahej LNG Terminal, Gujarat for LNG Petronet for Rs.53,316 Lacs in Joint Venture with Pt.Gunanusa Utama Fabricators, Indonesia.
5. UG Package 1 – Design and construction of underground stations at Washermanpet, Mannadi, High court, Chennai Central and Egmore and associated tunnels for Chennai Metro Rail Limited for Rs.1,56,681 Lacs in Joint Venture with Transtonnelstroy Ltd.,Russia.
6. UG Package 5 – Design and construction of underground stations at Shenoy Nagar, Anna Nagar East, Anna Nagar Tower and Thiruman galam and associated tunnels for Chennai Metro Rail Limited for Rs.1,03,099 Lacs in Joint Venture with Transtonnelstroy Ltd.,Russia.
7. Drivage of two punch entries aligning from RG OC II High Wall to No.1 seam of Adriyala Shaft block at Adriyala Shaft Project for Singareni Collieries Limited for Rs.2,118 Lacs.

3. SAP/R3 IMPLEMENTATION

In line with Company's "VISION 2015" of building a robust process for tackling exponential and organic growth, the Company has during the year engaged IBM as SAP/R3 implementation partner. SAP/R3 went live from February 2011 covering functional areas of Finance & Costing, Material Management, Construction plant & machinery, project progress & budgeting, QS module for subcontract related progress and customer billing.

SAP/R3 implementation is one of the most important strategic steps by the Company towards improving processes and achieving excellence in Infrastructure Industry. The transformation will help the Company scale up its operation significantly and provide the required agility and nimbleness for greater customer value.

4. CREDIT RATING

During the year, CRISIL has upgraded our Long Term Rating to "AA/Stable (from "AA-/Stable") which reflects High Safety and has reaffirmed the Short Term Rating of "P1+" which reflects highest safety.

ICRA has assigned the long term rating of "LAA/STABLE" which signifies high credit quality and short term rating of "A1+" which reflects Highest Credit Quality.

5. DIVIDEND

The Directors are pleased to recommend, for approval of members dividend of 0.01% on Convertible Preference Shares of the Company. The dividend, if declared, would involve an outflow of Rs.4.06 Lacs including Rs.0.57 Lacs towards dividend tax.

In order to plough back the profit for the growth, the Directors are not proposing dividend on equity shares.

6. SHARE CAPITAL

During the year under review, company has allotted 1,38,954 equity shares to the employees who exercised ESOP option granted to them under the ESOP Scheme 2006.

7. SUBSIDIARIES

i) During the year, the name of SSS Electricals (India) Private Limited was changed to Afcons Corrosion Protection Private Limited.

ii) In accordance with the general circular no. 02/2011 dated 3rd February 2011 read with general circular no.03/2011 dated 21st February 2011 issued by the Ministry of Corporate Affairs, Government of India, under section 212(8) of the Companies Act,1956 granting general exemption to companies from attaching financial statements of subsidiaries, subject to fulfillment of the conditions stated in the circular. The Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its Subsidiary companies.

8. CORPORATE GOVERNANCE

Your Company, being a value driven organization, believes in coherent and self-regulatory approach in the conduct of its business to achieve the highest levels of good corporate governance practices. Therefore the Company in the interest of the Stakeholders voluntarily complies with the requirements of Corporate Governance. A Report on Corporate Governance is attached separately to this Annual Report.

9. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review, is presented in as a separate section which forms part of the Annual Report.

10. DIRECTORS

Mr. A.H.Divanji, Mr.S.Paramasivan, Mr.N.D.Khurody and Mr.P.N.Kapadia, Directors of the Company retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

Brief profile of Mr.A.H.Divanji, Mr.S.Paramasivan, Mr.N.D.Khurody & Mr.P.N.Kapadia is annexed to the Notice of the Meeting.

11. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to the Directors Responsibility Statement, it is hereby confirmed that:

(i) in preparation of the annual accounts, the applicable accounting standards have been followed along with a proper explanation relating to any material departures from the same;

(ii) the Directors have selected such accounting policies, applied them consistently, and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2011 and of the profit or loss of the Company for the year ended on that date;

(iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the asset of the Company and for preventing and detecting fraud and other irregularities; and

(iv) the Directors have prepared the annual accounts on a going concern basis.

12. QUALITY, HEALTH, SAFETY & ENVIRONMENT

The Company firmly believes that the pursuit of excellence is one of the most critical component for a competitive success. With Quality, Health and Safety Environment being an essential part of the Company's policy, it strives to deliver services by maintaining the highest level of Quality, Health and Safe working environment.

The policy of the Company is to conduct its construction business through an established Quality Management System, which aims to achieve Customer Satisfaction and in the process improving Company's competencies and competitiveness.

The Company is certified ISO 9001:2008 for Quality Management System, ISO:14001:2004 for Environment Management System and OHSAS:18001:2007 for Occupation, Health & Safety Management Systems. All the three systems are well established, documented, implemented and maintained.

The Company has a commendable record in terms of safety at our various projects sites and has received a number of awards as well as appreciation letters from our clients.

13. AWARDS AND RECOGNITIONS

The Company has been awarded **"Infrastructure Excellence Award 2011 for the Best Infrastructure Project in Railways"** at the third edition of the ESSAR Steel Infrastructure Excellence Awards in association with CNBC TV18 jointly initiated by Essar Steel and E18 at New Delhi on 19th April 2011. This award was for the construction of the India's longest rail bridge of 4.6km connecting International Container Transshipment Terminal at Vallarpadam, Kochi with Idapally in North Kochi for the Client Rail Vikas Nigam Limited.

During the year, the Company has also received following awards from the Clients expressing their satisfaction on successful completion of the project in time and with good quality.

- Grade Separator at Mukarba Chowk Project Site at Delhi has been given the **"Award for Excellence"** for the project under the Category - "Best projects completed during 2009-10" by the client Central Public Works Department on 12th July 2010".
- LNG Tank Site at Kochi has been awarded **"5 Million Safe Man-hours Achievement Trophy"** from the Client M/s. IHI Corporation, Japan on 30th December 2010.
- Koldam Hydro Electricity Power Project site at Himachal Pradesh won a safety certificate and award for a good performance in the field of **"Safety and House Keeping"** by the Client NTPC Ltd. on 15th August 2010.

In recognition of our export performance, Government of India has recently upgraded our status to "Trading House".

All these proud achievements are the result of the hard work put in by the entire team of the Company.

14. AUDITORS

M/s.Deloitte Haskins & Sells, Chartered Accountants, and M/s.J.C.Bhatt & Associates, Chartered Accountants, Auditors of the Company hold office until the conclusion of the Annual General Meeting and in accordance with the Certificates received from them under Section 224(1B) of the Companies Act, 1956, they are eligible for re-appointment as the Company's Auditors.The Members are requested to re-appoint the present auditors for the Financial Year 2011-2012 and authorise the Board to fix their remuneration.

15. AUDITORS REPORTS

The Auditor's Report to the shareholders on the Accounts of the Company for the financial year ended 31st March 2011 does not contain any qualification.

16. FIXED DEPOSIT

Your Company did not invite or accept deposits from the public during the year under review. As on 31st March 2011, 24 deposits pertaining to previous years aggregating to Rs.4.47 Lacs remained unclaimed.

17. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the provisions of section 205C of the Companies Act 1956, fixed deposits accepted for the year 2003-2004 and interest thereon which remained unclaimed, inspite of reminders to the fixed deposit holders by the Company, have been transferred during the years, on their due dates, to the Investor Education and Protection Fund (IEPF) established by the Central Government.

18. PARTICULARS OF EMPLOYEES

In terms of the provision of section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are given in the Annexure to the Directors' Report.

19. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

This information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is given below:

A. CONSERVATION OF ENERGY

The Company is converting all major sites from fossil power to grid power thereby minimizing carbon foot print.

Already implemented in
a) Kolkata Metro Project
b) Sohar Project
c) Chenab bridge Project

under implementation
a) Chennai Metro Project
b) Dahej Project

B. RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORBTION

- Introduction of polymer based stabilizing agent instead of bentonite.
- Introduction of automated reinforcement rod processing.
- Introduction of travelling unit for marine construction.

C. FUTURE ACTION PLAN

- Introduction of productivity and knowledge management

D. FOREIGN EXCHANGE EARNING AND OUTGO. (Standalone)

(Rs.in Lacs)

	Current yr.	**Previous yr.**
Earnings	36,929	37,357
Outgo	29,767	17,429

20. ACKNOWLEDGEMENT

Your Directors would like to acknowledge with gratitude the continued support and co-operation received by the Company from its Clients, Bankers, Financial Institution, Governments authorities and its valued Investors.

Your Directors also take this opportunity to acknowledge the dedicated efforts of our employees at all level for their contribution to the success of the Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place: Mumbai
Date: 27th June, 2011

C.P. MISTRY
CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

OVERIVEW OF THE INDIAN ECONOMY

The Indian economy witnessed a higher growth in GDP of 8.5% for the year 2010-11 over a growth of 8% in 2009-10. A strong rebound in agriculture and continued momentum in some sectors of manufacturing and construction enabled the economy to achieve a higher growth in 2010-11.Economic growth was supported on the demand side, by private consumption during the year, and accelerated investment in the first three quarters of 2010-11. Consumer durables, Automobile sector and Engineering goods shore up the overall industrial sector performance. In 2011-12,the projected GDP growth rate is expected to be around 8%.

Despite the growth witnessed in the fiscal year 2010-11, the India's growth story will depend on its ability to cope with the impediments that continue to beleaguer its growth. The resilience of the economy would continue to be tested in the medium terms by the challenges thrown up by a struggling world economies and domestic pressures of inflation and increasing interest rates.

INDUSTRY STRUCTURE AND DEVELOPMENT

The Construction industry is an integral part of the Indian economy and accounts for significant share of the GDP. It is also one of the largest employers of skilled and unskilled labour force in the country and is characterized by mix of both organized and unorganized entities. During the year 2010-11, the construction sector, registered a growth of 8.1% mainly due to the increased level of activity of industrial and infrastructure construction sector.

The Eleventh Plan envisaged the importance of investment in Infrastructure for achieving a sustainable and inclusive growth of 9% to 10% in GDP over the next decade. In this context, it envisaged an increase in investment in physical Infrastructure from the level of about 5% of GDP witnessed during the Tenth Plan to about 9% of GDP by 2011-12.Compared to the estimated total investment in infrastructure of Rs.9,19,225 Crores during the Tenth Plan, the revised projection of investment in infrastructure for the Eleventh Plan is Rs.20,54,205 Crores.

In the Union Budget 2011-12,the Finance Minister has allocated Rs.2,14,000 Crores for Infrastructure in 2011-12.This is an increase of 23.3% over 2010-11.This also accounting for a record 49% of the total planned allocation for the year 2011-12.Continuing on its focus on infrastructure development, the Government has provided the much needed thrust to this sector by creating infrastructure debt funds, proposing to issue tax-free bonds of Rs.30,000 Crores by various government undertakings during 2011-12, raising the foreign institutional investor limit in 5 year corporate bonds for investment in infrastructure by Rs.90,000 Crores. All of these changes will reinforce the growth momentum and help the sector continue along its proclaimed growth trajectory in the medium-term.

The Government has been actively encouraging private investment in Infrastructure through Public Private Partnership (PPP) to meet the massive Infrastructure funding requirement. In the course of the Eleventh Plan, the government has taken several initiatives for standardising the documents and processes for structuring and award of PPP projects in a transparent and competitive manner.

BUSINESS OVERVIEW

During the year, the Company has bagged orders in various segments of construction business both in India and abroad.

The Company in Joint Venture with Transtonnelstroy Ltd.,Russia has bagged 2 packages from Chennai Metro Rail Limited [i.e.(i)Design and construction of underground stations at Washermanpet, Mannadi, High court, Chennai Central and Egmore and associated tunnels.(ii)Design and construction of underground stations at Shenoy Nagar, Anna Nagar East, Anna Nagar Tower and Thirumangalam and associated tunnels.].The aggregate value of both the aforesaid packages is Rs.2,597.80 Crores.

The Company in Joint Venture with PT.Gunanusa Utama Fabricators, Indonesia has bagged the work of EPC Marine facilities for standby jetty at Dahej LNG Terminal, Gujarat for LNG Petronet for Rs.533.16 Crores.

The present order book position of the Company as on 31st March,2011 is Rs.8,174.28 Crores.

During last 5 years, the Company has executed projects in, Abu Dhabi, Algeria, Dubai, Qatar, Mauritius, Madagascar, Oman, and Yemen. Currently, the Company is working in Oman, Jordan and Liberia. During the year ended 31st March 2011, the Company achieved 30.16% of its turnover from overseas market. The Company has now extended all verticals to the global markets. In recognition of the Company's export performance, Government of India has recently upgraded Company's status to “Trading House”.

The growth of the Company has been well diversified across different segments and geographies on the desired line and focus. All the segments are well balanced and there is no over dependence on any one sector or geography and we remain present in all segments with a reasonable significant participation.

CONSOLIDATED FINANCIAL PERFORMANCE

Your Company has achieved total income of Rs.2,893.02 Crores for the year compared to the previous year's Rs.2,322.57 Crores showing an increase of over 24.56%.The Consolidated Profit before Tax for the year was Rs.151.36 Crores compared to Rs. 126.56 Crores in the previous year resulting in increase by 19.60%.The Consolidated Profit after Tax for the year was Rs.118.97 Crores compared to Rs. 97.48 Crores in the previous year resulting in increase by 22.04%.

OPPORTUNITIES

According to the Planning Commission, an investment in infrastructure during the Twelfth Plan (2012-17) has to be of the order of about Rs.46,21,500 Crores to achieve a share of 9.95% as a proportion of GDP. At least 50% of the investment should come from the private sector. This would imply that public sector investment in infrastructure would increase from Rs.11,80,125 Crores in the Eleventh Plan to around Rs.18,44,640 Crores in the Twelfth Plan at 2006-07 prices.

Road:

The Eleventh Plan envisaged an ambitious National Highway Development Programme (NHDP) aimed at upgrading and expanding National Highways in phases. The investment during the Eleventh Plan are now projected at Rs.2,78,658 Crores compared with Rs.3,14,152 Crores in the original projections. Ministry of Road, Transport and Highways has decided to speed up the award and implementation of NHDP. This is likely to increase the investment during the terminal year of the Eleventh Plan, but the major built up in expenditure consequent to this acceleration will be in the Twelfth Plan.

Railways:

The annual Plan of 2011-12 envisages the highest-ever planned investment in the railways at Rs.57,630 Crores. A great thrust has been given in the Railway Budget 2011-12 on expansion of networks, with a larger allocation of Rs.9,583 Crores for new lines. Railways plans to complete 1,000 km of new lines in 2011-12. In addition, the leftover new lines from last year's target will also be completed. Also, Rs.5,406 Crores and Rs.2,470 Crores has been given for doubling and gauge conversion projects to complete 876 km and 1,017 km, respectively. Capacity for speedy implementation of mega projects like the Dedicated Freight Corridor (DFC) project and setting up of new manufacturing units with private investment are also areas of priority for the Railways.

MRTS / Urban Infrastructure

The urban population share may reach 50% in 25 year thereby adding 300 to 400 million to the existing population of about 350 million. Urbanisation in India has been relatively slow in past, but is now expected to accelerate. According to Working Group of Urban Transport for the Eleventh Plan eight cities (i.e. Delhi, Bangalore, Hyderabad, Kolkata, Mumbai, Chennai, Kochi & Ludhiana) will have an estimated total cost of Rs.32,000 Crores to meet the needs of Mass Rapid Transport System (MRTS).The Government is encouraging private sector participation in major urban transport projects.

Ports :

According to the data released by the Indian Ports Association the volume of cargo handled at India's major ports over 2010-2011, rose by 1.1 % to 468.27 million tonnes (MT), as compared to 463.25 MT a year ago.The Traffic handling at major ports is projected at 615.70 MT for 2011-12. The Maritime Agenda 2020 was recently launched, which envisaged investments worth over Rs.1,48,50,000 Lacs in the maritime sector. The agenda aims to create a port capacity of around 3,200 MT from 617 MT as on 31st March, 2010, to handle the expected traffic of about 2,500 MT by 2020. A majority of the projects will be implemented through the public-private participation (PPP) model. The Private investments in the port sector have increased significantly over the years. Till now 24 projects worth Rs.5,805 Crores were taken up under the PPP model and were completed successfully, while another 19 projects worth Rs.11,250 Crores are being implemented.

Airports:

International and Domestic passenger traffic is expected to reach over 80 million and over 150 million by 2020. Cargo traffic is also expected to reach 9 million tonne by 2020.Towards improving the airport infrastructure AAI has undertaken ambitious project of modernization of 35 non metro airports. This would entail investment of Rs.1,57,500 Crores for the proposed airports. Of this Rs.7,000-7,500 Crores are expected to be invested in 2011-12 in this sector.

Power:

According to Central Electricity Authority (CEA) India has a total power generation capacity of 1,73,626.40 mega watt (MW) as of 31st March 2011. Thermal power in India is responsible for two-third of power generation in India which includes using gas, liquid fuel and coal.

The Eleventh Plan has projected investment of Rs.6,58,630 Crores in the Electricity sector of which projected investment for the year 2011-12 is Rs.1,59,471 Crores. The Twelfth Plan (2012-2017) envisages capacity addition of 100,000MW units. Of this 20,000 MW is to be hydro, 76,600 MW from Thermal and 3400 MW from Nuclear, Solar & others.

The government is set to introduce several policies to provide impetus to aid the growth of Power sector. The government is expected to increase the budgetary allocation for the Ministry of New and Renewable Energy and also to invest in other significant projects such as Jawaharlal Nehru National Solar Mission which was launched in 2009 aimed at beefing up solar Power infrastructure in order to increase India's solar generation capacity to 20000MW by the year 2020.

RISK AND CONCERNS

A. Global Events

The momentum of India's growth in the coming year(s), inter alia, will be determined by the performance and the developments that take place globally. Some of the key developments likely to determine the pace of our growth are:

- Events in European Union and United States may lead to a further tightening of credit availability.
- Political instability in Middle East & North Africa leading to slowdown in investment in infrastructure in these geographies in the short term.
- Due to negative perceptions on the domestic front (various scams, high inflationary levels, etc.), there is a possibility of capital moving out of India.

B. Domestic Events:

Despite the Construction Industry in India witnessing growth in comparison to other emerging economies and developed economies in the last year, the developments on the economic front cast constraints and challenges on the prospect of the industry mainly due to the following:

- Change in government policies, priorities and its budgetary allocation for infrastructure development.
- Interest rate have seen 11 hikes since April 2010, with repo rate increased from 5.00% to 8%.This is leading to a sustained pressure of tightening Liquidity position and interest rate risks.
- Delay in award of contract and releasing work fronts and technical clearances for execution of projects.
- Availability of skilled manpower and high attrition levels of employees in the industry.
- Dispute resolution mechanism is time consuming resulting into significant blockage of working capital.
- Increasing competitive intensity across segments, due to mushrooming of competition in the last few years, and slowdown in award of projects.

Your Company's presence in projects across various segments of construction business both in India as well as abroad has helped to mitigate the above constraints and also ensure long term sustainable growth with profitability.

OUTLOOK

The Company has chalked out 5 year growth plan "Vision 2015" in 2009-10. Apart from consolidating its business in Marine and Transportation segment, the Company intents to scaling up its presence in oil and gas, hydro and tunneling construction.

Geographically, the Company would continue on overseas presence and would like to have a turnover of minimum of 25% from this market. The Company is actively pursuing entry into new and developing markets including Middle East and Africa.

The Company would continue to maintain its status as a prominent Transnational Infrastructure Company recognized for its business innovation, focused on Total Satisfaction and creating enhanced value for all our stakeholders.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACIES

The Company has in place an adequate Internal control system. The financial control operates through continuous Internal Audit and distribution of functional responsibilities. Internal Auditors conduct audits of sites of the Company throughout the year to test the adequacy of the internal systems and suggest continual improvements. Internal Audit reports and adequacy of internal controls are reviewed by the Board's Audit Committee on a regular basis. The operational control exist through well laid out system of checks and balances and hierarchy of reporting from site level to central management groups to the senior management and the Directors.

HUMAN RESOURCES DEVELOPMENT

In AFCONS, employees are a part of the performance raising team in professionalism, opportunity, responsibility, belongingness and accomplishment with Company's vision. Our employees are considered the most valuable asset and the Company is committed to enable employees to maximize their contribution to the company, while also maintaining effectiveness between their work and personal lives. By creating a framework for managing Work/ Life effectiveness, the Company enhances our ability to develop and retain our employees and demonstrate our commitment to creating a great place to work in the AFCONS Innovative Culture.

The Company HR Policy focuses on the following key areas:

- Talent Acquisition through a defined talent management strategy in alignment with business goal and targets.
- Imparting Learning and Development to employees and prepare them for their current and future roles.
- Adequate Compensation Package coupled with Incentives, rewards and recognitions.
- Culture building focus on building a culture of innovation and creativity in construction process.

The Company organizes focused training sessions and workshops to continuously improve the skill sets of the employees. The Classroom @ site Programme has been practiced across all sites and has been very successful.

Your Company endeavour to provide its employees a professional, congenial, safe work environment coupled with opportunities for personal growth and development.

Afcons is rated as one of the best companies to work for in the Construction and Infrastructure sector for last four years by the Construction World.

CAUTIONARY STATEMENT

The statement in Management Discussions and Analysis describing the Company's operations and expectations are "forward looking statements". Actual results may differ owing to environmental dynamics.

AFCONS INFRASTRUCTURE LIMITED

REPORT ON CORPORATE GOVERNANCE

I. CORPORATE GOVERNANCE PHILOSOPHY

The Company subscribes fully to the principles and spirit of sound Corporate Governance and embodies the principles of fairness, transparency, accountability and responsibility into the value systems driving the Company. It has been the constant endeavor of the company to create an environment for efficient conduct of the business and to enable management to meet its obligation to all its stakeholders, including amongst other, shareholders, customer, employees and the community in which the Company operates.

II. BOARD OF DIRECTORS

(a) Composition

As on 31st March, 2011 the Board of Directors of the Company comprised of 12 Directors out of which 2 are Executive Directors and the remaining 10 are Non-Executive Directors. The Chairman of the Board is the Non Executive Director and the Board consists of 6 Independent Directors. The Non-Executive Directors are eminent professionals with experience in Industry, Management, Finance, Research and Law who bring in a wide range of skills and experience to the Board.

(b) Board Meetings and Attendance:

During the year 2010-11, Four Board Meetings were held on the following dates 17th June, 2010, 20th September, 2010, 15th December 2010 and 28th March 2011. The notice for the Board Meeting and the detailed agenda papers were circulated to all the Directors well in advance to enable them to attend and take an informed decision at the Meetings.

The minutes of the proceedings of each Board and committee meeting are properly recorded and entered into Minutes book. There is effective post meeting follow up, review and reporting process for decision taken by the Board.

None of the Directors are members of more than ten Board level committees nor are they chairman of more than five committees in which they are members. Table below give details of Directors attendance record and directorship held in other companies.

Name of the Director	Category	Total no. of Board Meetings during the year 2010-2011		No. of other Directorship(s) in other Public co. [1]	No of Committee position held in other Public co. [2]		Whether attended last AGM held on 20.09.2010
		Held	Attended	Member	Chairman	Member	
Mr.C.P.Mistry	Chairman	4	4	5	-	-	Yes
Mr.P. S. Mistry	Non-Executive Director	4	4	9	-	1	Yes
Mr. S.P. Mistry	Non-Executive Director	4	2	11	-	2	No
Mr. N.J.Jhaveri	Independent Director	4	3	8	1	3	Yes
Mr.N.D.Khurody	Independent Director	4	3	8	1	-	Yes
Mr. J.J.Parakh	Non-Executive Director	4	4	7	-	-	Yes
Mr.B.D.Narang	Independent Director	4	3	11	-	-	No
Mr.R.M.Premkumar	Independent Director	4	4	5	1	-	Yes
Mr.P.N.Kapadia	Independent Director	4	2	3	-	-	Yes
Mr.A.H.Divanji	Independent Director	4	4	-	-	-	Yes
Mr.K.Subrahmanian	Managing Director	4	4	-	-	-	Yes
Mr.S.Paramasivan	Executive Director	4	4	2	-	-	Yes

Note:

1 Excludes Directorship in Private Limited Companies, Foreign Companies & Companies registered under section 25 of the Companies Act, 1956.

2 Chairmanship / Membership of Audit Committee and Shareholders / Investors' Grievance Committee in other Public Companies have been considered .

III. AUDIT COMMITTEE

a. The Audit Committee of the Company is constituted in accordance with the provision of Section 292A of the Companies Act, 1956.

b. Terms of Reference of the Audit Committee are broadly as under:

- Overseeing the Company's financial reporting process and the disclosure of financial information.
- Recommending the appointment and removal of external auditors and fixing of audit fees.
- Review with management the annual financial statements before submission to the Board.
- Review with management, external and internal auditors, the adequacy of internal controls.
- All other powers and duties as per Section 292A of the Companies Act 1956 and Clause 49 of the Listing Agreement.

c. Four Meetings were held during the year on the following dates:
17th June, 2010, 20th September, 2010, 9th December, 2010 and 28th March, 2011.

d. Composition of Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:

Name of the Director	Category	No. of Meetings	
		Held	Attended
Mr. N.J.Jhaveri	Independent Director - Chairman	4	3
Mr. N.D.Khurody	Independent Director	4	4
Mr. P.N. Kapadia	Independent Director	4	4
Mr. J.J. Parakh	Non-Executive Director	4	3

IV. REMUNERATION COMMITTEE

a. The broad terms of reference of the remuneration committee are as under:

The Remuneration Committee shall have powers and authorities as provided under the provisions of Schedule XIII of the Companies Act, 1956 and any amendment thereof, if any, granting the approval of remuneration to the Wholetime Directors and the Managing Director of the Company.

b. One meeting of the remuneration committee was held during the year i.e. 18th August 2010.

c. The Composition of remuneration committee was as under:

Name of the Director	Category	No. of Meetings	
		Held	Attended
Mr.N.J.Jhaveri	Independent Director - Chairman	1	1
Mr.N.D.Khurody	Independent Director	1	1
Mr.P.N.Kapadia	Independent Director	1	1

d. Remuneration Policy

Remuneration to executive directors has been decided based on the years of experience and contribution made by the respective executive directors and is consistent with the industrial practice. As regards payment of sitting fees to Non-Executive Directors, the same has been within the limit allowed in terms of the Companies Act,1956.

e. Details of Remuneration paid to Directors during the financial year 2010-11:

i. Remuneration paid/payable to the executive directors for the financial year ended 31st March 2011:

(Rs.p.a.)

Name of Director	Basic Salary	PF / SA	Perquisites	Total Remuneration
Mr.K.Subrahmanian	22,86,000	6,17,220	1,18,91,718	1,47,94,938
Mr.S.Paramasivan	18,72,000	5,05,440	86,10,060	1,09,87,500
	41,58,000	**11,22,660**	**2,05,01,778**	**2,57,82,438**

The number of stock options granted till date to the Executive Directors is as under:

Name of the Director	Stock options granted till date
Mr.K.Subrahmanian	35,040
Mr.S.Paramasivan	26,280

ii Remuneration paid/payable to the non-executive directors for the year ended 31st March 2011 is as under:

The Non-Executive directors were not paid any remuneration except sitting fees for attending the meetings of the board of directors and /or committees thereof .The details of the sitting fees paid to the Non-Executive directors are as under:

Name of the Director	Sitting Fees (Rs.)	Shareholding in the Company	
		No. of Shares	% holding
Mr.C.P.Mistry	70,000	-	
Mr.P.S.Mistry	40,000	-	
Mr. S.P.Mistry	20,000	-	
Mr. J.J.Parakh	1,40,000	6,619	0.009
Mr A.H.Divanji	40,000	21,720	0.030
Mr. N.J.Jhaveri	1,00,000	17,749	0.025
Mr.P.N.Kapadia	1,00,000	-	-
Mr.N.D.Khurody	1,10,000	-	-
Mr.B.D.Narang	30,000	-	-
Mr.R.M.Premkumar	40,000	-	-
Total	**6,90,000**	**46,088**	**0.064**

The Company does not have any material pecuniary relation or transactions with its Non-Executive Directors.

V. SHAREHOLDERS/ INVESTOR'S GREVIANCES CUM SHARE TRANSFER CUM ESOP SHARE ALLOTMENT COMMITTEE:

a. The Shareholders / Investor's Grievances Cum Share Transfer Committee was constituted on 28th November, 2006.The Board of Directors at its meeting held on 24th September, 2008 renamed the said Committee as Shareholders / Investor's Grievance Cum Share Transfer cum ESOP Share Allotment Committee.

b. The broad terms of reference of Shareholders / Investor's Grievance Cum Share Transfer cum ESOP Share Allotment Committee are as under:

- To look into matters pertaining to the redressal of shareholders and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.
- to approve transfer of the Equity and Preference Shares of the Company and further delegate such powers to the Registrar for the Transfer of Shares of the Company.
- to investigate into any matter in relation to areas specified above or referred to it by the Board of Directors and for this purpose will have full access to information contained in the records of the Company.
- to allot equity shares to the employees exercising the ESOP options granted under the ESOP Scheme 2006 of the Company.

c. Three meetings were held during the year on the following dates:

17th June, 2010, 13th August, 2010 and 11th February, 2011.

d. Composition, Meetings and Attendance.
The Composition and attendance of members at the meetings of the Shareholders / Investor's Grievance Cum Share Transfer Cum ESOP Share Allotment Committee was as under:

Name of the Director	Category	No. Of Meetings	
		Held	Attended
Mr.P.N.Kapadia	Independent Director - Chairman	3	3
Mr.J.J.Parakh	Non-Executive Director	3	3
Mr.S.Paramasivan	Executive Director	3	3

e. Name and Designation of the Compliance Officer
Mr.P.R.Rajendran, Company Secretary is the Compliance officer of the Company.

f. Status of Investor's Complaints
During the financial year all the letter/complaints received by the Registrar and Share Transfer Agent have been redressed and there were no complaints pending with the Company/Registrar and Share Transfer Agent. All the valid share transfers requests received during the year were duly attended to and processed in time. There was no valid request pending for share transfer as on 31st March 2011.

VI. OTHER COMMITTEES OF THE BOARD

A. FCP COMMITTEE

i. The Company with the object of raising fund through Private Placement by issuing Fully Convertible, Non - Cumulative, Non-Participatory Preference Shares ("FCPs") constituted a Committee of Directors named as "FCPs Committee" and delegated to such Committee the following powers:

- To finalise all terms and conditions for subscription agreement, call option agreement and such other agreements incidental or ancillary to the issue and allotment of Fully Convertible, Non-Cumulative, Non-Participatory Preference Shares ("FCPs") convertible into Equity Shares.
- To convene Extraordinary General Meeting of the Company to obtain shareholders consent to amend the Articles of Association of the Company in relation to the issue of FCPs;
- To make applications to such authorities as may be required and to accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required;
- To accept application money, open bank account for receiving the application money from allottees and to issue them share certificates in accordance with the relevant rules;
- To make application to authorities for dematerialisation of FCPs allotted to the allottees.
- To authorize and approve the incurring of expenditure and payment of fees in connection with the issue and allotment of FCPs;
- To do all such acts, deeds, matters and things and execute all such other documents as it may, in its absolute discretion, deem necessary or desirable for such purpose, and to settle all questions, difficulties or doubts that may arise in regard to such issues or allotment and matters incidental thereto as it may, in its absolute discretion deem fit;
- To engage services of professionals including merchant bankers, lawyers, Chartered Accountants and Valuers.
- To exercise such powers and to do all such act, deed, matters and things in connection with the issue and allotment of FCPs as the FCPs Committee deems fit and proper.
- To sub-delegate any of the said powers and authorities to any one of the Committee Members and/or to any other person as the FCPs Committee deems fit.
- The FCPs Committee may pass any resolution by circulation.

ii. No meeting was held during the year.

iii. Composition of the Committee

Name of the Member	Category
Mr. P.N.Kapadia	Independent Director –Chairman
Mr.J.J.Parakh	Non-Executive Director
Mr. K.Subrahmanian	Managing Director
Mr.S.Paramasivan	Executive Director

B. COMPENSATION (ESOP) COMMITTEE

i. The Compensation (ESOP) Committee was constituted for implementation, administration and superintendence of the ESOP Schemes and to formulate the detailed terms and conditions of the ESOP Scheme.
ii. No meeting was held during the year.
iii. Composition of the Committee

Name of the Member	Category
Mr.N.J.Jhaveri	Independent Director -Chairman
Mr. P.N.Kapadia	Independent Director
Mr. K.Subrahmanian	Managing Director

c. COMMITTEE OF DIRECTORS

i. The Committee of Directors was constituted for reviewing the various aspects of business including Operations, Finance, Business Development and to recommend to the Board the strategies for creating better value for the Organisation from all angles.

ii. Four meeting were held during the year on the following dates:
17th June, 2010, 20th September, 2010, 15th December, 2010 and 28th March, 2011.

iii. The Composition, Meetings and Attendance of the Committee of Directors meetings was as under:

Name of the Member	Category	No. Of Meetings	
		Held	Attended
Mr. N.J.Jhaveri	Independent Director –Chairman	4	3
Mr. C.P. Mistry	Non-Executive Director	4	3
Mr. N.D. Khurody	Independent Director	4	3
Mr.J.J.Parakh	Non-Executive Director	4	4
Mr. K.Subrahmanian	Managing Director	4	4
Mr. S. Paramasivan	Executive Director	4	4

VII. GENERAL BODY MEETINGS

a. The details of the Annual General Meetings (AGMs) held in the last 3 years:

AGM	Location	Date of AGM	Time
34th	Registered Office of the Company	20.09.2010	4.30 p.m
33rd	Registered Office of the Company	30.09.2009	4.30 p.m
32nd	Registered Office of the Company	30.09.2008	4.00 p.m.

b. No Extra Ordinary General Meetings (EGMs) held in the last 3 years:

C. Details of the special resolutions passed during the last 3 years:
AGM:

34th AGM dtd.20.09.2010	Consent of the Company to make/give loan(s)/advances/deposits and to provide guarantees/securities to any other body corporate/make investments in the companies u/s 372A (1) of the Companies Act, 1956 in excess of the limits to Afcons Offshore and Marine Service Private Limited and to direct/ indirect subsidiary company of the Company to be set up of Kingdom of Saudi Arabia.
33rd AGM dtd.30.09.2009	NIL
32nd AGM dtd.30.09.2008	a. Alteration of Clause IIIC of the Memorandum of Association of the Company by incorporating subclause 40, 41 relating to Construction of Offshore platforms and related structures and Shipyard and Offshore Fabrication Yard. b. Commencement of the business specified in subclause 40 and 41 of clause IIIC of the Memorandum of Association of the Company. c. Consent of the Company to make/give loan(s)/advances/deposits and to provide guarantees/ securities to any other body corporate/make investments in the companies u/s 372A (1) of the Companies Act, 1956 in excess of the limits to Afcons Construction Mideast LLC, Dubai UAE, Afcons Infrastructure International Limited, Mauritius, Afcons Madagascar Overseas Sarl, Madagascar and to direct/indirect subsidiary of the Company to be set up in Sultanate of Oman.

d. During the year no resolution was passed through Postal Ballot.

VIII. DISCLOSURES

a. There were no materially significant related party transactions during the financial year 2010-11 that may have potential conflict with the interests of the Company at large. The detail of the related party transactions as per AS-18 are included in the notes to accounts forming part of the Annual Report.

b. Although the Company is not listed with any stock Exchange, it voluntarily complies with Corporate Governance requirement of the Listing Agreement.

IX. MEANS OF COMMUNICATION:

a. The Company has its own website and all the vital information relating to the Company is displayed on the website. Address of the website is www.afcons.com.

b. Annual Report containing inter alia, Audited Annual Report, Financial Statements, Directors Report, Auditors Report and other important information is circulated to the members and others entitled thereto.

X. GENERAL SHAREHOLDERS INFORMATION

a. AGM

Date	: 29th September, 2011
Time	: 4: 30 pm
Venue	: “Afcons House”,16, Shah Industrial Estate, Veera Desai Road, Azad Nagar P.O., Andheri (West), Mumbai-400053

b. Financial Year : 1st April to March 31st

c. Date of Book Closure : 22st September, 2011 to 29th September, 2011 (both days inclusive)

d. ISIN No. : INE101I01011

e. Registrar & Share Transfer Agent : Cameo Corporate Service Limited
Subramanian Building,
1 Club House Road, Chennai-600002
Tel.no. : 044-28460390
Fax no. : 044-28460129
Email id. : afcons@cameoindia.com

XI. SHAREHOLDING PATTERN AS ON 31ST MARCH, 2011.

Sr. No.	Category	No. of Shares	% of total
1	**Promoter’s holding**		
	Indian Promoters –Bodies Corporate	6,92,14,267	96.35
	Sub total (1)	6,92,14,267	**96.35**
2	**Non Promoters Holding**		
	Companies / Bodies Corporate	51,040	0.07
	Employees / Retired Employees / General Public	11,36,834	1.58
	Directors & their Relatives	2,45,957	0.34
	Employees Trust	11,91,370	1.66
	Sub total (2)	**26,25,201**	**3.65**
	Total (1+2)	**7,18,39,468**	**100.00**

XII. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2011

Number of Shares	Shareholders		Shares	
	Number	% of Total	Number	% of Total
1 to 100	60	9.1186	5,560	0.0077
101 to 500	349	53.0395	93,648	0.1303
501 to 1000	48	7.2948	38,334	0.0534
1001 to 2000	52	7.9027	76,766	0.1069
2001 to 3000	19	2.8875	48,962	0.0682
3001 to 4000	13	1.9757	47,174	0.0657
4001 to 5000	9	1.3678	41,336	0.0575
5001 to 10000	51	7.7508	3,86,285	0.5377
10001 & above	57	8.6626	7,11,01,403	98.9726
Total	658	100.0000	7,18,39,468	100.0000

XIII Address for Correspondence:

Afcons Infrastructure Limited
Afcons House,16 Shah Industrial Estate,
Veera Desai Road, Andheri (W), Mumbai – 400053
Tel.no.: 67191000,Fax.no.: 26730027/26731031
Website: www.afcons.com

AUDITORS' REPORT

To, the Members of Afcons Infrastructure Limited

1. We have audited the attached Balance Sheet of Afcons Infrastructure Limited ("the Company") as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the 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 misstatements. 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 for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government 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. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
   (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
   (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
   (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
      (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
      (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on 31st March, 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117366W)

R. Laxminarayan
Partner
Membership No.33023

For J. C. Bhatt & Associates
Chartered Accountants
(Registration No. 130923W)

J. C. Bhatt
Partner
Membership No.10977

Place : Mumbai
Dated : 27th June, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business, clauses (viii), (xiii) and (xiv) of CARO are not applicable.

(ii) In respect of its fixed assets:
   (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
   (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
   (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventory:
   (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
   (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
   (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) The Company had taken loans aggregating to Rs. 90.00 lacs from one party during the earlier years. At the year-end, the outstanding balance of such loans taken aggregated to Rs. 90.00 lacs and the maximum amount involved during the year was Rs. 90.00 lacs.

(b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the Company.

(c) The principal amounts have not fallen due for repayment during the year and payment of interest in respect of such loans have been regular.

(v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

(b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.

(vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A & 58AA or any other relevant provisions of the Companies Act, 1956. We are informed that no Order has been passed by the Company Law Board or Reserve Bank of India or any Court or any other Tribunal.

(viii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(ix) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2011 on account of disputes, if any, are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount (Rs. in lacs)	Amount Paid / Adjusted (Rs. In lacs)	Net Balance (Rs. in lacs)
Assam General Sales Tax Act 1993	Sales Tax	Dy. Commissioner of Taxes (Appeal), Tinsukia	1994-95	6.07	6.07	-
Assam General Sales Tax Act 1993	Sales Tax	Dy. Commissioner of Taxes (Appeal), Guwahati	2007-08	26.89	14.85	12.04
Andhra Pradesh General Sales Tax Act 1957	Sales Tax	Sales Tax appellate Tribunal, Hyderabad	1995-96, 1996-97, 1997-98	16.39	-	16.39
Andhra Pradesh General Sales Tax Act 1957	Sales Tax	Appellate Dy. Commissioner of Commercial taxes, Hyderabad	1997-98	0.75	0.56	0.19
Delhi Sales Tax on Works Contract Act 1957	Sales Tax	Addl. Commissioner (Appeals)	2003-04, 2004-05	698.05	528.56	169.49
Delhi Value Added Tax Act, 2004	Sales Tax	Addl. Commissioner (Appeals)	2007-08, 2008-09	266.51	24.24	242.27
Madhya Pradesh General Sales Tax Act 1958	Sales Tax	Dy. Commissioner	1985-86	15.09	5.18	9.91
Madhya Pradesh General Sales Tax Act 1958	Sales Tax	Addl. Commissioner	1987-88, 1988-89, 1989-90	15.48	2.00	13.48
The Maharashtra Sales Tax on Transfer of property in goods involved in Execution of Works Contract (Re-enacted) Act, 1989	Sales Tax	Asst. Commissioner of Sales Tax, Mumbai	1997-98	26.31	12.32	13.99
Orissa Sales Tax Act, 1947	Sales Tax	Appellate Tribunal of Sales Tax, Cuttak	1998-99	206.74	183.96	22.78
Orissa Sales Tax Act, 1947	Sales Tax	Addn. Commissioner of Sales Tax, Cuttak	1998-99	194.75	151.63	43.12
Orissa Sales Tax Act, 1947	Sales Tax	High Court, Orissa	1999-00	184.07	153.44	30.63

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount (Rs. in lacs)	Amount Paid / Adjusted (Rs. In lacs)	Net Balance (Rs. in lacs)
Orissa Sales Tax Act, 1947	Sales Tax	Addn. Commissioner of Sales Tax, Behrampur	2000-01	109.84	107.74	2.10
Orissa Sales Tax Act, 1947	Sales Tax	Addn. Commissioner of Sales Tax, Bhubaneshwar	2004-05	43.82	28.45	15.37
Tamilnadu General Sales Tax Act, 1959	Sales Tax	Dy. Commissioner Of Commercial Taxes, Chennai	1992-93, 1994-95 1995-96, 1996-97	13.47	12.47	1.00
West Bengal Sales Tax Act, 1954	Sales Tax	Sales Tax Appellate Tribunal, Kolkata	1987-88, 1988-89	11.24	5.32	5.92
West Bengal Sales Tax Act, 1954	Sales Tax	Dy. Commissioner of Commercial Taxes, Durgapur	1994-95, 1996-97	32.42	21.39	11.03
Central Excise Act, 1944	Excise Duty	CESTAT, New Delhi	2007-08 & 2009-10	1,322.87	1,177.85	145.02
Central Excise Act, 1944	Excise Duty	Supreme Court	2004-05	52.00	52.00	-
Central Excise Act, 1944	Service Tax	Commissioner of Service Tax	2007-08	2.84	-	2.84
Income Tax Act, 1961	Income Tax	Deputy Commissioner of Income Tax	2005-06	913.58	9.47	904.11

(x) The company does not have accumulated losses as at the end of the year. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, and financial institutions.

(xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interests of the Company.

(xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.

(xv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.

(xvi) 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 Companies Act, 1956. Hence, clause (xviii) regarding preferential allotment of shares of paragraph 4 of the Order is not applicable to the Company for the year.

(xvii) The Company has not issued any debentures during the year. Hence, the requirement of reporting on creation of security in respect of debentures issued under clause (xix) of the order does not arise.

(xviii) The Company has not raised any money by public issue during the year.

(xix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117366W)

R. Laxminarayan
Partner
Membership No. 33023

For J.C. Bhatt & Associates
Chartered Accountants
(Registration No. 130923W)

J. C. Bhatt
Partner
Membership No. 10977

Place : Mumbai
Dated : 27th June, 2011

AFCONS INFRASTRUCTURE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

		SCHEDULE	RS. IN LACS	RS. IN LACS	AS AT 31st March,2010 RS. IN LACS
I.	**SOURCES OF FUNDS**				
(1)	**Share Holders' Funds**				
	Share Capital	1	**42,183.95**		42,170.05
	Reserves and Surplus	2	**24,459.48**		18,663.00
	Share Application Money - Pending Allotment		-		0.18
				66,643.43	60,833.23
(2)	**Loan Funds**				
	Secured Loans	3	**33,889.58**		23,644.36
	Unsecured Loans	4	**34,149.49**		30,232.07
				68,039.07	53,876.43
(3)	**Deferred Tax Liability (net)** (Refer Note No. 16 of Schedule 19)			**5,760.42**	4,436.64
	Total			**140,442.92**	119,146.30
II.	**APPLICATION OF FUNDS**				
(1)	**Fixed Assets:**	5			
	Gross Block		**64,740.38**		59,237.76
	Less : Depreciation / Amortisation		**22,951.16**		22,115.88
	Net Block		**41,789.22**		37,121.88
	Capital Work-in-Progress		**2,062.28**		1,681.45
				43,851.50	38,803.33
(2)	**Investments**	6		**296.76**	295.16
(3)	**Current Assets, Loans and Advances:**				
	Inventories	7	**64,532.66**		67,416.32
	Sundry Debtors	8	**44,353.82**		35,088.90
	Cash and Bank Balances	9	**15,705.83**		1,734.91
	Loans and Advances	10	**26,449.79**		9,305.83
			151,042.10		113,545.96
	Less :				
	Current Liabilities and Provisions:				
	Liabilities	11	**53,925.93**		32,339.01
	Provisions	12	**821.51**		1,159.14
			54,747.44		33,498.15
	Net Current Assets			**96,294.66**	80,047.81
	Total			**140,442.92**	119,146.30

Significant Accounting Policies and Notes on Accounts 19

In terms of our report attached

For DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS

R. LAXMINARAYAN
Partner

For J.C. BHATT & ASSOCIATES
CHARTERED ACCOUNTANTS

J.C.BHATT
Partner

For and on Behalf of the Board of Directors

C.P.MISTRY
Chairman

K.SUBRAHMANIAN
Managing Director

J.J. PARAKH
Director

S.PARAMASIVAN
Executive Director
(Finance & Commercial)

P.R.RAJENDRAN
Company Secretary

Place: Mumbai
Date: 27th June, 2011

AFCONS INFRASTRUCTURE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	RS. IN LACS	RS. IN LACS	Previous year RS. IN LACS
I. INCOME :				
Income from Operations	**13**		**100,213.15**	145,860.80
Other Income	**14**		**13,893.26**	5,167.17
TOTAL			**114,106.41**	151,027.97
II. EXPENDITURE :				
Cost of Construction	**15**		**61,286.04**	95,757.94
Payments to and Provision for employees	**16**		**16,971.12**	17,397.77
Operational & Other Expenses	**17**		**16,479.54**	21,157.36
Interest and Financial charges	**18**		**7,242.00**	7,895.23
Depreciation / Amortisation		**3,320.52**		3,306.76
Less : Depreciation on the amount added on Revaluation transferred from Revaluation Reserve		**77.40**		85.40
			3,243.12	3,221.36
TOTAL			**105,221.82**	145,429.66
Profit before Tax			**8,884.59**	5,598.31
Less :				
Provision For Tax :				
Current Tax {(Including foreign tax Rs.795.64 Lacs (Previous year Rs. 215.96 Lacs)} {Including Rs.0.80 Lacs for Wealth Tax (Previous year Rs. 0.30 Lacs)}		**(1,661.00)**		(1,870.30)
Deferred Tax Charge		**(1,323.78)**		(91.03)
Short Provision for tax in respect of earlier years (net)		**(31.59)**		(1.00)
			(3,016.37)	(1,962.33)
Profit After Tax			**5,868.22**	3,635.98
Balance Brought Forward From Previous Year			**11,030.99**	7,399.10
Profit Available for Appropriation			**16,899.21**	11,035.08
Appropriations :				
Proposed Dividend on Preference Shares			**3.50**	3.50
Tax on Dividend			**0.57**	0.59
Balance carried to Balance Sheet			**16,895.14**	11,030.99
Earnings Per Share (face value Rs.10/-)				
-Basic (Rs.)			**8.18**	5.08
-Diluted (Rs.)			**1.74**	1.08
(Refer Note 21 of Schedule 19)				
Significant Accounting Policies and Notes on Accounts	**19**			

In terms of our report attached

For DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS

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Partner

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Director

S.PARAMASIVAN
Executive Director
(Finance & Commercial)

P.R.RAJENDRAN
Company Secretary

Place: Mumbai
Date: 27th June, 2011

AFCONS INFRASTRUCTURE LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2011

		March'2011 Rs. in lacs	March'2010 Rs. in lacs
A.	**Cash flow from operating activities**		
	Profit before tax	**8,884.59**	5,598.31
	adjustments for,		
	Depreciation	**3,243.12**	3,221.36
	Loss on sale of fixed assets (net)	**1.27**	210.25
	Dividend income	**(0.22)**	(0.45)
	Interest income	**(2,406.34)**	(803.81)
	Interest expense	**7,242.00**	7,895.23
	Loss on Foreclosure of Contract	**-**	6,483.00
	Bad/irrecoverable Debtors /Unbilled Revenue /Advances w/off	**1,685.53**	2,342.42
	Provision for doubtful debts no longer required written back	**(1,575.00)**	-
	Share of Loss in a firm in which the Company is a partner	**0.29**	0.80
	Excess Provision for expenses of earlier years written back	**(668.85)**	(369.05)
	Profit on sale / disposal of short term investments- Others	**-**	(91.66)
	Deferred revenue expenditure written off	**-**	180.68
	Provision for Projected Losses	**(211.19)**	(75.39)
	Operating profit before working capital changes	**16,195.20**	24,591.69
	(Increase) / Decrease in trade receivables	**(7,207.15)**	(3,516.17)
	Decrease in inventories	**2,883.66**	13,750.74
	(Increase) / Decrease in loans and advances	**(18,401.68)**	1,511.26
	Increase / (Decrease) in trade, other payables and provisions	**22,179.46**	(10,100.79)
	Cash from Operation	**15,649.49**	26,236.73
	Direct taxes (paid)	**(627.59)**	(1,465.20)
	Net cash from operating activities	**15,021.90**	24,771.53
B.	**Cash flow from investing activities**		
	Purchase of fixed assets	**(8,442.12)**	(2,393.68)
	Sale of fixed assets	**72.17**	186.36
	Purchase of Investments	**(1.60)**	-
	Sale of investments	**-**	120.95
	Loss in a firm in which the Company is a partner	**(0.29)**	(0.80)
	Dividend received	**0.22**	0.45
	Interest received	**324.50**	134.22
	Net Cash used in investing activities	**(8,047.12)**	(1,952.50)
C.	**Cash flow from financing activities**		
	Proceeds from issue of Equity Shares	**23.63**	50.35
	Share Capital Pending Allotment	**-**	0.18
	Proceeds from long-term borrowings	**12,482.88**	5,000.00
	Repayment of long-term borrowings	**(14,268.92)**	(20,903.83)
	Proceeds from /repayment of short term borrowings - net	**15,948.64**	728.88
	Interest paid	**(7,186.02)**	(7,503.00)
	Dividend paid(including tax)	**(4.07)**	(4.09)
	Net cash from/(used in) financing activities	**6,996.14**	(22,631.51)
	Net Increase in cash and cash equivalents	**13,970.92**	187.52
	Cash and cash equivalents at the beginning of the Period	**1,399.80**	1,212.28
	Cash and cash equivalents at the end of the Period	**15,370.72**	1,399.80
	Reconciliation of cash and cash equivalents		
	As per Balance sheet - schedule 9	**15,705.83**	1,734.91
	Les: Fixed Deposits on Lien	**(335.11)**	(335.11)
	As per Cash flow statement	**15,370.72**	1,399.80

Notes

1. The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS-3) "Cash Flow Statements" notified under the Companies (Accounting Standard) Rules, 2006
2. Figures relating to previous year have been recast where necessary to conform the figures of the current year.

In terms of our report attached

For DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS

R. LAXMINARAYAN
Partner

For J.C. BHATT & ASSOCIATES
CHARTERED ACCOUNTANTS

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Managing Director

J.J. PARAKH
Director

S.PARAMASIVAN
Executive Director
(Finance & Commercial)

P.R.RAJENDRAN
Company Secretary

Place: Mumbai
Date: 27th June, 2011

	RS. IN LACS	As At 31st March 2010 RS. IN LACS
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED :		
350,000,000 Equity Shares of Rs.10 each	**35,000.00**	35,000.00
650,000,000 Preference Shares of Rs. 10 each	**65,000.00**	65,000.00
TOTAL	**100,000.00**	100,000.00
ISSUED,SUBSCRIBED AND PAID-UP :		
71,839,468 (previous year 71,700,514) Equity Shares of Rs.10 each (Refer Note 1 below)	**7,183.95**	7,170.05
100,000,000, 0.01% Non Cumulative and Non Profit Participatory Convertible Preference Shares of Rs.10 each (Refer Note 2 below)	**10,000.00**	10,000.00
250,000,000, 0.01% Fully and Compulsorily Convertible Non-Cumulative, Non Participatory Preference shares of Rs. 10 each. (Refer Note 3 below)	**25,000.00**	25,000.00
TOTAL	**42,183.95**	42,170.05

1 Of the above Equity Shares :-

(a) 200,000 Shares of Rs.10 each have been issued as Fully paid up for Consideration other than Cash.

(b) 3,500,000 Shares of Rs.10 each are issued as Fully Paid up Bonus Shares by Capitalization of Rs. 35,000,000 out of General Reserve.

(c) 48,165,838 (Previous year Nil) Shares are held by Shapoorji Pallonji & Company Limited (SPCL) (Holding Company) **

(d) Nil (PreviousYear 24,076,349) Shares are held by Cyrus Investments Limited (CIL) **

(e) Nil (Previous year 24,075,389) shares are held by Sterling Investment Corporation Private Limited (SICPL) **

(f) 13,015,929 shares are held by Floreat Investments Limited (FIL), a subsidiary of SPCL.

(g) 4,016,250 shares are held by Renaissance Commerce Pvt.Limited, a subsidiary of Shapoorji Pallonji Infrastructure Capital Co. Ltd.(SPICCL), which is a subsidiary of SPCL.

(h) 4,016,250 shares are held by Hermes Commerce Ltd.,a subsidiary of Shapoorji Pallonji Infrastructure Capital Co. Ltd (SPICCL), which is a subsidiary of SPCL.

(i) 20,000,000 shares allotted to SICPL,a subsidiary of SPCL on 22-12-06 pursuant 'to conversion of 7.5% Redeemable 'Non-cumulative convertible Preference Shares into equity shares at par.

(j) 439,468 (Previous year 300,514) shares have been issued under ESOP scheme 2006.

** The above shareholding takes into account the effect of the Composite Scheme of Arrangement between SPCL,CIL and SICPL which has been approved by the High Court of Mumbai. Under the terms of the Scheme as approved, the shares of the Company held by SICPL and CIL are vested in SPCL w.e.f. the appointed date viz 01-04-2008. However, the actual transfer of the shares held by CIL and SICPL in the Company has been effected in October, 2010.

2 The 0.01% Non Cumulative and Non Profit Participatory Convertible Preference Shares of Rs.10 each are held by Floreat Investments Ltd., a subsidiary of SPCL on the following terms:

(a) The Preference Shares shall be non- cumulative and non profit participating convertible Preference Shares carrying a fixed rate of dividend of 0.01% per annum to be paid in priority to the holders of any other class of shares.

(b) The Preference Shares shall be deemed to be converted into common equity shares of the Company at a price of Rs. 68.25 per equity share (consisting of par of Rs. 10 and a premium of Rs. 58.25) immediately, automatically and without any further act of the parties in the event of conversion of the Preference Shares mentioned in note 3 (b) below.

3 The 0.01% Fully and Compulsorily Convertible Non-Cumulative, Non Participatory Preference shares of Rs. 10 each are held by India Infrastructure AIL (Mauritius) Limited on the following terms:

(a) Non-cumulative preferential dividend at a fixed rate of 0.01 per cent per annum to be paid in priority to the holders of any other class of shares;

(b) The Preference Shares will be mandatorily converted in to equity shares at a price to be ascertained at the relevant point of time if Initial Public Offering (IPO) happens between 18-36 months from the date of issue viz. 14th Jan 2008 or any time thereafter but before 14th Jan 2013.

(c) The Preference Shares shall rank senior to all types of shares issued or to be issued by the Company.

4 Particulars of Option on Unissued Share Capital (Refer Note 20 of Schedule 19)

AFCONS INFRASTRUCTURE LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	RS. IN LACS	RS. IN LACS	As At 31st March 2010 RS. IN LACS
SCHEDULE 2			
RESERVES AND SURPLUS :			
CAPITAL RESERVE			
Balance as per Last Balance Sheet		**19.13**	19.13
CAPITAL REDEMPTION RESERVE ACCOUNT			
Balance as per last Balance Sheet		**12.50**	12.50
SECURITIES PREMIUM ACCOUNT			
Balance as per last Balance Sheet	**1,009.12**		988.38
Add : Received on shares issued during the year	**9.73**		20.74
		1,018.85	1,009.12
REVALUATION RESERVE			
Balance as per Last Balance Sheet	**239.10**		324.50
Less :Difference between depreciation on Revalued cost of Plant and Machinery and original cost thereof for the period transferred to Profit & Loss account.	**(77.40)**		(85.40)
		161.70	239.10
CONTINGENCIES RESERVE			
Balance as per Last Balance Sheet		**800.00**	800.00
GENERAL RESERVE			
Balance as per Last Balance Sheet		**5,552.16**	5,552.16
BALANCE IN PROFIT AND LOSS ACCOUNT		**16,895.14**	11,030.99
TOTAL		**24,459.48**	18,663.00

	Refer Notes Below		
SCHEDULE 3			
SECURED LOANS :			
Loans and Advances from Banks :			
i) Cash Credit Accounts and Working Capital Demand Loans	**1**	**26,470.44**	13,249.20
ii) Foreign Currency Loan - Buyers' Credit	**1**	**1,310.00**	-
iii) Equipment/ Car Loan	**2**	**6,109.14**	10,395.16
TOTAL		**33,889.58**	23,644.36

NOTES:

1 Secured by a first charge on the immovable properties of the Company situated in Andheri, Mumbai and Nagpur on a pari-passu basis. Further secured by hypothecation of the Company's stocks of construction materials, stores and work in progress, all other movable properties, plant and machinery and book debts on a pari-passu basis and in the case of foreign currency loan, also by goods covered under Letters of Credit.

2 Secured by first charge by way of hypothecation of the equipment / car(s) financed.

SCHEDULE 4			
UNSECURED LOANS :			
Short term Loans and advances			
From Banks		**7,500.00**	7,250.00
From Others			
Commercial Papers	**12,500.00**		15,000.00
Less: Discount not written-off	**940.51**		857.93
{Maximum amount outstanding during the year Rs.18,728.82 Lacs (previous year Rs.18,966.92 Lacs)}			
		11,559.49	14,142.07
Other loans and advances			
From Banks	**15,000.00**		8,750.00
From Others	**90.00**		90.00
		15,090.00	8,840.00
TOTAL		**34,149.49**	30,232.07

AFCONS INFRASTRUCTURE LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST, MARCH 2011

SCHEDULE 5

FIXED ASSETS

(Rupees in Lacs)

Particulars	GROSS BLOCK					DEPRECIATION/AMORTISATION					NET BLOCK	
	As at 01.04.2010	Additions	Adjustments	Deductions	As at 31.03.2011	As at 01.04.2010	For the Year	Adjustments	Deductions	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
TANGIBLE ASSETS												
Land - Freehold	1.58	-	-	-	**1.58**	-	-	-	-	**-**	**1.58**	1.58
Land - Leasehold	16.58	-	-	-	**16.58**	0.32	0.16	-	-	**0.48**	**16.10**	16.26
Buildings	1,853.54	-	-	-	**1,853.54**	1,167.84	61.74	-	-	**1,229.58**	**623.96**	685.70
Plant and Machinery (refer note 4)	51,319.84	5,667.15	36.73	1,997.70	**55,026.02**	17,966.97	2,666.40	(7.17)	1,907.87	**18,718.33**	**36,307.69**	33,352.87
Leasehold Improvements	279.22	-	-	-	**279.22**	279.22	-	-		**279.22**	**-**	-
Floating Equipments etc.	3,758.60	1,821.58	(33.49)	515.45	**5,031.24**	2,029.06	406.26	(31.96)	497.48	**1,905.88**	**3,125.36**	1,729.54
Laboratory Equipments	88.69	-	(3.24)	-	**85.45**	37.59	2.75	(0.38)	-	**39.96**	**45.49**	51.10
Office Equipments	1,356.68	317.26	-	32.67	**1,641.27**	458.33	118.39	-	26.33	**550.39**	**1,090.88**	898.35
Furniture and Fixtures	209.65	102.86	-	12.85	**299.66**	85.07	14.89	-	12.09	**87.87**	**211.79**	124.58
Motor Vehicles	184.18	148.91	-	-	**333.09**	52.77	18.50	-	1.95	**69.32**	**263.77**	131.41
Sub Total	59,068.56	8,057.76	-	2,558.67	**64,567.65**	22,077.17	3,289.09	(39.51)	2,445.72	**22,881.03**	**41,686.62**	36,991.39
INTANGIBLE ASSETS												
Software-Acquired	169.20	3.53	-	-	**172.73**	38.71	31.42	-	-	**70.13**	**102.60**	130.49
Sub Total	169.20	3.53	-	-	**172.73**	38.71	31.42	-	-	**70.13**	**102.60**	130.49
Total	59,237.76	8,061.29	-	2,558.67	**64,740.38**	22,115.88	3,320.51	(39.51)	2,445.72	**22,951.16**	**41,789.22**	
Previous Year	58,924.71	2,601.30	88.54	2,376.79	**59,237.76**	20,789.30	3,310.27	3.51	1,980.18	**22,115.88**	**-**	37,121.88
Capital Work in Progress (Including advances)											**2,062.28**	1,681.45
									TOTAL		**43,851.50**	38,803.33

NOTES :

(1) Gross Block is partly at cost and partly at book value and includes amount added on revaluation on 1st April, 1990. Revalued amounts substituted for Historical Cost of Fixed Assets and method adopted to compute revalued amounts are as per Note 2 below.

(2) (a) Some of the Fixed assets viz., Plant & Machinery, (including certain items fully written off in previous years) Laboratory Equipment, Barges (Floating equipments), New & Old Workshop and Office Building as on 1st April, 1990 were revalued on the basis of the valuation made by the external valuers resulting in net increase of Rs.4,551.21 lacs being surplus on revaluation.

(b) Revalued amounts substituted for Historical Cost as at 1st April, 1990 and included under Gross Block are as under :

i) Plant & Machinery Rs. 4,261.48 lacs
ii) Laboratory Equipments Rs.124.45 lacs
iii) Workshop & Godown Rs. 466.02 lacs
iv) Buildings Rs.1,260.00 lacs
v) Barges (Floating Equipments) Rs. 899.78 lacs

(3) Depreciation for the year includes depreciation provided on revalued cost of assets.

(4) Excess depreciation provided amounting to Rs.39.51 during 2007-08, now rectified.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	RS. IN LACS	RS. IN LACS	As At 31st March 2010 RS. IN LACS
SCHEDULE 6			
INVESTMENTS (Long Term - Non-Trade, fully paid, at cost)			
(A) Investments in Government Securities (Unquoted) :			
National Savings Certificates of the Face Value of Rs. 0.55 Lac (Previous year Rs.0.55 Lac) (matured) -Lodged with Government Authorities and Clients		**0.55**	0.55
(B) Investments in Equity Shares of Subsidiary Companies (Unquoted) :			
(i) 2,02,610 Shares of HAZARAT & COMPANY PRIVATE LIMITED of Rs. 10 each.	**20.26**		20.26
(ii) 1,00,000 Shares of AFCONS OFFSHORE AND MARINE SERVICES PRIVATE LIMITED of Rs.10 each.	**25.50**		25.50
(iii) 80,000 (PreviousYear 48,000) Shares of AFCONS CORROSION PROTECTION PVT.LTD.(Formerly SSS ELECTRICALS (INDIA) PRIVATE LIMITED) of Rs.10 each.	**6.40**		4.80
(iv) 20,000 Shares of AFCONS INFRASTRUCTURE INTERNATIONAL LIMITED of 1 Euro each.	**12.51**		12.51
(v) 147 Shares of AED 1000 each in Afcons Constructions Mideast LLC*	**17.65**		17.65
*Subsidiary on the basis of control on the composition of the Board of Directors.		**82.32**	80.72
(C) Other Investments :			
(a) Quoted :			
(i) 40,072 Equity Shares of Rs.10 each in HINDUSTAN OIL EXPLORATION COMPANY LIMITED.	**29.34**		29.34
(ii) 2,000 (Previous year 1,000) Equity Shares of Re.1/- each in HINDUSTAN CONSTRUCTION CO. LTD	**0.03**		0.03
(iii) 500 Equity Shares of Rs.2/- each in SIMPLEX INFRASTRUCTURES LTD.	**0.04**		0.04
(iv) 100 Equity Shares of Rs.10 each in ITD CEMENTATION INDIA LIMITED	**0.42**		0.42
(v) 250 Equity Shares of Rs.2/- each in GAMMON INDIA LTD.	**0.06**		0.06
		29.89	29.89
(b) Unquoted :			
(i) 1 Equity Share of Rs.100 each in Afcons (Mideast) Constructions and Investments Private Limited #	**-**		-
(ii) 50,000 Units of Rs.10 each of SBI Infrastructure Fund	**5.00**		5.00
(iii) 50,000 Units of Rs.10 each of UTI Infrastructure Advantage Fund-Series I	**5.00**		5.00
		10.00	10.00
(D) Investment in the Capital of a Partnership Firm :			
AFCONS PAULING JOINT VENTURE		**174.00**	174.00
TOTAL		**296.76**	295.16

# denotes value less than rupees one thousand.

NOTES:-

		RS. IN LACS	As At 31st March 2010 RS. IN LACS
1	Aggregate Value Of Investments		
	Unquoted - Cost	**266.87**	265.27
	Quoted - Cost	**29.89**	29.89
	- Market Value	**83.33**	96.31
2	Details of Investments purchased and sold during the year (Previous year 12,984,832 units of Birla Sunlife Fund)	**-**	1,300.00

SCHEDULE 7

	RS. IN LACS	As At 31st March 2010 RS. IN LACS
INVENTORIES :		
a) Stock in Trade, at cost or net realisable value whichever is lower		
Stores and Spare Parts	**4,029.90**	3,359.33
Construction Materials.	**7,832.26**	9,476.01
	11,862.16	12,835.34
b) Construction Work-in-Progress		
At estimated realisable value	**59,563.28**	68,841.89
Less: Advances received	**6,658.22**	13,951.35
	52,905.06	54,890.54
Less: Provision for doubtful balances	**234.56**	309.56
Net construction work-in-progress	**52,670.50**	54,580.98
Total	**64,532.66**	67,416.32

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	RS. IN LACS	RS. IN LACS	As At 31st March 2010 RS. IN LACS
SCHEDULE 8			
SUNDRY DEBTORS:			
(Unsecured)			
Debts Outstanding for a period exceeding Six Months			
a) Arbitration Awards	**10,219.45**		9,123.04
b) Others *	**18,443.96**		9,119.71
		28,663.41	18,242.75
Other Debts			
a) Arbitration Awards	**309.22**		309.22
b) Others *	**15,890.84**		18,546.58
		16,200.06	18,855.80
		44,863.47	37,098.55
Less : Provision for Doubtful Debts		**509.65**	2,009.65
TOTAL		**44,353.82**	35,088.90

Notes:

1) *Includes Retention Money/ Security Deposit aggregating to Rs. 6,481.65 Lacs (Previous Year Rs. 6,071.69 Lacs), of which Rs. 5,228.86 Lacs (Previous Year Rs.3,404.73 Lacs) is outstanding for more than six months.

2) Debtors include :

Considered Good	**44,353.82**	35,088.90
Considered Doubtful	**509.65**	2,009.65
	44,863.47	37,098.55

SCHEDULE 9
CASH AND BANK BALANCES :

	RS. IN LACS	RS. IN LACS	As At 31st March 2010 RS. IN LACS
Cash on hand		**53.40**	29.02
Balances with Scheduled Banks:			
(i) In Current Accounts	**4,348.33**		998.92
(ii) In Deposit Accounts	**6,738.51**		338.31
(iii) In B.G. Margin Accounts	**131.43**		130.56
		11,218.27	1,467.79

[Deposits includes Rs.335.11 Lacs (Previous Year Rs.335.11 Lacs) over which Banks and Clients have lien.]

	RS. IN LACS	RS. IN LACS	As At 31st March 2010 RS. IN LACS
With Others			
(i) In Current Account with the Rafidian Bank, Iraq * (Maximum Balance During the year Rs.16.08 Lacs ;Previous Year Rs.16.08 Lacs)	**16.08**		16.08
(ii) In Current Account with Commercial Bank of Ethiopia, Ethiopia. * (Maximum Balance During the year Rs.1.43 Lacs ;Previous Year Rs.1.43 Lacs)	**1.43**		1.43
(iii) In Current Account with BNP Paribas, Doha, Qatar. (Maximum Balance During the year Rs.82.13 Lacs; Previous Year Rs.52.59 Lacs)	**-**		11.28
(iv) In Current Account with Indian Ocean International Bank,Port Louis,Mauritius (Maximum Balance During the year Rs.26.63 Lacs; Previous Year Rs.456.06 Lacs)	**0.26**		12.66
(v) In Current Account with SBI International Marutius Limited, Port Louis, Mauritius (Maximum Balance During the year Rs.8.42 Lacs; Previous Year Rs.290.74 Lacs)	**8.23**		2.31
(vi) In Current Account with Emirates Bank International, UAE (Maximum Balance During the year Rs.3,224.99 Lacs; Previous Year Rs.1,289.99 Lacs)	**298.03**		50.07
(vii) In Current Account with National bank of Oman,Ruwi Sultan of Oman (Maximum Balance During the year Rs.1,573.24 Lacs; Previous Year Rs.1,260.46 Lacs)	**26.76**		69.69
(viii) In Current Account with Oman Arab Bank, Ruwi Sultan of Oman (Maximum Balance During the year Rs.1,573.17 Lacs; Previous Year Rs.113.31 Lacs)	**247.53**		92.09
(ix) In Current Account with Arab Bank Plc, Amman Branch, Jordan (Maximum Balance During the year Rs.11,770.52 Lacs; Previous Year Rs. Nil Lacs)	**3,301.29**		-
(x) In Current Account with Ecobank Liberia Ltd. Buchanan, Liberia (Maximum Balance During the year Rs.1,104.11 Lacs; Previous Year Rs. Nil Lacs)	**552.06**		-
	4,451.67		255.61
Less : Provision	**17.51**		17.51
		4,434.16	238.10
TOTAL		**15,705.83**	1,734.91

* The balances in these bank accounts are subject to exchange control restrictions for repatriation.

AFCONS INFRASTRUCTURE LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	RS. IN LACS	RS. IN LACS	As At 31st March 2010 RS. IN LACS
SCHEDULE 10			
LOANS AND ADVANCES:			
(Unsecured and considered good)			
Advances and Loans:			
To Subsidiary Companies	**2,772.67**		66.43
To a Partnership Firm in which the Company is a Partner	**699.29**		699.58
To Joint Venture Entities	**7,123.43**		1,851.71
		10,595.39	2,617.72
Deposit with a company		**11.65**	11.15
{including interest accrued Rs.1.65 Lacs (Previous year Rs. 1.15 Lacs)}			
Interest accrued on deposits / investments		**30.23**	11.50
Advances recoverable in cash or in kind or for value to be received		**15,873.99**	5,555.67
Advance Income Tax (Net of Provision for Income Tax of Rs.1,870.30 Lacs,			
Previous Year.Rs.1,037.30 Lacs)		**11.17**	489.29
MAT Credit entitlement		**69.09**	762.23
		26,591.52	9,447.56
Less : Provision for Doubtful advances		**141.73**	141.73
TOTAL		**26,449.79**	9,305.83
Note:			
Advances include :			
Considered Good		**26,449.79**	9,305.83
Considered Doubtful		**141.73**	141.73
TOTAL		**26,591.52**	9,447.56

	RS. IN LACS	RS. IN LACS	As At 31st March 2010 RS. IN LACS
SCHEDULE 11			
LIABILITIES :			
Sundry Creditors			
(i) Total outstanding dues to micro,medium and small enterprises (Refer note no. 11 of Schedule 19)	**0.96**		72.26
(ii) Total outstanding dues to creditors other than micro and small enterprises	**17,117.74**		18,660.76
		17,118.70	18,733.02
Other Liabilities		**22,430.23**	12,017.92
(Includes mobilisation advances received on behalf of Joint Venture Entities Rs.17,210.55 Lacs (Previous year Rs. Nil)			
Advances from Clients		**13,766.92**	1,064.06
Temporary Book overdraft		**41.58**	9.47
Interest accrued but not due on Loans		**564.03**	508.05
Unclaimed Matured Fixed Deposits *		**4.47**	6.49
TOTAL		**53,925.93**	32,339.01

* There are no amounts, due and outstanding, to be credited to Investor Education and Protection Fund

	RS. IN LACS	RS. IN LACS	As At 31st March 2010 RS. IN LACS
SCHEDULE 12			
PROVISIONS :			
Provision for Tax (Net of Advance Tax of Rs. 2,606.95 Lacs,Previous Year Rs.3,416.88 Lacs)		**32.17**	138.27
Provision for Compensated Absences		**372.35**	354.25
Provision for Gratuity		**208.47**	246.89
Provision for Expected losses		**204.45**	415.64
Proposed Dividend (including tax on dividend Rs. 0.57 Lacs, previous year Rs.0.59 Lacs)		**4.07**	4.09
TOTAL		**821.51**	1,159.14

AFCONS INFRASTRUCTURE LIMITED

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

		RS. IN LACS	RS. IN LACS	Previous Year RS. IN LACS
SCHEDULE 13				
INCOME FROM OPERATIONS:				
Contract Revenue (Gross)		**99,792.32**		145,891.60
Less : Value added tax		**4,006.99**		3,171.80
Net Contract Revenue			**95,785.33**	142,719.80
Project Management Services			**4,427.82**	3,141.00
	TOTAL		**100,213.15**	145,860.80
SCHEDULE 14				
OTHER INCOME :				
Interest Income:				
On Arbitration awards		**2,062.61**		657.89
On Other Investments (Long Term Investments)		**0.50**		0.93
On Deposit with Banks		**64.35**		20.99
{Tax deducted at source Rs. 6.55 Lacs (Previous year Rs. 2.72 Lacs)}				
On Income Tax Refund		**160.93**		53.61
On Others		**278.88**		124.00
			2,567.27	857.42
Dividend On Current Investments			**0.22**	0.45
Sale of Scrap			**756.36**	799.29
Service charges			**699.52**	245.53
Excess provision for expenses in respect of earlier years written back			**668.85**	369.05
Profit on Sale of Long term Investments (Non trade)			-	91.66
Provision for doubtful debts no longer required written back			**1,575.00**	-
Equipment Hire Charges			**1,997.83**	-
Insurance Claim received			**581.65**	342.81
Duty Scrip Credit Availed			**3,426.26**	1,581.09
Miscellaneous Income			**1,620.30**	879.87
	TOTAL		**13,893.26**	5,167.17
SCHEDULE 15				
COST OF CONSTRUCTION				
Construction Materials Consumed			**29,642.81**	59,485.30
{Net of sales Rs.1,211.70 Lacs (Previous year Rs. 1,662.05 Lacs)}				
Sub-Contract and Hire Charges			**20,695.43**	29,030.14
Stores and Spares Consumed			**1,642.38**	2,181.82
{Net of sales Rs.93.17 Lacs (Previous year Rs. 78.96 Lacs)}				
Power and Fuel			**2,705.29**	3,517.76
Site Installation expenses			**1,656.78**	1,016.87
Freight, Packing, Forwarding and Transport expenses			**5,458.51**	3,204.89
Less : Recovery of Expenses (Refer Note No. 22 of Schedule 19)			**(515.16)**	(2,678.84)
	TOTAL		**61,286.04**	95,757.94
SCHEDULE 16				
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries, Wages, Bonus and Allowances			**16,501.61**	15,538.44
Contribution to Provident and Other Funds			**1,070.24**	1,069.14
Welfare Expenses			**1,315.29**	1,025.59
Less : Recovery of Expenses (Refer Note No. 22 of Schedule 19)			**(1,916.02)**	(235.40)
	TOTAL		**16,971.12**	17,397.77
SCHEDULE 17				
OPERATIONAL AND OTHER EXPENSES				
Electricity			**185.42**	198.27
Rent			**1,303.98**	1,081.96
Rates and Taxes			**1,910.75**	1,469.01
(Includes expenses of Prior Period amounting to Rs.140.21 Lacs(Previous year Rs. Nil))				
Insurance			**1,330.04**	1,380.36
Repairs:				
To Plant and Machinery		**226.00**		116.03
To Building		**3.18**		15.86
To others		**1,104.90**		641.74
			1,334.08	773.63
Travelling and Conveyance expenses			**2,644.33**	2,385.12
Communication Costs			**371.67**	317.78
Legal and Professional Fees			**5,738.28**	2,366.67
Directors Sitting Fees			**6.90**	6.80
Loss on sale / discard of Fixed Assets (net)			**1.27**	210.25
Share of Loss from a firm in which the company is a partner			**0.29**	0.80
Loss on Foreclosure of Contract			**-**	6,483.00
Donations			**24.57**	7.92
Bad/Irrecoverable Debtors/ Unbilled Revenue/ Advances written off			**1,685.53**	315.36
Provision for Doubtful debts and advances			**-**	2,027.06
Loss on Exchange (Net)			**481.27**	249.99
Deferred revenue expenditure written off			**-**	180.68
Miscellaneous Expenses			**1,685.72**	2,133.17
Less : Recovery of Expenses (Refer Note No. 22 of Schedule 19)			**(2,224.56)**	(430.47)
	TOTAL		**16,479.54**	21,157.36
SCHEDULE 18				
INTEREST AND FINANCIAL CHARGES				
On Fixed Loans			**2,884.58**	5,195.71
On Bank Cash Credit, Working Capital Demand Loans, etc.			**2,534.87**	899.88
Bank Charges including Bank Guarantee Commission			**868.86**	998.97
Interest on Advances from Clients			**248.68**	722.26
Other Interest			**809.31**	222.37
Less : Recovery of Expenses (Refer Note No. 22 of Schedule 19)			**(104.30)**	(143.96)
	TOTAL		**7,242.00**	7,895.23

AFCONS INFRASTRUCTURE LIMITED

SCHEDULE NO. 19

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The Accounts are prepared on accrual basis under the historical cost convention and to comply in all material aspects with applicable accounting principles in India, the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 as amended from time to time.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires that the management of the company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon Management's evaluation of the relevant facts and circumstances as on the date of financial statements. All information on key policies and the basis of the estimates and the major sources of uncertainities have been disclosed along with the respective note. Examples of such estimates include the useful lives of fixed assets, provision for doubtful debts / advances, future obligations in respect of retirement benefit plans, etc. Difference between actual results and estimates are recognised in the period in which the results are known / materialise.

Tangible Fixed Assets

Tangible Fixed assets are stated at cost of acquisition/construction; inclusive of inward freight, duties, taxes, installation expenses and any expenses directly attributable to the assets to bring them to site and in working condition for its intended use; or book value and include amounts added on revaluation less accumulated depreciation (refer note 2(a) of schedule 5) and impairment loss, if any.

Leasehold improvements have been capitalized and are written off over the primary lease term not exceeding five years.

Intangible Fixed Assets

Intangible assets are recognized as per the criteria specified in Accounting Standard (AS) 26 – "Intangible Assets".

Depreciation / Amortisation

Depreciation on fixed assets (including revalued assets) is provided on the straight-line basis in accordance with the provisions of the Companies Act 1956, at the rates and in the manner specified in schedule XIV to the Act. Capital spares consumed are capitalized and amortized over a period of four years.The difference between depreciation on revalued cost and original cost has been withdrawn from Revaluation Reserve and credited to the Profit and Loss Account. Cost of the Intangible Assets viz computer software is amortized over a period of five years.

Impairment

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. An impairment loss is charged to the Profit & Loss in the year in which an asset is identified as impaired. The impaired loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable value.

Investments

Current investments are carried at lower of cost and fair value. Long-term investments are carried at cost. However, when there is a decline, other than temporary in the value of the long term investment, the carrying amount is reduced to recognize the decline. Investment in shares of the subsidiaries registered outside India, are stated at cost by converting at the rate of exchange prevalent at the time of acquisition thereof.

Inventories

a) Construction materials, stores and spare parts are valued at lower of cost and net realizable value. Cost is determined on the basis of weighted average method. Cost of shuttering materials (included in construction materials), issued to jobs, is charged off equally over a period of four years.
b) Work done remaining to be certified / billed is treated as Construction Work in Progress in the accounts. The same is valued at the realizable value. Site Mobilisation Advance is stated at cost. Refer Note 4 below.

Retention monies

Amounts retained by the clients until satisfactory completion of the contract(s) are recognised in the financial statements as receivables. Where such retention monies have been released by the clients against submission of bank guarantees, the amounts so released are adjusted against receivables from these clients.

Foreign currency transactions

Transactions in foreign currency, including in respect of branch operations integral in nature, are recorded at the average rates of exchange in force for the period. At the year end, monetary items, including those of branch operations integral in nature, denominated in foreign currency are reported using the closing rates of exchange. Exchange differences arising thereon and on realization/ payment of foreign exchange are accounted for in the relevant year as income or expense.

Revenue recognition on contracts

a. Contract revenue and expenses are recognized, when outcome can be estimated reliably, on the basis of percentage completion method. Percentage of completion is determined based on the nature of contracts, either in proportion of contract costs incurred upto the reporting date to the estimated total cost or on the basis of physical proportion of the contract work completed.
b. Contract revenue in case of 'Cost Plus' contracts is determined by adding the aggregate cost plus proportionate margin as agreed with the customer. In such contracts where the Client supplies materials and gives compensation at an agreed percentage on such materials consumed in the process of creation of Total Facilities and Infrastructure, the Company shows the determined value of such free goods as Cost of Construction with a corresponding credit to Contract Revenue.
c. Variations (in contracts) and amounts in respect thereof are recognized only when it is probable that the customer(s) will approve them and amounts can be measured reliably.
d. Claims and amounts in respect thereof are recognized only when negotiations have advanced to a stage where it is probable that the customer(s) will accept them and amounts can be reliably measured. In the case of Arbitration Awards (the "Awards") which are granted unanimously in favor of the Company, the claims awarded, are accounted in the year the Awards are received. The interest granted on such claims is recognised as per terms of the Awards.
e. Revenue is recognised only no significant uncertainties exist regarding its measurement and collectability.

Export Benefits:

Export benefits in the form of duty credit entitlement licenses granted by the Government of India under the "Served from India" scheme on the basis of export realizations made are recognised on the basis and to the extent of actual utilisation and management's estimate of their likely utilisation.

Provision for Estimated Losses

Estimated losses, if any, in respect of contracts in progress are provided for based upon current estimates of cost to completion.

Employee benefits

i) Gratuity

Company's liability towards gratuity is determined by actuarial valuation carried out by the independent actuary as at each balance sheet date. The actuarial valuation method used for measuring the liability is the Projected Unit Credit method.

ii) Superannuation

The trustees of Afcons Infrastructure Limited Superannuation Scheme Trust have taken a Group Superannuation policy from the LIC. Provision for superannuation is made on the basis of premium payable in respect of the aforesaid policy.

iii) Provident fund

Contribution as required under the statute/ rules is made to the Government Provident Fund.

iv) Compensated absences

The liability for compensated absences is determined by actuarial valuation carried out by the independent actuary as at each balance sheet date and provided for as incurred in the period in which services are rendered by employees. The actuarial valuation method used for measuring the liability is the Projected Unit Credit method.

v) Other Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by the employees is recognized during the period when the employee renders the service.

vi) Actuarial gains and losses

The actuarial gains and losses are recognised immediately in the statement of Profit and Loss Account.

Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

Segment Reporting

The following accounting policies have been followed for segment reporting:

i. Segment Revenue includes income directly identifiable with / allocable to the segment.

ii. Expenses that are directly identifiable with / allocable to segments are considered for determining the Segment Results. The expenses which relate to the Group as a whole and not allocable to segments are included under Unallocable expenses.

iii. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Group as a whole and not allocable to any segment. Unallocated assets mainly comprise certain fixed assets, interest accrued on bank deposits, Advance payment of taxes and tax deducted at source (net of provision for taxation). Unallocable liabilities include certain Loan funds, Interest accrued but not due on loans, Commission payable, Deferred tax and Provision for retirement benefits.

Leases

Assets leased out under operating leases are capitalised. Rental Income is recognised on straight line basis over the lease term.

Assets acquired on lease where significant portions of the risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Lease rentals are charged to Profit & Loss Account on straight line basis over the lease term.

Doubtful debts and advances

Provision is made in the accounts for debts and advances which in the opinion of the management are considered doubtful of recovery.

Taxation

Income taxes are accounted for in accordance with Accounting Standard (AS-22) "Accounting for taxes on income", notified under the Companies (Accounting Standards) Rules, 2006. Income tax comprises both current and deferred tax.

Current tax is measured on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using substantially enacted tax rates and tax regulations as of the Balance Sheet date.

Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realisation.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

B. NOTES ON ACCOUNTS

1. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 4,295.36 Lacs (As at 31st March 2010. Rs. 336.94 Lacs).
2. Contingent liabilities

Rupees (in Lacs)

Sr. No.	Particulars	As at 31st March,2011	As at 31st March,2010
1.	Claims against the Company not acknowledged as debts a) Differences with sub-contractors in regard to rates and quantity of materials. b) Labour and other matters. The above claims are pending before various courts. The Company is confident that the cases will be successfully contested.	**420.33** **1.00**	686.66 1.00
2.	a. Bank Guarantees given on behalf of Subsidiaries and Joint Ventures. b. Corporate Guarantees given on behalf of Subsidiaries and Joint Ventures.	**130,634.98** **71,599.84**	70,791.39 71,127.14
3.	Sales Tax and Entry Tax Represents demands raised by Sales Tax Authorities in matters of disallowance of labour and service charges, consumables etc. for which appeal is pending before various appellate authorities. The Company is confident that the cases will be successfully contested.	**1,924.55**	1,929.82
4.	Excise Duty Represents demands raised by Central Excise Department for Excisability of girders. The Company is confident that the cases will be successfully contested.	**145.02**	1,322.87
5.	Service Tax Represents demand confirmed by the Asst. Commissioner of Service Tax for disallowance of Cenvat Credit, since abatement claimed by the Company. The Company has appealed against the said order with Commissioner of Service Tax Mumbai and is confident that Cenvat Credit will be allowed as it is project specific and abatement has not been availed on the same, by the Company.	**2.84**	2.84
6.	Income Tax Represents notices u/s 201(1) and 201(1A) received from Income Tax Dept in respect of Non compliance of TDS. Company has filed Appeals before the Appellate Authority & management is confident that the outcome of the appeals will be decided in company's favor and the demand raised will be set aside.	**913.58**	-

Note:- In respect of items mentioned under Paragraphs 1, 3, 4, 5 and 6 above, till the matters are finally decided, the financial effect cannot be ascertained.

3 The Company is a partner in a partnership firm 'Afcons Pauling Joint Venture'. The balance in capital account as on 31st March, 2011 is Rs. 174.00 Lacs (as at 31st March, 2010, Rs. 174.00 Lacs). The profit/ loss sharing ratio is as follows:

	As at 31st March,2011		**As at 31st March, 2010**	
	Profit	**Loss**	**Profit**	**Loss**
Afcons Infrastructure Limited	**95%**	**100%**	95%	100%
Pauling P.L.C., UK.	**5%**	-	5%	-

4. Work done remaining to be certified / billed which was hitherto considered as "Unbilled Revenue" in the accounts has been reclassified during the year as "Construction Work in Progress" so as to align the presentation with that followed within the Construction Industry.

5. Managerial remuneration paid to the Managing Director and a Whole-time Director (Previous year to the Managing Director and two Whole-time Directors) for the year under section 198 of the Companies Act, 1956

Rupees (in Lacs)

Particulars	Current Year	As at 31st March, 2010
Salaries and Bonus	**102.37**	72.24
Contribution to Provident and other funds	**11.23**	11.20
Perquisites	**144.23**	104.71
Total	**257.83**	188.15

Notes

i) The above remuneration excludes contribution for gratuity and provision for leave encashment as the incremental liability in respect thereof has been accounted for the Company as a whole.

ii) Computation of net profit in accordance with the Companies Act, 1956, has not been given as commission by way of percentage of net profit is not payable for year to any of the directors of the Company.

6. Payments to auditors

Rupees (in Lacs)

	Current Year	As at 31st March, 2010
i) As auditors	**26.50**	26.50
ii) As adviser, or in any other capacity, in respect of Taxation matters*	**1.50**	1.50
iii) For tax audit	**1.50**	1.50
iv) In any other manner (certification work, etc.)	**17.50**	17.50
v) For expenses	**1.00**	1.00
vi) For service tax	**4.94**	4.94
Total	**52.94**	52.94

*excludes payment of Rs. 24.22 lacs (Previous Year Rs. 21.51 lacs) for taxation matters to an affiliated firm of one of the joint auditors covered by a networking arrangement which is registered with the Institute of Chartered Accountants of India.

7. Expenditure in foreign currency

Rupees (in Lacs)

	Current Year	As at 31st March, 2010
Construction materials consumed	**7,788.21**	5,206.20
Sub – Contract and Hire Charges	**7,031.83**	4,466.75
Technical consultancy fees	**1,357.56**	590.62
Professional Fees	**198.19**	290.73
Rent	**341.44**	173.41
Salaries, Wages & Bonus	**1,519.19**	614.64
Interest	**-**	102.89
Tax	**203.16**	216.27
Freight & Transportation	**3,539.71**	439.11
Traveling Expenses	**486.46**	457.31
Staff Welfare Expenses	**1,220.18**	951.02
Insurance	**284.35**	439.12
Clearing Charges for imported spares	**17.40**	120.71
Bank Guarantee Commission	**349.56**	206.06
Repairs and Maintenance	**271.93**	59.28
Others	**1,039.05**	747.54
Total	**25,648.22**	15,081.66

8. C.I.F. value of imports

Rupees (in Lacs)

	Current Year	As at 31st March, 2010
Capital goods	**3,402.16**	1,106.50
Consumables	**716.89**	1,241.06
Total	**4,119.05**	2,347.56

9. Expenses capitalized during the year on fabrication/ improvement of equipment that has resulted in increased future benefits beyond their previously assessed standard of performance are as under:

Rupees (in Lacs)

	Current Year	As at 31st March, 2010
Construction materials consumed	**300.41**	73.18
Stores and spares consumed	**86.37**	52.38
Repairs	**176.35**	155.47
Others	**31.60**	40.60
Total	**594.73**	321.63

10. Earnings in foreign currency

Rupees (in Lacs)

	Current Year	As at 31st March, 2010
Value of work executed	**31,950.53**	36,513.69
Sale of Scrap	**73.73**	118.84
Insurance Claim Received	**378.33**	-
Interest and Other Income	**2,204.95**	182.59
Equipment Hire Charges	**698.92**	296.85
Service Charges	**1,622.67**	244.93
Total	**36,929.13**	37,356.90

11. The disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 have been made on the basis of and to the extent of confirmations received from suppliers regarding their status under the said act;

Rupees (in Lacs)

Sr. No.	**Particulars**	**Current Year**	As at 31st March,2010
1.	Outstanding principal Amount & Interest as on 31st March 2011 - Principal Amount - Interest due thereon	 **0.90** **0.06**	 72.14 0.12
2.	Amount of interest paid along with the amounts of payment made beyond the appointed day	**-**	-
3.	Amount of interest due and payable (where the principal has already been paid but interest has not been paid)	**-**	-
4.	The amount of interest accrued and remaining unpaid at the end of each accounting year.	**-**	-
5.	The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act	**-**	-

12. Disclosure in accordance with Accounting Standard – 7 (Revised):

Rupees (in Lacs)

Particulars	**Current Year**	As at 31st March,2010
a) Contract Revenue	**99,792.32**	145,891.60
b) Disclosure for contracts in progress:		
(i) Aggregate amount of costs incurred	**210,734.13**	616,055.77
(ii) Recognized profits (less recognized losses)	**59,594.03**	77,851.23
(iii) Advances Received	**19,865.73**	12,106.78
(iv) Retention Money	**2,761.11**	5,357.02
c) Gross amount due from customers for contract work	**13,270.98**	9,547.44
d) Gross amount due to customers for contract work	**16,419.46**	22,272.24

13. The company has accounted liability for gratuity and compensated absences as per the Accounting Standard (AS- 15 Revised) on "Employee Benefits".

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity and long term compensated absences is given below:

a) Gratuity (Funded)

A. Assumptions	**Current Year**	**31st March 2010**	**31st March 2009**	**31st March 2008**
Discount Rate	**8.25%**	8.25%	7.75%	8.00%
Rate of Return on Plan Assets	**8.00%**	8.00%	8.00%	8.00%
Salary Escalation	**4.50%**	4.50%	4.50%	4.50%
Mortality Table	**LIC (1994-96) Ultimate**	LIC (1994-96) Ultimate	LIC(1994-96) Ultimate	LIC (1994-96) Ultimate

B. Changes in the Benefit Obligation	Current Year	31st March 2010	31st March 2009	31st March 2008
Liability at the Beginning of the current year	**889.99**	800.38	629.02	550.95
Interest Cost	**73.42**	65.47	52.84	47.04
Current Service Cost	**92.21**	100.59	77.02	59.60
Past Service Cost	**-**	19.85	-	-
Benefit Paid	**(119.57)**	(112.50)	(90.90)	(46.00)
Actuarial Loss/ (Gain) on obligations	**108.35**	16.20	132.40	17.43
Liability at the end of the current year	**1,044.40**	889.99	800.38	629.02

C. Fair Value of the Plan Asset	Current Year	31st March 2010	31st March 2009	31st March 2008
Fair Value of Plan Asset at the beginning of the year	**643.10**	581.22	491.61	361.58
Expected Return on Plan Asset	**51.45**	51.60	46.49	38.31
Contributions	**247.56**	120.00	135.00	140.24
Benefit paid	**(119.57)**	(112.50)	(90.90)	(46.00)
Actuarial Gain/ (Loss) on Plan Assets	**13.40**	2.78	(0.98)	(2.52)
Fair value of Plan Assets at the end of the year	**835.94**	643.10	581.22	491.61
Total Actuarial Loss to be Recognized	**(94.95)**	(13.42)	(133.38)	(19.95)

D. Actual Return on Plan Assets:	Current Year	31st March 2010	31st March 2009	31st March 2008
Expected Return on Plan Assets	**51.45**	51.60	46.49	38.31
Actuarial Gain/ (Loss) on Plan Assets	**13.40**	2.78	(0.98)	(2.52)
Actual Return on Plan Assets	**64.85**	54.38	45.51	35.79

E. Amount Recognized in the Balance Sheet:	Current Year	31st March 2010	31st March 2009	31st March 2008
Liability at the end of the year	**1,044.40**	889.99	800.38	629.02
Fair Value of Plan Assets at the end of the year	**835.94**	643.10	581.22	491.61
Unrecognized Past Service Cost	**-**	-	-	-
Amount recognized in the Balance Sheet	**(208.47)**	(246.89)	(219.16)	(137.41)

F. Expense Recognized in the Profit and Loss Account:	Current Year	31st March 2010	31st March 2009	31st March 2008
Current Service Cost	**92.21**	100.59	77.02	59.60
Interest Cost	**73.42**	65.47	52.84	47.04
Expected Return on Plan Assets	**(51.44)**	(51.60)	(46.49)	(38.31)
Past Service Cost	**-**	19.85	-	-
Net Actuarial Gain / Loss to be recognized	**94.95**	13.42	133.38	19.95
Expense recognized in the Profit and Loss Account under staff expenses	**209.14**	147.73	216.75	88.28

G. Reconciliation of the Liability recognized in the Balance Sheet:	Current Year	31st March 2010	31st March 2009	31st March 2008
Opening Net Liability	**246.89**	219.16	137.41	189.37
Expense recognized	**209.14**	147.73	216.75	88.28
Employers Contribution	**(247.56)**	(120.00)	(135.00)	(140.24)
Amount recognized in the Balance Sheet under “Provision for Retirement Benefits”	**208.47**	246.89	219.16	137.41

H. Major category of plan assets as percentage of total plan assets:	(%)	(%)	(%)	(%)
Insured Managed funds	**100**	100	100	100

(b) Compensated Absences (Non funded) :

Actuarial Assumptions	Current Year	31st March 2010	31st March 2009	31st March 2008
Mortality Table	LIC (1994-1996) Ultimate	LIC (1994-1996) Ultimate	LIC (1994-1996) Ultimate	LIC (1994-1996) Ultimate
Discount Rate	8.25%	8.25%	7.75%	8.00%
Salary Escalation	4.50%	4.50%	4.50%	4.50%
Withdrawal Rate	2.00%	2.00%	2.00%	2.00%

Note :

i) Premium is paid to LIC under Group Gratuity Scheme of LIC.

ii) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The above information is certified by the actuary and relied upon by the Auditors.

iii) The details of experience adjustments on account of Plan Liability and Plan Asset as required by Para 120 (n) (ii) of AS-15 is Rs. 108.35 Lacs (loss) and Rs. 13.40 Lacs (gain) respectively. However, as the details of experience adjustments on account of Plan Liability and Plan Asset for earlier periods are not readily available in valuation reports and hence not furnished.

iv) Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date is Rs. 137.02 Lacs.

v) The expected return on plan assets is determined considering several applicable factors which includes mainly the composition of plan assets held, assessed risks of asset management and historical result of the return on plan asset.

14. Segment information:

a. Segment information for Primary reporting (by business segment)
The Company has only one reportable business segment of construction business, hence information for primary business segment is not given.

b. Segment information for Secondary segment reporting (by geographical segment)
The Company has two reportable geographical segments based on location of customers.
i) Revenue from customers within India- Local projects
ii) Revenue from customers outside India- Foreign projects
Secondary: Geographical (Location of customers)

(Rupees in Lacs)

		Local projects	Foreign projects	Total
A	Income from Operations	**67,841.79** (109,976.88)	**31,950.53** (36,683.21)	**99,792.32** (146,660.09)
B	Carrying amount of assets (Excluding Taxes on Income and Investment)	**165,114.36** (135,672.69)	**29,698.98** (15,425.08)	**194,813.34** (151,097.77)
C	Addition to fixed assets	**8,151.62** (2,120.70)	**290.50** (184.43)	**8,442.12** (2,305.13)

Figures in parenthesis are those of previous year.

15. Related Party Disclosures

(a) Related Party where Control exists

Holding Company(s)
Shapoorji Pallonji & Company Limited (w.e.f. 6th July, 2010)

Subsidiaries of the Company
Hazarat & Company Private Limited
Afcons Corrosion Protection Private Limited (formerly known as SSS Electricals (India) Pvt Ltd.)
Afcons Offshore and Marine Services Private Limited
Afcons Construction Mideast LLC
Afcons Infrastructure International Limited (AIIL)
Afcons Madagascar Overseas SARL (Subsidiary of AIIL)
Afcons Gulf International Project Services FZE (Subsidiary of AIIL)
Afcons Gunanusa Joint Venture (Jointly Controlled Entity)
Transtonnelstroy Afcons Joint Venture (Jointly Controlled Entity)
Dahej Standby Jetty Project undertaking (Jointly Controlled Entity w.e.f. 13th May, 2010)

Fellow Subsidiary(s)
Sterling Investments Corporation Private Limited (up to 24th November, 2010)
Floreat Investments Limited
Cyrus Investments Limited (up to 2nd November,2010)

Associate of the Company
Afcons (Mideast) Constructions and Investments Private Limited

Partnership firm in which the Company is a partner
Afcons Pauling Joint Venture

Jointly Controlled Entities
Strabag AG Afcons Joint Venture
Saipem Afcons Joint Venture

Key Management Personnel
Mr. C.P. Mistry – Chairman
Mr. K. Subrahmanian – Managing Director
Mr. S. Paramasivan – Executive Director (Finance & Commercial)
Mr. A. N. Jangle – Executive Director (up to 30th September, 2009)

AFCONS INFRASTRUCTURE LIMITED

Details of transaction with related parties for the period 01/04/2010 to 31/03/2011

(Rs. in Lacs)

Nature of Transaction	Holding Company(s)		Subsidiary Companies		Fellow subsidiary(s)		Partnership Firm in which Company is a partner		Joint Venture(s)		Associate Company		Key Management Personnel		Total	
	CY	PY-0910	CY	PY-0910	CY	PY-0910	CY	PY-0910	CY	PY-0910	CY	PY-0910	CY	PY-0910	CY	PY-0910
Managerial Remuneration paid																
K.Subrahmanian													147.95	84.32	147.95	84.32
S.Paramasivan													109.88	63.38	109.88	63.38
A.N.Jangle													-	40.45	-	40.45
Sitting Fees paid																
C.P.Mistry													0.70	0.80	0.70	0.80
Dividend on Preference Shares																
Floreat Investments Limited					1.00	1.00									1.00	1.00
Service Charges																
Afcons Corrosion Protection Pvt.Ltd. (Formerly SSS Electricals (India) Pvt.Ltd.)			0.66	0.60											0.66	0.60
Saipam -Afcons Joint Venture									698.92	244.93					698.92	244.93
Afcons Infrastructure International Ltd.			168.80	55.89											168.80	55.89
Interest Income - Current Account																
Dahej Standby Jetty Project Undertaking (DJPU)			1.11	-											1.11	-
Afcons Construction Mideast,LLC			135.03	117.42											135.03	117.42
Afcons Infrastructure International Ltd.			-	4.98											-	4.98
Rent & Other Income																
Afcons Gunanusa Joint Venture			135.00	95.63											135.00	95.63
Saipam -Afcons Joint Venture									869.28	-					869.28	-
Strabag-AG Afcons Joint Venture									868.89	-					868.89	-
Utilisation of Duty Credit scrip																
Shapoorji Pallonji & Company Ltd	28.34	55.95													28.34	55.95
Sale of Spares/Materials																
Shapoorji Pallonji & Company Ltd	76.81	99.75													76.81	99.75
Transtonnelstroy - Afcons Joint Venture			87.49	-											87.49	-
Dahej Standby Jetty Project Undertaking (DJPU)			59.70	-											59.70	-

AFCONS INFRASTRUCTURE LIMITED

Details of transaction with related parties for the period 01/04/2010 to 31/03/2011

(Rs. in Lacs)

Nature of Transaction	Holding Company(s)		Subsidiary Companies		Fellow subsidiary(s)		Partnership Firm in which Company is a partner		Joint Venture(s)		Associate Company		Key Management Personnel		Total	
	CY	PY-0910	CY	PY-0910	CY	PY-0910	CY	PY-0910	CY	PY-0910	CY	PY-0910	CY	PY-0910	CY	PY-0910
Loan Advance Given / (Refund)																
Afcons Construction Mideast,LLC			4,861.64	-											4,861.64	-
Afcons Infrastructure International Ltd.			-	(145.59)											-	(145.59)
Transtonnelstroy - Afcons Joint Venture			(5,604.03)	(9,167.04)											(5,604.03)	(9,167.04)
Afcons Gunanusa Joint Venture			2,390.47	1,455.61											2,390.47	1,455.61
Strabag-AG Afcons Joint Venture									-	(97.87)					-	(97.87)
Dahej Standby Jetty Project Undertaking (DJPU)			(5,135.60)	-											(5,135.60)	-
Reimbursement of Expenses incurred by Afcons																
Afcons Corrosion Protection Pvt.Ltd. (Formerly SSS Electricals (India) Pvt.Ltd.)			(0.75)	(3.94)											(0.75)	(3.94)
Hazarat & Company Pvt.Ltd.			(0.11)	(0.33)											(0.11)	(0.33)
Afcons Offshore & Marine Services Pvt.Ltd.			(0.22)	(0.06)											(0.22)	(0.06)
Afcons Construction Mideast,LLC			(1,831.22)	(3,873.10)											(1,831.22)	(3,873.10)
Afcons (Mideast) Constructions and Investments Pvt.Ltd.											(0.66)	(0.41)			(0.66)	(0.41)
Afcons Gunanusa Joint Venture			-	(4,447.38)											-	(4,447.38)
Subcontract Income																
Afcons Construction Mideast,LLC			1,617.62	8,427.56											1,617.62	8,427.56
Hire charges																
Shapoorji Pallonji & Company Ltd	323.85	182.76													323.85	182.76
Afcons Construction Mideast,LLC															-	-
Saipam -Afcons Joint Venture									1,622.67	218.71					1,622.67	218.71
Project Management Consultancy Service Income																
Afcons Gunanusa Joint Venture			2,729.53	3,141.00											2,729.53	3,141.00
Saipam -Afcons Joint Venture									1,698.29	-					1,698.29	-
Subcontract Expenses																
Afcons Corrosion Protection Pvt.Ltd. (Formerly SSS Electricals (India) Pvt.Ltd.)			-	12.18											-	12.18
Profit /(Loss) of share in partnership firm																
Afcons Pauling Joint Venture							(0.29)	(0.80)							(0.29)	(0.80)
Rent Expense																
Hazarat & Company Pvt.Ltd.			1.20	1.20											1.20	1.20
Expenses incurred by Afcons																
Transtonnelstroy - Afcons Joint Venture			2,744.00	-											2,744.00	-
Dahej Standby Jetty Project Undertaking (DJPU)			333.40	-											333.40	-
Strabag-AG Afcons Joint Venture									16.71	-					16.71	-
Interest paid																
Afcons (Mideast) Constructions and Investments Pvt.Ltd.											5.85	5.85			5.85	5.85
Transtonnelstroy - Afcons Joint Venture			(659.71)	4.52											(659.71)	4.52

AFCONS INFRASTRUCTURE LIMITED

Details of transaction with related parties for the period 01/04/2010 to 31/03/2011

(Rs. in Lacs)

Nature of Transaction	Holding Company(s)		Subsidiary Companies		Fellow subsidiary(s)		Partnership Firm in which Company is a partner		Joint Venture(s)		Associate Company		Key Management Personnel		Total	
	CY	PY-0910	CY	PY-0910	CY	PY-0910	CY	PY-0910	CY	PY-0910	CY	PY-0910	CY	PY-0910	CY	PY-0910
Purchase of Assets																
Afcons Construction Mideast,LLC			116.39	-											116.39	-
Guarantees Given for/ (Released)																
Afcons Corrosion Protection Pvt.Ltd. (Formerly SSS Electricals (India) Pvt.Ltd.)			(17.85)	10.34											(17.85)	10.34
Afcons Gunanusa Joint Venture			-	(400.00)											-	(400.00)
Strabag-AG Afcons Joint Venture									8,108.47	15,180.09					8,108.47	15,180.09
Saipam -Afcons Joint Venture									-	12,638.06					-	12,638.06
Transtonnelstroy - Afcons Joint Venture			38,167.08	20,759.16											38,167.08	20,759.16
Dahej Standby Jetty Project Undertaking (DJPU)			10,697.02	-											10,697.02	-
Outstanding amount of guarantee given/ (taken)																
Cyrus Investments Ltd					-	(5,000.00)									-	(5,000.00)
Afcons Corrosion Protection Pvt.Ltd. (Formerly SSS Electricals (India) Pvt.Ltd.)			13.95	31.80											13.95	31.80
Afcons Construction Mideast,LLC			71,599.84	71,127.14											71,599.84	71,127.14
Afcons Gunanusa Joint Venture			18,811.62	18,811.62											18,811.62	18,811.62
Strabag-AG Afcons Joint Venture									23,388.56	15,280.09					23,388.56	15,280.09
Transtonnelstroy - Afcons Joint Venture			58,926.24	20,759.16											58,926.24	20,759.16
Saipam -Afcons Joint Venture									12,638.06	12,638.06					12,638.06	12,638.06
Dahej Standby Jetty Project Undertaking (DJPU)			10,697.02	-											10,697.02	-
Outstanding Amount Dr/ (Cr)																
Shapoorji Pallonji & Company Ltd.	197.14	(15.31)													197.14	(15.31)
Afcons Offshore & Marine Services Pvt.Ltd.			-	0.01											-	0.01
Afcons Infrastructure International Ltd.			29.46	55.89											29.46	55.89
Afcons Construction Mideast,LLC			11,079.53	6,140.63											11,079.53	6,140.63
Afcons Madagascar Overseas SARL			-	10.53											-	10.53
Afcons Gunanusa Joint Venture			6,979.48	1,724.47											6,979.48	1,724.47
Strabag-AG Afcons Joint Venture									1,012.85	127.24					1,012.85	127.24
Afcons (Mideast) Constructions and Investments Pvt.Ltd.											(90.00)	(90.00)			(90.00)	(90.00)
Dahej Standby Jetty Project Undertaking (DJPU)			(4,741.40)	-											(4,741.40)	-
Transtonnelstroy - Afcons Joint Venture			(12,469.15)	(9,036.90)											(12,469.15)	(9,036.90)
Saipam -Afcons Joint Venture									5,179.03	1,295.62					5,179.03	1,295.62
Afcons Pauling Joint Venture							1,461.87	1,462.16							1,461.87	1,462.16

Note : There are no provisions for doubtful debts or amounts written off or written back during the year for debts due from/ to related parties.

16. Major components of deferred tax assets and (liabilities) are as under:

Rupees (in Lacs)

	Current Year	As at 31st March 2010
Differences in the value of depreciable assets between books and tax records	**(3,429.34)**	(2,852.08)
Provision for Doubtful Debts	**294.33**	811.00
Arbitration Awards	**(2,886.27)**	(2,742.38)
Others	**260.86**	346.82
Net deferred tax liability	**(5,760.42)**	(4,436.64)

17. The company has taken various premises under operating lease and has let out one premises:

(a) Where the Company is a lessee:

(i) The company has taken various offices, residential and godown premises under operating lease or leave and licence agreements. These are generally cancelable and range between 11 months and 3 years under leave and licence agreement and are renewable by mutual consent on mutually agreeable terms.

(ii) Lease payments recognised in the Statement of Profit and Loss Account under 'Rent' in Schedule 17 Rs. 1,303.98 lacs (Previous year Rs. 1,081.96 lacs).

(b) Where the Company is a lessor:

(i) The company has let out one of the premises under operating lease. The lease is cancelable and is renewable by mutual consent on mutually agreeable terms.

(ii) The lease income recognised in the Statement of Profit and Loss Account under 'Miscellaneous Income' in Schedule 14 is Rs. 135.00 lacs (Previous year Rs. 95.63 lacs)

18. Derivative Instruments:

Secured Loans taken in foreign currency as at the balance sheet not covered by forward contracts are USD 2,916,000 equivalent to **Rs.1,310.11 Lacs** (as at 31st March, 2010 NIL).

Receivables and Payables in foreign currency as at the balance sheet date not covered by forward contracts are **Rs. 17,961.13 Lacs** (as at 31st March 2010 Rs.11,044.39 Lacs) and **Rs. 18,843.84 Lacs** (as at 31st March 2010 Rs. 3,281.50 Lacs) respectively as given below.

				As at 31st March,2010			
Receivable		Payable		**Receivable**		**Payable**	
Rs. in (Lacs)	**Foreign Currency**	**Rs. in (Lacs)**	**Foreign Currency**	**Rs. in (Lacs)**	**Foreign Currency**	**Rs. in (Lacs)**	**Foreign Currency**
28.43	QR* 232,100	**92.29**	QR* 753,399	29.94	**QR*** 242,011	104.25	**QR*** 842,769
3,096.38	OMR# 2,629,175	**601.03**	OMR# 510,342	3,017.50	**OMR#** 2,570,052	1,863.85	**OMR#** 1,587,465
730.29	MAUR$ 45,930,492	**500.75**	MAUR$ 31,493,952	667.28	**MAUR$** 43,899,689	580.26	**MAUR$** 38,175,240
8,345.33	UAED** 67,628,242	**248.50**	UAED** 2,013,779	7,119.38	**UAED**** 58,069,998	331.39	**UAED**** 2,703,015
1,985.82	USD@ 4,379,839	**3,763.70**	USD@ 8,301,055	0.31	**USD@** 683	208.38	**USD@** 462,747
74.11	EURO 112,516	**29.92**	EURO 47,449	88.92	**EURO** 146,763	185.46	**EURO** 306,097
3,700.77	JOD 5,789,686	**13,607.65**	JOD 21,288,567	121.06	**JOD** 189,091	-	-
						7.91	CHF^ 18,696
17,961.13		**18,843.84**		**11,044,.39**		**3,281.50**	

*QR- Qatari Riyal, # OMR # Omani Riyal, Maur$ - Mauritian Rupee, UAED**- UAE Dirham, JOD- Jordanian Dinar, USD@ – United States Dollars, CHF^ – Swiss Franc.

19. Information relating to Jointly Controlled Entities:

Rupees (in Lacs)

Sr. No.	Name of the Joint Venture	Name of the Joint Venture Partner	Share of ownership interest	Country of Operation
1	Saipem Afcons Joint Venture	Saipem	50%	Oman
2	Strabag AG Afcons Joint Venture	Strabag A.G.	40%	India

Sr. No.	Company's share in Assets	Company's share in Liabilities	Company's share of Income	Company's share of Expenses
1	**9,608.28** (8,970.01)	**9,608.28** (8,970.01)	39,413.16 (3,387.42)	39,629.16 (3,387.42)
2	**18,069.16** (8,852.02)	**18,069.16** (8,852.02)	6,374.17 (630.98)	6,132.54 (572.98)
Total	**27,677.44** (17,822.03)	**27,677.44** (17,822.03)	**45,787.33** (4,018.40)	**45,761.71** (3,960.40)

Figures in parenthesis are those of the previous year. The above figures are based on the audited financial statements of the Joint Ventures.

20. Employee Stock Option Plan.
On 22nd December, 2006, the Company has granted 721,150 Stock options to its eligible employees at a price of Rs.17/- per option in terms of Employees Stock Option Scheme 2006 of the Company as approved by the Share holders at the Extra Ordinary General meeting held on 22nd December, 2006.

a) The particulars of the Options distributed under ESOP 2006 are as follows:

Particulars	**ESOP 2006**
Eligibility	Employees and Directors of the Company and its subsidiaries and its holding Company.
Vesting period for options granted during the year	Not less than One year and not more than Five years from the date of grant.
Exercise Period	Three years beginning from date of vesting
Method of Settlement	Equity Shares
Exercise Price	The Exercise price shall be equal to the fair market value of the shares as determined by the independent valuer.
No. of Options Granted	721,150.

(b) The particulars of number of options granted, exercised and lapsed and the Price of Stock Options for ESOP 2006 are as follows:

	Current year	**As at 31st March 2010**
Particulars	**Quantity**	**Quantity**
Authorised to be Granted	**1,785,000**	1,785,000
Granted and Outstanding at the beginning of the year	**3,03,460**	6,29,500
Granted during the year	**Nil**	Nil
Forfeited during the year	**Nil**	Nil
Exercised during the year	**1,38,954**	2,96,134
Lapsed during the year	**33,736**	29,906
Granted and outstanding at the end of the year	**1,30,770**	3,03,460
Fair value of the ESOP on the date of Grant	**Rs.9.41**	Rs.9.41

(c) The Company has followed the intrinsic value-based method of accounting for stock options granted based on Guidance Note on Accounting on Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The exercise price of the option granted is based on the fair value of the Company's share as on the date of the Grant. The Fair Value of the Share has been calculated by an independent valuer by applying Rule 1D of the Wealth Tax Rules, 1957. As the exercise price of the option granted is based on the fair value as on the date of the Grant, the intrinsic value of the option is NIL.

Fair value of Options calculated by external valuer using Black Scholes Model is lower than the exercise price and hence the options are considered to be anti-dilutive in nature and the effect of this is ignored in calculating diluted earnings per share in accordance with Accounting Standard 20 viz. Earnings Per Share issued by Charted Accountants of India.

Had the company followed fair value method for accounting the stock option, compensation expenses would have been higher by **Rs.12.31 Lacs** (Previous year Rs. 28.56 Lacs). Consequently profit after tax would have been lower by like amount and Basic Earning per share would have been lower by **Rs.0.02** (Previous year Rs.0.04) per share and Diluted Earnings per share would have been lower by **Rs. 0.0049** (Previous year Rs. 0.01) per share.

d) The Method and significant assumptions used to estimate the Fair Value of the Options are as under:
The Fair value of Options has been calculated by an independent valuer. The valuation has been done using the Black-Scholes model based on the assumptions given by the management, which are as under:

(i) Expected Life of the Options:
These stock options will vest in the following proportion from the date of grant and can be exercised during a period of four years from the date of vesting.

Year 1 from the date of Grant - 20% of the Options Granted;
Year 2 from the date of Grant - 25% of the Options Granted;
Year 3 from the date of Grant - 25% of the Options Granted;
Year 4 from the date of Grant - 30% of the Options Granted

(ii) Risk free interest rate:
This rate has been assumed at 8%.

(iii) Share price:
Share price of Rs. 17/- is treated as fair value as on 22nd December, 2006 the date of grant.

(iv) Volatility:
Volatility is calculated based on historical volatility in the stock of similar comparable companies over the previous 4 years at 0.63.

(v) Expected dividend yield:
No dividend payout on equity shares for four years from 31st March, 2007, the relevant Balance Sheet Date

21. Earnings per share (EPS) is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year, as under

		Previous Year
	Rs. (in Lacs)	**Rs. (in Lacs)**
Profit after tax	**5,868.22**	3,635.98
Less: Dividend on 0.01% Convertible Non Cumulative Non Participatory Preference shares (including dividend tax)	4.07	4.09
Profit for the year attributable to equity shareholders	**5,864.15**	3,631.89

Weighted average number of shares outstanding during the year	**Numbers**	**Numbers**
For basic EPS	**71,721,291**	**71,471,019**
For diluted EPS (refer note below)	**336,373,305**	**336,123,033**

Earnings per share	**Rupees**	**Rupees**
Basic	**8.18**	5.08
Diluted	**1.74**	1.08
Nominal value per share	**10.00**	10.00

Note:
Weighted average number of shares outstanding during the year- for Diluted EPS:

		Previous Year
	Numbers	**Numbers**
Weighted average number of shares outstanding during the year – for calculating basic EPS (numbers)	**71,721,291**	71,471,019
Add: Potential equity shares that could arise on conversion of 0.01%.Fully and Compulsorily convertible Non-cumulative, Non Participatory Preference shares at Rs 10 each (Refer Note below)	**250,000,000**	250,000,000
Add: Potential equity shares that could arise on conversion of 0.01% Non-cumulative, Non-Participatory Convertible Preference shares at Rs. 68.25 (converted into Non-cumulative Non Participatory Convertible during the year)	**14,652,014**	14,652,014
	336,373,305	336,123,033

Note:
For the purpose of calculating Diluted Earnings per share above preference shares are treated as convertible into equity shares at par.

22. Recovery of Expenses in Schedule 15, Schedule 16, Schedule 17 and Schedule 18 are amounts recovered from group/other companies towards the value of cost apportioned of the Company's employees and facilities in accordance with the agreements on allocation of expenses with the companies.

23. The previous year's figures have been regrouped / rearranged wherever necessary to correspond with the figures of the current year.

Signatures to schedules 1 to 19

For and on Behalf of the Board of Directors

C.P.MISTRY
Chairman

K.SUBRAHMANIAN
Managing Director

J.J. PARAKH
Director

S.PARAMASIVAN
Executive Director
(Finance & Commercial)

P.R.RAJENDRAN
Company Secretary

Place: Mumbai
Date: 27th June, 2011

AFCONS INFRASTRUCTURE LIMITED

Additional Information Pursuant to Part IV of Schedule VI to the Companies Act, 1956

Registration Details	
Registration no.	19335
State code	11
Balance sheet date	31-03-2011
	(amounts in Rupees '000s)
Capital raised during the year	
Public issue	Nil
Rights issue	Nil
Bonus issue	Nil
Position of mobilization and deployment of funds	
Total liabilities	19,519,036
Total assets	19,519,036
Sources of funds	
Paid-up capital	4,218,395
Reserves and surplus	2,445,948
Secured loans	3,388,958
Unsecured loans	3,414,949
Deferred Tax Liability (Net)	576,042
Application of funds	
Net fixed assets	4,385,150
Investments	29,676
Net current assets	9,629,466
Deferred revenue expenditure	-
Accumulated losses	-
Performance of Company	
Turnover	11,410,641
Total expenditure	11,522,182
Profit before tax	888,459
Profit after tax	586,822
Earnings per share	Refer note B (21) of schedule 19
Dividend rate %	-
Generic names of three principal services of Company	Not applicable

For and on Behalf of the Board of Directors

C. P. Mistry
Chairman

K. Subrahmanian
Managing Director

J. J. Parakh
Director

S. Paramasivan
Executive Director
(Finance & Commercial)

P. R. Rajendran
Company Secretary

Place: Mumbai
Dated: 27th June, 2011

AFCONS INFRASTRUCTURE LIMITED

FINANCIAL HIGHLIGHTS

Rupees in lacs

REVENUE ACCOUNTS					CAPITAL ACCOUNTS						EARNINGS & PAYOUT		
YEAR	TOTAL INCOME	DEPRECIA-TION	(LOSS)/ PROFIT BEFORE TAXES & RESERVES	TAX	SHARE CAPITAL	RE-SERVES	BORROW-INGS	GROSS BLOCK	CUM - DEPRE-CIATION	NET BLOCK	EARN-INGS PER EQUITY SHARE OF RS 10	DIVIDEND PER EQUITY SHARE OF RS 10	DIVIDEND PAY OUT PER EQUITY SHARE OF RS 10
2001-02	41201	694	(3557)	0	3140	5394=	6538	15538	8125	7413	(31.23)	-	-
2002-03	44087	881	258	115	5140	5520=	14908	17513	9087	8426	(0.95)	-	-
2003-04	45631	1099	281	159	7140	5642=	20555	19874	10133	9741	0.39	-	-
2004-05	55391	1318	342	140	12140	5845=	27975	21954	11522	10432	0.64	-	-
2005-06	68629	1491	1490	917	17153	4610=	34838	26490	14811	11679	1.85	-	-
2006-07	107411	1808	2516	1128	17153	6065=	57144	36785	16661	20124	2.15	-	-
2007-08	174944	2400	6647	2244	42152	9841=	51644	48512	18445	30067	6.16	-	-
2008-09	208867	2962	7508	2573	42140	14772=	69051	58925	20789	38136	6.91	-	-
2009-10	151028	3221	5598	1962	42170	18424=	53876	59238	22116	37122	5.08	-	-
2010-11	114106	3243	8885	3016	42184	24297=	68039	64740	22951	41789	8.18	-	-

= Excluding Revaluation Reserves

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF AFCONS INFRASTRUCTURE LIMITED

1. We have audited the attached Consolidated Balance Sheet of AFCONS INFRASTRUCTURE LIMITED ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") as at 31st March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not jointly audit the financial statements of certain subsidiaries and joint ventures, whose financial statements reflect total assets of Rs. 95,069.88 Lacs, as at 31st March, 2011, total revenues of Rs. 174,266.71 Lacs and net cash flows amounting to Rs. 14,094.60 Lacs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by either of us in our individual capacity or 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 subsidiaries, associate and joint ventures is based solely on the reports of the respective auditors except that in the case of subsidiaries viz. Afcons Madagascar Overseas SARL, Afcons Construction Mideast LLC, Afcons Infrastructure International Limited, Afcons Gulf Financial Services FZE, our opinion is based on the unaudited separate financial statements prepared by the subsidiaries and included in the consolidated financial statements. The unaudited Financial Statements of the subsidiaries reflect total Assets of Rs. 31,796.76 Lacs as at as at 31st March, 2011, total revenues of Rs. 12,066.19 Lacs and total cash flows of Rs. 5,869. 41 Lacs for the year ended on that date as considered in the Consolidated financial statements.

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), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.

5. Subject to the foregoing paragraph 3, based on our audit and on consideration of the separate audit reports on individual financial statements of the aforesaid subsidiaries, joint ventures and associates, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011;
   (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
   (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117366W)

R. Laxminarayan
Partner
Membership No.33023

For J. C. Bhatt & Associates
Chartered Accountants
(Registration No. 130923W)

J. C. Bhatt
Partner
Membership No.10977

Place : Mumbai
Dated : 27th June, 2011

CONSOLIDATED FINANCIAL STATEMENT OF AFCONS INFRASTRUCTURE LIMITED AND ITS SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (AFCONS GROUP)

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

		SCHEDULE	Rupees in Lacs	Rupees in Lacs	As at 31st MARCH, 2010 Rupees in Lacs
I.	**SOURCES OF FUNDS**				
(1)	**Shareholders' Funds**				
	(a) Share Capital	1	**42,183.95**		42,170.05
	(b) Reserves and Surplus	2	**37,514.46**		25,732.82
	(c) Share Application Money - Pending Allotment		-		0.18
				79,698.41	67,903.05
(2)	**Minority Interest**			**424.06**	448.44
(3)	**Loan Funds**				
	(a) Secured Loans	3	**33,889.58**		25,207.01
	(b) Unsecured Loans	4	**35,329.08**		30,565.99
				69,218.66	55,773.00
(4)	**Deferred Tax Liability (net)** (Refer Note No.11 of Schedule 19(III))			**5,767.94**	4,443.58
	Total			**155,109.07**	128,568.07
II.	**APPLICATION OF FUNDS**				
(1)	**Fixed Assets:**	5			
	Gross Block		**69,909.44**		60,419.14
	Less: Depreciation/Amortisation		**(23,852.81)**		(22,434.64)
	Net Block		**46,056.63**		37,984.50
	Capital Work in Progress		**3,107.95**		1,683.82
				49,164.58	39,668.32
(2)	**Goodwill on Consolidation**			**13.90**	15.50
(3)	**Investments**	6		**40.55**	40.55
(4)	**Current Assets, Loans and Advances**				
	Inventories	7	**84,935.35**		67,893.82
	Sundry Debtors	8	**63,305.97**		63,036.84
	Cash and Bank Balances	9	**45,430.91**		17,955.30
	Loans and Advances	10	**24,965.32**		13,876.08
			218,637.55		162,762.04
	Less: Current Liabilities and Provisions:				
	Liabilities	11	**111,685.80**		72,602.63
	Provisions	12	**1,061.71**		1,315.71
			112,747.51		73,918.34
Net Current Assets				**105,890.04**	88,843.70
	Total			**155,109.07**	128,568.07

Significant Accounting Policies and Notes on Accounts 19

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

R. Laxminarayan
Partner

For J.C. Bhatt & Associates
Chartered Accountants

J.C. Bhatt
Partner

Place: Mumbai
Dated: 27th June, 2011

For and on Behalf of the Board of Directors

K.Subrahmanian
Managing Director

S.Paramasivan
Executive Director
(Finance & Commercial)

P.R.Rajendran
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	Rupees in Lacs	Rupees in Lacs	Previous Year Rupees in Lacs
I. INCOME :				
Income from Operations	**13**		**276,915.04**	227,318.79
Other Income	**14**		**12,387.44**	4,938.65
Total			**289,302.48**	232,257.44
II EXPENDITURE :				
Cost of Construction/Materials	**15**		**207,455.29**	148,617.79
Payments to and Provision for employees	**16**		**26,471.15**	23,644.39
Other Expenses	**17**		**28,730.07**	35,155.14
Interest and Financial charges	**18**		**7,609.23**	8,801.05
Depreciation / Amortisation		**3,978.17**		3,468.92
Less : Depreciation on the amount added on Revaluation transferred from Revaluation Reserve		**(77.40)**		(85.40)
			3,900.77	3,383.52
Total			**274,166.51**	219,601.89
Profit Before Tax			**15,135.97**	12,655.55
Provision for Taxation:				
Current Tax (Including foreign tax) {Including Rs.0.80 Lacs(previous period Rs.0.30 Lacs) for Wealth Tax}		**(1,884.15)**		(2,807.42)
Deferred Tax		**(1,324.37)**		(98.75)
MAT Credit Entitlement		**0.92**		-
(Short) Provision for Tax in respect of earlier years		**(31.59)**		(1.29)
			(3,239.19)	(2,907.46)
Profit after Taxation before Minority Interest			**11,896.78**	9,748.09
Minority Interest			**(18.15)**	(387.36)
Profit after Tax and Minority Interest			**11,878.63**	9,360.73
Balance Brought Forward from Previous Year			**18,531.42**	9,174.78
Amount available for appropriations			**30,410.05**	18,535.51
APPROPRIATIONS:				
Proposed Dividend on Preference Shares			**(3.50)**	(3.50)
Tax on Dividend			**(0.57)**	(0.59)
Balance Carried to Balance Sheet			**30,405.98**	18,531.42
-Basic Earnings per share (Face value Rs.10)			**16.56**	13.09
-Diluted Earnings per share (in Rs.) (Refer Note 14 of Schedule 19(III))			**3.53**	2.78
Significant Accounting Policies and Notes on Accounts	19			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

R. Laxminarayan
Partner

For J.C. Bhatt & Associates
Chartered Accountants

J.C. Bhatt
Partner

For and on Behalf of the Board of Directors

K.Subrahmanian
Managing Director

S.Paramasivan
Executive Director
(Finance & Commercial)

P.R.Rajendran
Company Secretary

Place: Mumbai
Dated: 27th June, 2011

CONSOLIDATED FINANCIAL STATEMENT OF AFCONS INFRASTRUCTURE LIMITED AND ITS SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (AFCONS GROUP)

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2011

	March'2011 Rs. in lacs	March'2010 Rs. in lacs
A. Cash flow from operating activities		
Net Profit before prior period adjustments,extra ordinary items and tax	**15,135.97**	12,655.55
Adjustments for :		
Depreciation	**3,900.77**	3,383.52
(Profit) / Loss on sale / discard of fixed assets (net)	**18.88**	210.25
Dividend income	**(0.22)**	(0.45)
Interest income	**(2,586.10)**	(793.51)
Interest expense	**7,609.23**	8,801.05
Loss on Foreclosure of Contract	**-**	6,483.00
Bad/irrecoverable Debtors /Unbilled Revenue /Advances w/off	**1,685.53**	2,342.42
Provision no longer required written back	**(1,575.00)**	-
Excess Provision for expenses of earlier years written back	**(668.85)**	(369.05)
(Profit) on sale / disposal of long term investments- Others	**-**	(91.66)
Deferred revenue expenditure written off	**-**	180.68
Provision for projected losses	**(211.19)**	(75.39)
Operating profit before working capital changes	**23,309.02**	32,726.40
(Increase) in trade receivables	**1,788.64**	(30,640.16)
(Increase)/Decrease in inventories	**(17,041.53)**	16,536.85
(Increase) in loans and advances	**(9,354.66)**	(4,204.24)
Increase in trade,other payables and provisions	**39,676.58**	21,131.57
Cash generated from / (used in) Operations	**38,378.04**	35,550.42
Direct taxes paid	**(3,683.59)**	(2,974.89)
Net cash generated from operating activities	**34,694.45**	32,575.53
B. Cash flow from investing activities		
Purchase of fixed assets	**(13,711.69)**	(2,929.26)
Sale of fixed assets	**213.98**	195.52
Sale of investments	**-**	120.95
Dividend received	-	0.45
Interest received	**366.90**	84.31
Net cash used in investing activities	**(13,130.81)**	(2,528.03)
C. Cash flow from financing activities		
Proceeds from issue of Equity Shares	**23.63**	50.35
Share Capital Pending Allotment	**-**	0.18
Proceeds from long-term borrowings	**12,482.88**	5,000.00
Repayment of long-term borrowings - net	**(14,268.92)**	(20,903.83)
Repayment / Proceeds from short term borrowings - net	**15,231.70**	2,625.43
Interest paid	**(7,553.25)**	(8,408.82)
Dividend Paid (including tax)	**(4.07)**	(4.09)
Net cash generated from/(used in) financing activities	**5,911.97**	(21,640.77)
Net increase in cash and cash equivalents	**27,475.61**	8,406.73
Cash and cash equivalents at the beginning of the year	**17,620.19**	9,213.46
Cash and cash equivalents at the end of the year	**45,095.80**	17,620.19
Reconciliation of cash and cash equivalents		
As per Balance sheet - schedule 9	**45,430.91**	17,955.30
Less : Fixed Deposits on Lien	**(335.11)**	(335.11)
As per Cash flow statement	**45,095.80**	17,620.19

Notes

1. The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS-3) "Cash Flow Statements" notified under the Companies (Accounting Standard) Rules, 2006
2. Cash and Cash equivalents includes unrealised Profit/ (loss) of Rs.7.30 lacs (Previous year Rs.6.46 lacs) on account of translation of foreign currency bank balances.
3. Figures relating to previous year have been recast where necessary to conform the figures of the current year.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For J.C. Bhatt & Associates
Chartered Accountants

R. Laxminarayan
Partner

J.C. Bhatt
Partner

For and on Behalf of the Board of Directors

K.Subrahmanian
Managing Director

S.Paramasivan
Executive Director
(Finance & Commercial)

P.R.Rajendran
Company Secretary

Place: Mumbai
Dated: 27th June, 2011

		Rupees in Lacs	As at 31st March 2010 Rupees in Lacs
SCHEDULE 1			
SHARE CAPITAL			
AUTHORISED :			
350,000,000 Equity Shares of Rs.10 each		**35,000.00**	35,000.00
650,000,000 Preference Shares of Rs. 10 each		**65,000.00**	65,000.00
	TOTAL	**100,000.00**	100,000.00
ISSUED, SUBSCRIBED & PAID - UP			
71,839,468 (Previous year 71,700,514) Equity Shares of Rs.10 each (Refer note 1 below)		**7,183.95**	7,170.05
100,000,000, 0.01% Non Cumulative and Non Profit Participatory Convertible Preference Shares of Rs.10 each (Refer Note 2 below)		**10,000.00**	10,000.00
250,000,000, 0.01% Fully and Compulsorily Convertible Non-Cumulative, Non Participatory Preference shares of Rs. 10 each. (Refer Note 3 below)		**25,000.00**	25,000.00
	TOTAL	**42,183.95**	42,170.05

1. Of the above Equity Shares :-
   (a) 200,000 Shares of Rs.10 each have been issued as Fully paid up for Consideration other than Cash.
   (b) 3,500,000 Shares of Rs.10 each are issued as Fully Paid up Bonus Shares by Capitalization of Rs. 35,000,000 out of General Reserve.
   (c) 48,165,838 (Previous year Nil) Shares are held by Shapoorji Pallonji & Co. Ltd. (SPCL) (Holding Company).*
   (d) Nil (Previous year 24,079,669) Shares are held by Cyrus Investments Limited (CIL)*
   (e) Nil (Previous year 24,075,389) Shares are held by Sterling Investment Corporation Private Limited (SICPL)*
   (f) 13,015,929 shares are held by Floreat Investments Limited (FIL) , a subsidiary of SPCL.
   (g) 4,016,250 shares are held by Renaissance Commerce Pvt. Ltd. a subsidiary of Shapoorji Pallonji Infrastructure Capital Co. Ltd (SPICCL), which is the subsidiary of SPCL.
   (h) 4,016,250 shares are held by Hermes Commerce Ltd a subsidiary of Shapoorji Pallonji Infrastructure Capital Co. Ltd (SPICCL), which is the subsidiary of SPCL.
   (i) 20,000,000 Equity shares allotted to SICPL, a subsidiary of SPCL on 22-12-06 pursuant to conversion of 7.5% Redeemable Non-cumulative convertible Preference Shares into equity shares at par.
   (j) 439,468 (previous year 300,514) shares have been issued under ESOP scheme, 2006.

   *The above shareholding takes into account the effect of the Composite Scheme of Arrangement between SPCL, CIL and SICPL which has been approved by the High Court of Mumbai. Under the terms of the Scheme as approved, the shares of the Company held by SICPL and CIL are vested in SPCL w.e.f. the appointed date viz 1-4.2009. However, the actual transfer of the shares held by CIL and SICPL in the Company has been effected in October, 2010.

2. The 0.01% Non Cumulative and Non Profit Participatory Convertible Preference Shares of Rs.10/- each are held by Floreat Investments Ltd., a subsidiary of SPCL on the following terms:
   (a) The Preference Shares shall be non- cumulative and non profit participating convertible Preference Shares carrying a fixed rate of dividend of 0.01% per annum to be paid in priority to the holders of any other class of shares.
   (b) The Preference Shares shall be deemed to be converted into common equity shares of the Company at a price of Rs. 68.25 per equity share (consisting of par of Rs. 10/- and a premium of Rs. 58.25) immediately, automatically and without any further act of the parties in the event of conversion of the Preference Shares mentioned in note 3 (b) below.

3. The 0.01% Fully and Compulsorily Convertible Non-Cumulative, Non Participatory Preference shares of Rs. 10/- each are held by India Infrastructure AIL (Mauritius) Limited on the following terms :
   (a) Non-cumulative preferential dividend at a fixed rate of 0.01 per cent per annum to be paid in priority to the holders of any other class of shares;
   (b) The Preference Shares will be mandatorily converted in to equity shares at a price to be ascertained at the relevant point of time if Initial Public Offering (IPO) happens between 18-36 months from the date of issue viz. 14th Jan 2008 or any time thereafter but before 14th Jan 2013.
   (c) The Preference Shares shall rank senior to all types of shares issued or to be issued by the Company.

4. Particulars of Option on Unissued Share Capital (Refer Note III (13) of Schedule 19)

CONSOLIDATED FINANCIAL STATEMENT OF AFCONS INFRASTRUCTURE LIMITED AND ITS SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (AFCONS GROUP)

	Rupees in Lacs	Rupees in Lacs	As at 31st March 2010 Rupees in Lacs
SCHEDULE 2			
RESERVES AND SURPLUS:			
CAPITAL RESERVE (ON INVESTMENT IN SUBSIDIARIES)			
Balance as per Last Balance Sheet	**35.41**		35.41
Add :Adjustment on purchase of shares in subsidiary	**39.85**		-
		75.26	35.41
CAPITAL REDEMPTION RESERVE ACCOUNT			
Balance as per Last Balance Sheet		**12.50**	12.50
SHARE PREMIUM ACCOUNT			
Balance as per Last Balance Sheet	**1,009.12**		988.38
Add : Received on shares issued during the year	**9.73**		20.74
		1,018.85	1,009.12
REVALUATION RESERVE			
Balance as per Last Balance sheet	**239.10**		324.50
Less : Difference between depreciation on Revalued cost of Plant and Machinery and original cost thereof for the year transferred to Profit & Loss account.	**(77.40)**		(85.40)
		161.70	239.10
CONTINGENCIES RESERVE			
Balance as per last Balance Sheet		**800.00**	800.00
FOREIGN EXCHANGE TRANSLATION RESERVE			
Balance as per last Balance Sheet	**144.22**		126.03
Add: Amount transferred on account of resulting exchange differences on conversion of Foreign Subsidiaries / Joint Ventures	**(65.10)**		18.19
		79.12	144.22
GENERAL RESERVE			
Balance as per last Balance Sheet		**4,961.05**	4,961.05
Balance in Profit and Loss Account		**30,405.98**	18,531.42
TOTAL		**37,514.46**	25,732.82

	NOTES:		
SCHEDULE 3			
SECURED LOANS			
Loans and Advances From Banks:			
i) Cash Credit Accounts and Working Capital Demand Loans	**1**	**26,470.44**	14,811.85
ii) Foreign Currency Loan	**1**	**1,310.00**	-
iii) Equipment/ Car Loan	**2**	**6,109.14**	10,395.16
TOTAL		**33,889.58**	25,207.01

NOTES:

1 Secured by a first charge on the immovable properties of the Company situated in Andheri, Mumbai and Nagpur on a pari-passu basis. Further secured by hypothecation of the Company's stocks of construction materials, stores and work in progress, all other movable properties, plant and machinery and book debts on a pari-passu basis and in the case of foreign currency loan, also by goods covered under Letters of Credit

2 Secured by first charge by way of hypothecation of the equipment / car(s) financed.

SCHEDULE 4			
UNSECURED LOANS			
Short Terms Loans and Advances			
From Banks		**7,500.00**	7250.00
From Others			
Commercial Papers	**12,500.00**		15,000.00
Less: Discount not written-off	**940.51**		857.93
		11,559.49	14142.07
Other Loans & Advances			
a) From Banks			
From Banks	**15,000.00**		8750.00
From Others	**1,269.59**		423.92
		16,269.59	9,173.92
TOTAL		**35,329.08**	30,565.99

CONSOLIDATED FINANCIAL STATEMENT OF AFCONS INFRASTRUCTURE LIMITED AND ITS SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (AFCONS GROUP)

Schedule to Consolidated Balance Sheet as at 31st March, 2011

SCHEDULE 5

FIXED ASSETS

Rupees in Lacs

Particulars	GROSS BLOCK					DEPRECIATION/ AMORTISATIONS					NET BLOCK	
	As at 01.04.1010	Additions	Adjustments	Deductions	As at 31.03.1011	As at 01.04.1010	For the Year	Adjustments	Deductions	As at 31.03.1011	As at 31.03.1011	As at 31.03.1010
TANGIBLE ASSETS												
Land - Freehold	1.58	-	-	-	**1.58**	-	-	-	-	**-**	**1.58**	1.58
Land - Leasehold	16.58	-	-	-	**16.58**	0.32	0.16	-	-	**0.48**	**16.10**	16.26
Buildings	1,853.54	4.00	-	-	**1,857.54**	1,167.84	61.74	-	-	**1,229.58**	**627.96**	685.70
Plant and Machinery (Refer Note 4)	51,877.65	9,241.31	31.57	2,108.45	**59,042.08**	18,111.71	3,132.97	(11.68)	1,936.27	**19,296.73**	**39,745.35**	33,765.94
Leasehold Improvements	279.22	-	-	-	**279.22**	279.22	-	-	-	**279.22**	**-**	-
Floating Equipments etc.	3,758.60	1,821.58	(33.49)	515.45	**5,031.24**	2,029.06	406.26	(31.95)	497.48	**1,905.89**	**3,125.35**	1,729.54
Laboratory Equipments	144.82	3.23	(3.24)	-	**144.81**	67.03	6.54	(0.38)	-	**73.19**	**71.62**	77.79
Office Equipments	1,595.62	497.62	2.30	93.01	**2,002.53**	502.65	168.38	(0.24)	37.73	**633.06**	**1,369.47**	1,092.97
Furniture and Fixtures	414.62	217.94	2.86	53.12	**582.30**	150.88	103.36	0.02	24.89	**229.37**	**352.93**	263.74
Motor Vehicles	284.70	498.35	-	24.23	**758.82**	85.41	58.87	(0.22)	8.91	135.15	**623.67**	199.29
Sub Total	60,226.93	12,284.03	-	2,794.26	**69,716.70**	22,394.12	3,938.28	(44.45)	2,505.28	**23,782.67**	**45,934.03**	37,832.81
INTANGIBLE ASSETS - Acquired												
Software	172.21	3.53	(3.00)	-	**172.74**	40.52	39.89	(10.27)	-	**70.14**	**102.60**	131.69
Goodwill	20.00	-	-	-	**20.00**	-	-	-	-	**-**	**20.00**	20.00
Sub Total	192.21	3.53	(3.00)	-	**192.74**	40.52	39.89	(10.27)	-	**70.14**	**122.60**	151.69
Total	60,419.14	12,287.56	(3.00)	2,794.26	**69,909.44**	22,434.64	3,978.17	(54.72)	2,505.28	**23,852.81**	**46,056.63**	
Previous Year	59,583.29	3,135.18	88.54	2,387.87	**60,419.14**	20,947.82	3,472.43	(3.51)	1,982.10	**22,434.64**		37,984.50
Capital Work in Progress (Including advances)											**3,107.95**	1,683.82
Total											**49,164.58**	**39,668.32**

NOTES :

(1) Gross Block is partly at cost and partly at book value and includes amount added on revaluation on 1st April, 1990. Revalued amounts substituted for Historical Cost of Fixed Assets and method adopted to compute revalued amounts are as per Note 2 below.

(2) (a) Some of the Fixed assets viz., Plant & Machinery, (including certain items fully written off in previous years) Laboratory Equipment, Barges (floating equipments), New & Old Workshop and Office Buiilding as on 1st April, 1990 were revalued on the basis of the valuation made by the external valuers resulting in net increase of Rs.4,551.21 lacs being surplus on revaluation.

(b) Revalued amounts substituted for Historical Cost as at 1st April, 1990 and included under Gross Block are as under :

i) Plant & Machinery Rs.4,261.48 lacs
ii) Laboratory Equipments Rs. 124.45 lacs
iii) Workshop & Godown Rs. 466.02 lacs
iv) Buildings Rs. 1,260.00 lacs
v) Barges (Floating Equipments) Rs. 899.78 lacs

(3) Depreciation for the period includes depreciation provided on revalued cost of assets.

(4) Excess depreciation provided amounting to Rs.39.35 lacs during 2007-08, now rectified.

CONSOLIDATED FINANCIAL STATEMENT OF AFCONS INFRASTRUCTURE LIMITED AND ITS SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (AFCONS GROUP)

Schedules to Consolidated Balance Sheet As At 31st March, 2011

	Rupees in Lacs	Rupees in Lacs	As at 31st March 2010 Rupees in Lacs
SCHEDULE 6			
(I) INVESTMENTS (Long Term)			
A) Investment in Govt. Securities (Unquoted)			
National Savings Certificates of Face Value of Rs.0.55 Lacs (Previous year Rs.0.55 Lacs) (matured)- Lodged with Government Authorities and Clients.		**0.55**	0.55
B) OTHER INVESTMENTS			
(I) Quoted :			
(i) 40,072 Equity Shares of Rs.10 each fully paid up in HINDUSTAN OIL EXPLORATION COMPANY LIMITED.	**29.34**		29.34
(ii) 2,000 (Previous year 1000) Equity Shares of Re.1 each fully paid up in HINDUSTAN CONSTRUCTION CO. LTD	**0.03**		0.03
(iii) 500 Equity Shares of Rs.2 each fully paid up in SIMPLEX CONCRETE PILES LTD.	**0.04**		0.04
(iv) 100 Shares of Rs.10 each fully paid up in ITD CEMENTATION INDIA LTD.	**0.42**		0.42
(v) 250 Equity Shares of Rs.2 each fully paid up in GAMMON INDIA LTD.	**0.06**		0.06
		29.89	29.89
(II) Unquoted :			
(i) Equity Share of Rs.100 each fully paid up in Afcons (Mideast) Constructions and Investments Private Limited.		**0.11**	0.11
(III) In units of Mutual Fund:			
(i) 50,000 units of Rs. 10/- each of SBI Infrastructure Fund		**5.00**	5.00
(ii) 50,000 units of Rs. 10/- each of UTI Infrastructure Advantage Fund - Series I		**5.00**	5.00
TOTAL		**40.55**	40.55
NOTES:-			
1 Aggregate Value Of Investments			
Unquoted - Cost		**10.66**	10.66
Quoted - Cost		**29.89**	29.89
- Market Value		**83.33**	96.31
2 Details of Investments (Non Trade, Current) purchased & sold during the year (Previous year 12,984,832 units of Birla Sunlife Fund)		**Nil**	1,300.00
SCHEDULE 7			
INVENTORIES :			
a) Stock in Trade, at cost or net realisable value whichever is lower			
Stores and Spare Parts	**4,315.04**		3,465.12
Stock in Trade - Construction Materials	**9,199.30**		10,632.58
		13,514.34	14,097.70
b) Construction Work-in-Progress			
At estimated realisable value	**84,128.05**		68,057.03
Less: Advances received	**12,472.48**		13,951.35
		71,655.57	54,105.68
Less: Provision for doubtful balances		**234.56**	309.56
Net construction work-in-progress		**71,421.01**	53,796.12
TOTAL		**84,935.35**	67,893.82
SCHEDULE 8			
SUNDRY DEBTORS:			
(Unsecured)			
Debts Outstanding for a period exceeding 6 months			
a) Arbitration Awards	**10,219.45**		9,123.04
b) Others*	**27,245.34**		10,940.74
		37,464.79	20,063.78
Other Debts			
a) Arbitration Awards	**309.22**		309.22
b) Others*	**26,041.61**		44,673.49
		26,350.83	44,982.71
		63,815.62	65,046.49
Less : Provision for Doubtful debts		**509.65**	2,009.65
TOTAL		**63,305.97**	63,036.84
Notes:			
1) *Includes Retention Money / Security Deposit aggregating to Rs. 9,759.19 Lacs (Previous Year Rs.10,698.00 Lacs) of which Rs. 8096.75 Lacs (Previous year Rs. 4491.56 Lacs) is outstanding for more than six months.			
2) Debtors include :			
Considered Good		**63,305.97**	63,036.84
Considered Doubtful		**509.65**	2,009.65
		63,815.62	65,046.49

Schedules to Consolidated Balance Sheet As At 31st March, 2011

	Rupees in Lacs	Rupees in Lacs	As at 31st March 2010 Rupees in Lacs
SCHEDULE 9			
CASH AND BANK BALANCES			
(a) Cash on hand		**75.67**	50.61
(b) Bank Balances :			
With Scheduled Banks			
(i) In Current Accounts	**20,313.50**		10,640.18
(ii) In Deposit Accounts	**20,476.15**		6,862.08
(iii) In B.G. Margin Accounts	**131.43**		130.56
[Deposits include Rs.335.11 Lacs (Previous Year Rs.335.11 Lacs) over which Banks and Clients have lien]		**40,921.08**	17,632.82
In Current Account with Foreign Banks	**4,451.67**		289.38
Less : Provision	**(17.51)**		(17.51)
		4,434.16	271.87
TOTAL		**45,430.91**	17,955.30

Note:
Out of the above, bank balances of Rs. 17.51 Lacs are subject to exchange control restrictions for repatriation.

	Rupees in Lacs	Rupees in Lacs	As at 31st March 2010 Rupees in Lacs
SCHEDULE 10			
LOANS AND ADVANCES			
(Unsecured, considered good)			
To a Joint Venture in which the Company is a Venturer		**86.38**	76.35
Deposit with a company		**11.65**	11.15
{including interest accrued Rs.1.65 Lacs (Previous year Rs.1.15 Lacs)}			
Advances recoverable in cash or in kind or for value to be received		**20,899.93**	11,970.75
Interest accrued on deposits / investments		**208.65**	52.21
Advance Tax (net of provision)		**3,570.94**	1,131.10
MAT Credit Entitlement		**70.01**	762.23
Other Deposits		**259.49**	14.01
		25,107.05	14,017.81
Less: Provision for doubtful advances		**141.73**	141.73
TOTAL		**24,965.32**	13,876.08
Note :			
Advances include :			
Considered good		24,965.32	13,876.08
Considered doubtful		141.73	141.73
		25,107.05	14,017.81

	Rupees in Lacs	Rupees in Lacs	As at 31st March 2010 Rupees in Lacs
SCHEDULE 11			
LIABILITIES :			
Acceptances		**11,319.90**	**-**
Sundry Creditors			
(i) Total outstanding dues to micro, small and medium enterprises	**0.96**		72.26
(ii) Total outstanding dues to creditors other than micro, small and medium enterprises	**46,739.50**		48,608.99
		46,740.46	**48,681.25**
Advances from Clients		**39,881.70**	18,957.15
Temporary Book Overdraft		**41.58**	9.47
Interest accrued but not due on Loans		**564.03**	508.05
Unclaimed matured fixed deposits *		**4.47**	6.49
Other Liabilities		**13,133.66**	4,440.22
* There are no amounts, due and outstanding, to be credited to Investor Education and Protection Fund			
TOTAL		**111,685.80**	72,602.63

	Rupees in Lacs	Rupees in Lacs	As at 31st March 2010 Rupees in Lacs
SCHEDULE 12			
PROVISIONS			
Provision for Tax (Net of Advance Tax)		**269.06**	292.40
Provision for Compensated Absences		**372.35**	354.25
Provision for Gratuity		**211.78**	249.33
Provision for Estimated losses		**204.45**	415.64
Proposed Dividend		**4.07**	4.09
TOTAL		**1,061.71**	1,315.71

CONSOLIDATED FINANCIAL STATEMENT OF AFCONS INFRASTRUCTURE LIMITED AND ITS SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (AFCONS GROUP)

Schedules to Consolidated Profit and Loss Account for the Year Ended 31st March, 2011

	Rupees in Lacs	Rupees in Lacs	As at 31st March 2010 Rupees in Lacs
SCHEDULE 13			
INCOME FROM OPERATIONS :			
Contract Revenue (Gross)	**279,881.03**		230,279.99
Less : Value Added Tax	**4,006.99**		3,171.80
		275,874.04	227,108.19
Sale of Services		**189.04**	209.74
Sale of Goods		**2.81**	18.31
Survey WIP		-	(17.45)
Project Management Services		**849.15**	-
TOTAL		**276,915.04**	227,318.79

SCHEDULE 14			
OTHER INCOME:			
Dividend (Long Term Investments):			
From Others	**0.22**		0.45
Interest Income:			
On Arbitration awards	**2,062.61**		657.89
On Other Investments (Long Term Investments)	**0.50**		0.93
On Deposit with Banks	**377.88**		128.15
On Income Tax Refund	**160.93**		53.61
On Others	**145.11**		6.54
		2,747.25	847.57
Sale of Scrap		**870.72**	903.96
Service Charges		**349.40**	122.47
Excess provision for expenses in respect of earlier years		**668.85**	**369.05**
Profit on sale of long term Investment (Non trade)		-	91.66
Provision for doubtful debts no longer required written back		**1,575.00**	-
Equipment Hire charges		**1,186.49**	-
Duty Credit Scrip Availed		**3,426.26**	1,581.09
Insurance Claim Received		**630.16**	342.81
Miscellaneous Income		**933.31**	680.04
TOTAL		**12,387.44**	4,938.65

SCHEDULE 15			
COST OF CONSTRUCTION			
Construction Materials Consumed		**100,387.52**	75,245.45
{Net of sales Rs.1,211.70 Lacs (Previous year Rs. 1,662.06 Lacs)}			
Subcontract and Hire Charges		**80,127.09**	58,271.84
Stores and Spares Consumed		**3,647.57**	2,511.28
{Net of sales Rs.93.17 Lacs (Previous year Rs. 78.96 Lacs)}			
Power and Fuel		**4,137.67**	3,753.71
Site Installation Expense		**4,026.35**	1,018.61
Freight, Packing, Forwarding and Transport Expenses		**8,877.83**	3,300.46
Technical Consultancy Charges		**6,766.42**	7,195.28
Less : Recovery of Expenses (Refer Note No. 17 of Schedule 19)		**(515.16)**	(2,678.84)
TOTAL		**207,455.29**	148,617.79

Schedules to Consolidated Profit and Loss Account for the Year Ended 31st March, 2011

	Rupees in Lacs	Rupees in Lacs	Previous Year Rupees in Lacs
SCHEDULE 16			
PAYMENTS TO AND PROVISION FOR EMPLOYEES			
Salaries, Wages, Bonus and Allowances		**24,982.99**	21,037.75
Contribution to Provident and other Funds		**1,262.81**	1,077.76
Staff Welfare Expenses		**2,141.37**	1,764.28
Less : Recovery of Expenses (Refer Note No. 17 of Schedule 19)		**(1,916.02)**	(235.40)
TOTAL		**26,471.15**	23,644.39

	Rupees in Lacs	Rupees in Lacs	Previous Year Rupees in Lacs
SCHEDULE 17			
OTHER EXPENSES			
Electricity		**286.98**	202.99
Rent		**2,098.57**	2,525.47
Rates and Taxes		**2,975.05**	1,587.15
(Includes expenses of Prior Period amounting to Rs.140.21 Lacs)			
Insurance		**2,170.42**	4,093.65
Repairs :			
Plant and Machinery	**226.93**		121.28
Building	**3.18**		15.86
Others	**1,181.63**		1,374.73
		1,411.74	1,511.87
Travelling and Conveyance Expenses		**4,215.51**	3,459.11
Communication Costs		**562.49**	398.44
Legal and Professional Fees		**12,044.13**	9,041.17
Directors Sitting Fees		**6.90**	6.80
Loss on Sale / Discard of Fixed Assets (net)		**18.88**	210.25
Loss on Foreclosure of Contract		-	6,483.00
Donations		**25.22**	7.92
Bad/Irrecoverable Debtors/ Unbilled Revenue/ Advances written off		**1,685.53**	315.36
Provision for doubtful debts and advances		-	2,027.06
Loss on Exchange (Net)		**42.99**	271.95
Deferred revenue expenditure Written off		-	180.68
Auditors' Remuneration		**92.81**	69.49
Miscellaneous Expenses		**3,317.41**	3,193.25
Less : Recovery of Expenses (Refer Note No. 17 of Schedule 19)		**(2,224.56)**	(430.47)
TOTAL		**28,730.07**	35,155.14

	Rupees in Lacs	Rupees in Lacs	Previous Year Rupees in Lacs
SCHEDULE 18			
INTEREST AND FINANCIAL CHARGES			
On Fixed Loans		**2,884.58**	5,195.71
On Bank Cash Credit Working, Capital Demand Loans etc.		**2,664.30**	990.07
Bank Charges Including Bank Guarantee Commission		**1,566.35**	1,726.13
Interest on Advance from Clients		**248.68**	722.26
Other Interest		**349.62**	310.84
Less : Recovery of Expenses (Refer Note No. 17 of Schedule 19)		**(104.30)**	(143.96)
TOTAL		**7,609.23**	8,801.05

CONSOLIDATED FINANCIAL STATEMENT OF AFCONS INFRASTRUCTURE LIMITED AND ITS SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (AFCONS GROUP)

SCHEDULE NO. 19
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

I Principles of Consolidation:

1. The consolidated financial statements relate to Afcons Infrastructure Limited ('the Company") and its subsidiaries, associate and joint ventures, which together constitute the Group. The consolidated financial statements have been prepared on the following basis :
   a) The financial statements of the Company and its subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS- 21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006.
   b) The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
   c) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the consolidated statement of Profit and Loss account as the profit or loss on sale of investment in subsidiary.
   d) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
   e) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
   f) In case of associates, where the Company directly or indirectly through subsidiaries holds more than 20% of equity or exercises significant influence over the investee, investments are accounted for using equity method in accordance with Accounting Standard (AS-23) "Accounting for Investments in Associates in consolidated financial statements" issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006.
   g) The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in the associate is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
   h) The Company's interest in Jointly Controlled Entities are consolidated on a proportionate consolidation basis by adding together the proportionate book values of assets, liabilities, income and expenses and eliminating the unrealised profits/losses on intra-group transactions.
   i) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and appropriate adjustments are made to the financial statements of subsidiaries when they are used in preparing the consolidated financial statements that are presented in the same manner as the Company's separate financial statements.
   j) The accounts of the Indian subsidiaries have been prepared in compliance with the Accounting Standards referred to in Section 211(3C) and other requirements of the Companies Act, 1956 and those of the foreign subsidiaries have been prepared in compliance with the local laws and applicable Accounting Standards. In the opinion of the Management, based on the analysis of the significant transactions of those subsidiaries, no material adjustments are required to be made to comply with group accounting policies / Indian GAAP.
2. As required by Accounting Standard (AS-23) "Accounting for Investments in Associates on consolidated financial statements" issued by the Institute of Chartered Accountants of India, the carrying amounts of investments in Associates is adjusted for post acquisition change in the Company's share in the net assets of the associates after eliminating unrealised profits or losses, if any.
3. The list of the subsidiaries of the Company which are included in the consolidation and the Group's holding therein are as under:

Name of Subsidiary	Country of Incorporation	Percentage Holding-Share
Hazarat and Company Private Limited.	India	100%
Afcons Corrosion Protection Pvt. Ltd (Formerly SSS Electricals (India) Private Limited).	India	100%
Afcons Offshore and Marine Services Pvt. Limited.	India	100%
Afcons Construction Mideast LLC*	U.A.E	49%
Afcons Infrastructure International Limited	Mauritius	100%
Afcons Madagascar Overseas SARL #	Madagascar	100%
Afcons Gulf International Projects Services FZE #	U.A.E.	100%
Afcons Pauling Joint Venture	India	95%
Afcons Gunanusa Joint Venture (a Jointly Controlled Entity)	India	80%
Transtonnelstroy Afcons Joint Venture (a Jointly Controlled Entity)	India	100%
Dahej Standby Jetty Project Undertaking (a Jointly Controlled Entity)	India	100%

* It is accounted based on control exercised by the Company on the composition of Board of Directors of Afcons Construction Mideast LLC.

Step down subsidiaries of Afcons Infrastructure International Limited.

4. The associate of the Group which is included in the consolidation and the Group's holdings therein is as under:

Name of the Associate	**Country of Incorporation**	**Percentage Holding-Share**
Afcons (Mideast) Constructions and Investments Private Limited*	India	Less than 1%

* It is accounted based on significant influence by the Company on the composition of Board of Directors of Afcons (Mideast) Construction and Investments Private Limited.

5. The list of the joint ventures of the group that are included in the consolidation and the Group's holding therein are as under:

Name of the Joint Ventures	Percentage Holding – Share
Strabag AG Afcons Joint Venture	40%
Saipem Afcons Joint Venture	50%

II Significant Accounting Policies:

Basis of Accounting

The Accounts are prepared on accrual basis under the historical cost convention and to comply in all material aspects with applicable accounting principles in India, the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 as amended from time to time.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires that the management of the company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon Management's evaluation of the relevant facts and circumstances as on the date of financial statements. All information on key policies and the basis of the estimates and the major sources of uncertainties have been disclosed along with the respective note. Examples of such estimates include the useful lives of fixed assets, provision for doubtful debts / advances, future obligations in respect of retirement benefit plans, etc. Difference between actual results and estimates are recognised in the period in which the results are known / materialise.

Tangible Fixed Assets

Tangible Fixed assets are stated at cost of acquisition/construction, inclusive of inward freight, duties, taxes, installation expenses and any expenses directly attributable to the assets to bring them to site and in working condition for its intended use; or book value and include amounts added on revaluation less accumulated depreciation (refer note 2(a) of schedule 5) and impairment loss, if any. Leasehold improvements have been capitalized and are written off over the primary lease term not exceeding five years.

Intangible Fixed Assets

Intangible assets are recognized as per the criteria specified in Accounting Standard (AS) 26 – "Intangible Assets".

Depreciation

Depreciation on fixed assets (including revalued assets) is provided on the straight-line basis in accordance with the provisions of the Companies Act, 1956, at the rates and in the manner specified in schedule XIV to the Act. Capital spares consumed are capitalized and amortized over a period of four years. The difference between depreciation on revalued cost and original cost has been withdrawn from Revaluation Reserve and credited to the Profit and Loss Account. Cost of the Intangible Assets viz computer software is amortized over a period of five years.

Impairment

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. An impairment loss is charged to the Profit & Loss in the year in which an asset is identified as impaired. The impaired loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable value.

Investments

Current investments are carried at lower of cost and fair value. Long-term investments are carried at cost. However, when there is a decline, other than temporary in the value of the long term investment, the carrying amount is reduced to recognize the decline. Investment in shares of the subsidiaries registered outside India, are stated at cost by converting at the rate of exchange prevalent at the time of acquisition thereof.

Inventories

a) Construction materials, stores and spare parts are valued at lower of cost and net realizable value. Cost is determined on the basis of weighted average method. Cost of shuttering materials (included in construction materials), issued to jobs, is charged off equally over a period of four years.

b) Work done remaining to be certified / billed is treated as Construction Work in Progress in the accounts. The same is valued at the realizable value. Site Mobilisation Advance is stated at cost. Refer note 4 below.

Retention monies

Amounts retained by the clients until satisfactory completion of the contract(s) are recognised in the financial statements as receivables. Where such retention monies have been released by the clients against submission of bank guarantees, the amounts so released are adjusted against receivables from these clients.

Foreign currency transactions

Transactions in foreign currency, including in respect of branch operations integral in nature, are recorded at the average rates of exchange in force for the period. At the year end, monetary items, including those of branch operations integral in nature, denominated in foreign currency are reported using the closing rates of exchange. Exchange differences arising thereon and on realization/ payment of foreign exchange are accounted for in the relevant year as income or expense.

Revenue recognition on contracts

a. Contract revenue and expenses are recognized, when outcome can be estimated reliably, on the basis of percentage completion method. Percentage of completion is determined based on the nature of contracts, either in proportion of contract costs incurred upto the reporting date to the estimated total cost or on the basis of physical proportion of the contract work completed.

b. Contract revenue in case of 'Cost Plus' contracts is determined by adding the aggregate cost plus proportionate margin as agreed with the customer.In such contracts where the Client supplies materials and gives compensation at an agreed percentage on such materials consumed in the process of creation of Total Facilities and Infrastructure, the Company shows the determined value of such free goods as Cost of Construction with a corresponding credit to Contract Revenue.

c. Variations (in contracts) and amounts in respect thereof are recognized only when it is probable that the customer(s) will approve them and amounts can be measured reliably.

d. Claims and amounts in respect thereof are recognized only when negotiations have advanced to a stage where it is probable that the customer(s) will accept them and amounts can be reliably measured. In the case of Arbitration Awards (the "Awards") which are granted unanimously in favor of the Company, the claims awarded, are accounted in the year the Awards are received. The interest granted on such claims is recognised as per terms of the Awards.

e. Revenue is recognised only when no significant uncertainties exist regarding its measurement and collectability.

Export Benefits:

Export benefits in the form of duty credit entitlement licenses granted by the Government of India under the "Served from India" scheme on the basis of export realizations made are recognised on the basis and to the extent of actual utilisation and management's estimate of their likely utilisation.

Provision for Estimated Losses

Estimated losses, if any, in respect of contracts in progress are provided for based upon current estimates of cost to completion.

Employee benefits

i) Gratuity

Company's liability towards gratuity is determined by actuarial valuation carried out by the independent actuary as at each balance sheet date. The actuarial valuation method used for measuring the liability is the Projected Unit Credit method.

ii) Superannuation

The trustees of Afcons Infrastructure Limited Superannuation Scheme Trust have taken a Group Superannuation policy from the LIC. Provision for superannuation is made on the basis of premium payable in respect of the aforesaid policy.

iii) Provident fund

Contribution as required under the statute/ rules is made to the Government Provident Fund.

iv) Compensated absences

The liability for compensated absences is determined by actuarial valuation carried out by the independent actuary as at each balance sheet date and provided for as incurred in the period in which services are rendered by employees. The actuarial valuation method used for measuring the liability is the Projected Unit Credit method.

v) Other Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by the employees is recognized during the period when the employee renders the service.

vi) Actuarial gains and losses

The actuarial gains and losses are recognised immediately in the statement of Profit and Loss Account.

Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

Segment Reporting:

The following accounting policies have been followed for segment reporting:

i. Segment Revenue includes income directly identifiable with / allocable to the segment.

ii. Expenses that are directly identifiable with / allocable to segments are considered for determining the Segment Results. The expenses which relate to the Group as a whole and not allocable to segments are included under Unallocable expenses.

iii. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Group as a whole and not allocable to any segment. Unallocated assets mainly comprise certain fixed assets, interest accrued on bank deposits, Advance payment of taxes and tax deducted at source (net of provision for taxation). Unallocable liabilities include certain Loan funds, Interest accrued but not due on loans, Commission payable, Deferred tax and Provision for retirement benefits.

Leases

Assets leased out under operating leases are capitalised. Rental Income is recognised on straight line basis over the lease term.

Assets acquired on lease where significant portions of the risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Lease rentals are charged to Profit & Loss Account on straight line basis over the lease term.

Doubtful debts and advances

Provision is made in the accounts for debts and advances which in the opinion of the management are considered doubtful of recovery.

Taxation

Income taxes are accounted for in accordance with Accounting Standard (AS-22) "Accounting for taxes on income", notified under the Companies (Accounting Standards) Rules, 2006. Income tax comprises both current and deferred tax.

Current tax is measured on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using substantially enacted tax rates and tax regulations as of the Balance Sheet date.

Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realisation.

Accounting for joint ventures:

Accounting for joint ventures has been done as follows :-

Type of Joint Venture :	**Accounting treatment**
Jointly Controlled Entity	Interests in jointly controlled entities comprise of the share of the Group's interest in a company in which the Group has acquired joint control over its economic activities by contractual agreement. Interests in jointly controlled entities are included in the consolidated financial statements of the Group from the point in time at which the joint control is transferred to the Group and are no longer included in the consolidated financial statements from the point in time at which the joint control ceases. Interests in joint ventures are aggregated in the consolidated financial statements by using the proportionate consolidation method, which means that the Group's share in book values of like items of assets, liabilities, income and expenses are aggregated after eliminating the intra - Group balances and transactions to the extent of the proportionate share of the Group in the joint venture.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

III NOTES ON ACCOUNTS

1. Estimated amount of contracts remaining to be executed on capital account and not provided for **Rs. 4,295.36 Lacs** (As at 31st March 2010 Rs.336.94 Lacs).
2. **Contingent liabilities**

Sr. No.	Particulars	Rs in Lacs	Previous Year Rs. In Lacs
1.	Claims against the Company not acknowledged as debts a) Differences with sub-contractors in regard to rates and quantity of materials. b) Labour and other matters. The above claims are pending before various authorities. The Company is confident that the cases will be successfully contested.	 **420.33** **1.00**	 686.66 1.00
2.	a. Bank Guarantees given on behalf of Subsidiaries and Joint Ventures. b. Corporate Guarantees given on behalf of Subsidiaries and Joint Ventures.	**130,634.98** **71,599.84**	70,791.39 71,127.14
3.	Sales Tax and Entry Tax Represents demands raised by Sales Tax Authorities in matters of disallowance of labour and service charges, consumables etc. for which appeal is pending before various appellate authorities. The Company is confident that the cases will be successfully contested.	**1,931.75**	1,937.02
4.	Excise Duty Represents demands raised by Central Excise Department for Excisability of girders. The Company is confident that the cases will be successfully contested.	**211.33**	1,403.18
5.	Service Tax Represents demand confirmed by the Asst. Commissioner of Service Tax for disallowance of Cenvat Credit, since abatement claimed. The Company has appealed against the said order with Commissioner of Service Tax Mumbai and is confident that Cenvat Credit will be allowed as it is project specific and abatement has not been availed on the same.	**2.84**	2.84
6.	Income Tax Represents notices u/s 201(1) and 201(1A) received from Income Tax Dept in respect of Non compliance of TDS. Company has filed Appeals before the Appellate Authority & management is confident that the outcome of the appeals will be decided in company's favor and the demand raised will be set aside.	**913.58**	-

Note:- In respect of items mentioned under Paragraphs 1, 3, 4, 5 and 6 above, till the matters are finally decided, the financial effect cannot be ascertained.

3. Expenses capitalized during the year on fabrication/ improvement of equipment that has resulted in increased future benefits beyond their previously assessed standard of performance are as under:

	Rupees(in Lacs)	Previous year Rupees (in Lacs)
Construction materials consumed	**300.41**	73.18
Stores and spares consumed	**86.37**	52.38
Repairs	**176.35**	155.47
Others	**31.60**	40.60
Total	**594.73**	321.63

4. Work done remaining to be certified / billed which was hitherto considered as "Unbilled Revenue" in the accounts has been reclassified during the year as "Construction Work in Progress" so as to align the presentation with that followed within the Construction Industry.

5. Payments to auditors **Rupees (in Lacs)**

	Current Year	As at 31st March, 2010
i) As auditors	**32.50**	26.50
ii) As adviser, or in any other capacity, in respect of Taxation matters*	**1.50**	1.50
iii)For tax audit	**1.50**	1.50
iv) In any other manner (certification work, etc.)	**17.50**	17.50
v) For expenses	**1.00**	1.00
vi) For service tax	**5.56**	4.94
Total	**59.56**	52.94

*excludes payment of Rs. 24.22 lacs (Previous Year Rs. 21.51 lacs) for taxation matters to an affiliated firm of one of the joint auditors covered by a networking arrangement which is registered with the Institute of Chartered Accountants of India.

6. Disclosure in accordance with Accounting Standard – 7 (Revised):

Particulars	Rupees in (Lacs)	Previous year Rupees in (Lacs)
a) Contract Revenue	**279,881.03**	230,279.99
b) Disclosure for contracts in progress:		
(i) Aggregate amount of costs incurred	**490,946.63**	718,249.98
(ii) Recognized profits (less recognized losses)	**70,952.68**	86,180.15
(iii) Advances Received	**51,137.43**	41,868.55
(iv) Retention Money	**6,480.05**	9,974.39
c) Gross amount due from customers for contract work	**40,175.01**	21,108.01
d) Gross amount due to customers for contract work	**19,864.51**	24,088.12

7. The company has accounted liability for gratuity and compensated absences as per the Accounting Standard (AS- 15 Revised) on "Employee Benefits".
Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity and long term compensated absences is given below:

A. Assumptions	Current Year	31st March, 2010	31st March, 2009	31st March, 2008
Discount Rate	**8.25%**	8.25%	7.75%	8.00%
Rate of Return on Plan Assets	**8.00%**	8.00%	8.00%	8.00%
Salary Escalation	**4.50%**	4.50%	4.50%	4.50%
Mortality Table	**LIC(1994-96) Ultimate**	LIC(1994-96) Ultimate	LIC(1994-96) Ultimate	LIC(1994-96) Ultimate

Rupees (in Lacs)

B. Changes in the Benefit Obligation	Current Year	31st March, 2010	31st March, 2009	31st March, 2008
Liability at the Beginning of the year	**892.43**	802.57	630.26	550.95
Interest Cost	**73.62**	65.67	52.84	47.04
Current Service Cost	**92.58**	100.94	77.97	60.80
Past Service Cost	**-**	19.85	-	-
Benefit Paid	**(119.57)**	(112.50)	(90.90)	(46.00)
Actuarial Loss/ (Gain) on obligations	**108.65**	15.90	132.40	17.47
Liability at the end of the year	**1,047.71**	**892.43**	**802.57**	**630.26**

C. Fair Value of the Plan Asset	Current Year	31st March, 2010	31st March, 2009	31st March, 2008
Fair Value of Plan Asset at the beginning of the year	**643.10**	581.22	491.61	361.58
Expected Return on Plan Asset	**51.45**	51.60	46.49	38.31
Contributions	**247.56**	120.00	135.00	140.24
Benefit paid	**(119.57)**	(112.50)	(90.90)	(46.00)
Actuarial Gain/ (Loss) on Plan Assets	**13.40**	2.78	(0.98)	(2.52)
Fair value of Plan Assets at the end of the year	**835.94**	643.10	581.22	491.61
Total Actuarial Loss to be Recognized	**(94.95)**	**(13.42)**	**(133.38)**	**(19.95)**

D. Actual Return on Plan Assets:	Current Year	31st March, 2010	31st March, 2009	31st March, 2008
Expected Return on Plan Assets	**51.45**	51.60	46.49	38.31
Actuarial Gain/ (Loss) on Plan Assets	**13.40**	2.78	(0.98)	(2.52)
Actual Return on Plan Assets	**64.85**	**54.38**	**45.51**	**35.79**

E. Amount Recognized in the Balance Sheet:	Current Year	31st March, 2010	31st March, 2009	31st March, 2008
Liability at the end of the year	**1,047.71**	892.43	802.57	630.26
Fair Value of Plan Assets at the end of the year	**835.94**	643.10	581.22	491.61
Unrecognized Past Service Cost	**-**	-	-	-
Amount recognized in the Balance Sheet	**211.78**	**(249.33)**	**(221.35)**	**(138.65)**

Rupees (in Lacs)

F. Expense Recognized in the Profit and Loss Account:	Current Year	31st March, 2010	31st March, 2009	31st March, 2008
Current Service Cost	**92.58**	100.94	77.97	59.60
Interest Cost	**73.62**	65.67	52.84	47.04
Expected Return on Plan Assets	**(51.44)**	(51.60)	(46.49)	(38.31)
Past Service Cost	**-**	19.85	-	-
Net Actuarial Gain / Loss to be recognized	**95.25**	13.12	133.38	19.95
Expense recognized in the Profit and Loss Account under staff expenses	**210.01**	**147.98**	**217.70**	**88.28**

G. Reconciliation of the Liability recognized in the Balance Sheet:	Current Year	31st March, 2010	31st March, 2009	31st March, 2008
Opening Net Liability	**249.33**	221.35	138.65	190.61
Expense recognized	**210.01**	147.98	217.70	88.28
Employers Contribution	**(247.56)**	(120.00)	(135.00)	(140.24)
Amount recognized in the Balance Sheet under “Provision for Retirement Benefits”	**211.78**	**249.33**	**221.35**	**138.65**

H. Major category of plan assets as percentage of total plan assets:	(%)	(%)	(%)	(%)
Insured Managed funds	**100**	100	100	100

(b) Compensated Absences (Non funded) :

Actuarial Assumptions	Current Year	31st March, 2010	31st March, 2009	31st March, 2008
Mortality Table	**LIC (1994-1996) Ultimate**	LIC (1994-1996) Ultimate	LIC (1994-1996) Ultimate	LIC (1994-1996) Ultimate
Discount Rate	**8.25%**	8.25%	7.75%	8.00%
Salary Escalation	**4.50%**	4.50%	4.50%	4.50%
Withdrawal Rate	**2.00%**	2.00%	2.00%	2.00%

Note :

i) Premium is paid to LIC under Group Gratuity Scheme of LIC.

ii) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The above information is certified by the actuary and relied upon by the Auditors.

iii) The details of experience adjustments on account of Plan Liability and Plan Asset as required by Para 120 (n) (ii) of AS-15 is Rs. 108.75 Lacs (loss) and Rs. 13.40 Lacs (gain) respectively. However, as the details of experience adjustments on account of Plan Liability and Plan Asset for earlier periods are not readily available in valuation reports and hence not furnished.

iv) Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date is Rs. 137.02 Lacs.

v) The expected return on plan assets is determined considering several applicable factors which includes mainly the composition of plan assets held, assessed risks of asset management and historical result of the return on plan asset.

8. Segment information:

i. Segment information for Primary reporting (by business segment)
The Company has only one reportable business segment of construction business, hence information for primary business segment is not given.

ii. Segment information for Secondary segment reporting (by geographical segment)
The Company has two reportable geographical segments based on location of customers.

a) Revenue from customers within India- Local projects

b) Revenue from customers outside India- Foreign projects

Secondary: Geographical (Location of customers)

(Rupees in Lacs)

		Local projects	Foreign projects	Total
A	Income from Operations	**194,844.35** (139,241.84)	**82,070.69** (88,980.91)	**276,915.04** (228,222.75)
B	Carrying amount of assets (Excluding Taxes on Income and Investments)	**208,030.31** (157,400.71)	**56,130.87** (43,136.32)	**264,161.18** (200,537.03)
C	Addition to fixed assets	**12,327.46** (2347.00)	**1,384.23** (493.72)	**13,711.69** (2,840.72)

Figures in parenthesis are those of previous year.

9. Related Party Disclosures

Related Party where Control exists

Holding Company(s)

Shapoorji Pallonji & Company Limited (w.e.f. 6th July, 2010)

Fellow Subsidiary(s)

Sterling Investments Corporation Private Limited (up to 24th November, 2010)

Floreat Investments Limited

Cyrus Investments Limited (up to 2nd November,2010)

Associate of the Company

Afcons (Mideast) Constructions and Investments Private Limited

Jointly Controlled Entity

Strabag AG Afcons Joint Venture

Saipem Afcons Joint Venture

Key Management Personnel

Mr. C.P. Mistry – Chairman

Mr. K. Subrahmanian – Managing Director

Mr. S. Paramasivan – Executive Director (Finance & Commercial)

Mr. A. N. Jangle – Executive Director (up to 30th September, 2009)

10. Details of transactions with related parties during the year :

(Rupees in Lacs)

	Ultimate Holding Company	Joint Venture(s)	Associate Company	Key Management Personnel	Enterprises Exercising Significant Influence	Total
Managerial Remuneration paid	**-**	**-**	**-**	**257.82**	-	**257.82**
	(-)	(-)	(-)	(188.15)	(-)	(188.15)
Sitting Fees paid	**-**	**-**	**-**	**0.70**	-	**0.70**
	(-)	(-)	(-)	(0.80)	(-)	(0.80)
Dividend on Preference Shares	**-**	**-**	**-**	**-**	**1.00**	**1.00**
	(-)	(-)	(-)	(-)	(1.00)	(1.00)
Service charges	**-**	**349.46**	**-**	**-**	**-**	**349.46**
	(-)	(122.46)	(-)	(-)	(-)	(122.46)
Rent & Other Income	**-**	**782.20**	**-**	**-**	**-**	**782.20**
	(-)	(-)	(-)	(-)	(-)	(-)
Utilisation of Duty Credit Scrip	**28.34**	**-**	**-**	**-**	**-**	**28.34**
	(55.95)	(-)	(-)	(-)	(-)	(55.95)
Sale of Spares/ Materials	**76.81**	**-**	**-**	**-**	**-**	**76.81**
	(99.75)	(-)	(-)	(-)	(-)	(99.75)
Hire charges	**323.85**	**811.33**	**-**	**-**	**-**	**1,135.18**
	(182.76)	(109.36)	(-)	(-)	(-)	(292.12)
Project Management Consultancy Service Income	**-**	**849.15**	**-**	**-**	**-**	**849.15**
	(-)	(-)	(-)	(-)	(-)	(-)
Interest paid on loan	**-**	**-**	**5.85**	**-**	**-**	**5.85**
	(-)	(-)	(5.85)	(-)	(-)	(5.85)
Guarantees Given for/ (Released)	**-**	**8,108.47**	**-**	**-**	**-**	**8,108.47**
	(-)	(27,818.15)	(-)	(-)	(-)	(27,818.15)
Outstanding amount of guarantee given/ (taken)	**-**	**36,026.62**	**-**	**-**	**-**	**36,026.62**
	(-)	(27,918.15)	(-)	(-)	(-5,000.00)	(22,918.15)
Outstanding amount Dr/ (Cr)	**197.14**	**2,994.65**	**(90.00)**	**-**	**-**	**3,101.79**
	(-15.31)	(698.71)	(-90.00)	(-)	(-)	(593.40)

Figures in parenthesis are those of the year ended 31st March, 2010.

11. Major components of deferred tax assets and (liabilities) are as under:

	Rupees (in Lacs)	Previous year Rupees (in Lacs)
Differences in the value of depreciable assets between books and tax records	(3,436.86)	(2,859.02)
Provision for Gratuity	69.25	83.92
Provision for Doubtful Debts	294.33	811.00
Deferred revenue expenditure	-	1.22
Arbitration Awards	(2,886.27)	(2,742.38)
Others	191.61	261.68
Net deferred tax liability	**(5,767.94)**	(4,443.58)

12. Derivative Instruments:

Secured Loans taken in foreign currency as at the balance sheet not covered by forward contracts are **USD 2,916,000** equivalent to **Rs.1,310.11 Lacs** (as at 31st March, 2010 NIL) Payables and Receivables in foreign currency as at the balance sheet date not covered by forward contracts are **Rs. 46,327.16 Lacs** (as at 31st March 2010 Rs. 13,989.86 Lacs) and **Rs. 24,964.61 Lacs** (as at 31st March 2010 Rs. 23,096.23 Lacs) respectively.

13. Employee Stock Option Plan.

On 22nd December, 2006, the Company has granted 721,150 Stock options to its eligible employees at a price of Rs.17/- per option in terms of Employees Stock Option Scheme 2006 of the Company as approved by the Share holders at the Extra Ordinary General meeting held on 22nd December, 2006.

a) The particulars of the Options distributed under ESOP 2006 are as follows:

Particulars	ESOP 2006
Eligibility	Employees and Directors of the Company and its subsidiaries and its holding Company.
Vesting period for options granted during the year	Not less than One year and not more than Five years from the date of grant.
Exercise Period	Three years beginning from date of vesting
Method of Settlement	Equity Shares
Exercise Price	The Exercise price shall be equal to the fair market value of the shares as determined by the independent valuer.
No. of Options Granted	721,150.

(b) The particulars of number of options granted , exercised and lapsed and the Price of Stock Options for ESOP 2006 are as follows:

	Current Year	**Previous Year**
Particulars	**Quantity**	**Quantity**
Authorised to be Granted	**1,785,000**	1,785,000
Granted and Outstanding at the beginning of the year	**303,460**	629,500
Granted during the year	**Nil**	Nil
Forfeited during the year	**Nil**	Nil
Exercised during the year	**138,954**	296,134
Lapsed during the year	**33,736**	29,906
Granted and outstanding at the end of the year	**130,770**	303,460
Fair value of the ESOP on the date of Grant	**Rs.9.41**	Rs. 9.41

(c) The Company has followed the intrinsic value-based method of accounting for stock options granted based on Guidance Note on Accounting on Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The exercise price of the option granted is based on the fair value of the Company's share as on the date of the Grant. The Fair Value of the Share has been calculated by an independent valuer by applying Rule 1D of the Wealth Tax Rules, 1957. As the exercise price of the option granted is based on the fair value as on the date of the Grant, the intrinsic value of the option is NIL.

Fair value of Options calculated by external valuer using Black Scholes Model is lower than the exercise price and hence the options are considered to be anti-dilutive in nature and the effect of this is ignored in calculating diluted earnings per share in accordance with Accounting Standard 20 viz. Earnings Per share issued by the Institute of Chartered Accountants of the India.

Had the company followed fair value method for accounting the stock option, compensation expenses would have been higher by Rs. 12.31 Lacs (Previous Year Rs. 28.56 Lacs). Consequently profit after tax would have been lower by like amount and Basic Earning per share would have been lower by Rs. 0.02 per share (Previous Year Rs. 0.04) and Diluted Earnings per share would have been lower by Rs. 0.0049 (Previous Year Rs. 0.01) per share.

d) The Method and significant assumptions used to estimate the Fair Value of the Options are as under:

The Fair value of Options has been calculated by an independent valuer. The valuation has been done using the Black-Scholes model based on the assumptions given by the management, which are as under:

i) Expected Life of the Options:
These stock options will vest in the following proportion from the date of grant and can be exercised during a period of four years from the date of vesting.
Year 1 from the date of Grant - 20% of the Options Granted;
Year 2 from the date of Grant - 25% of the Options Granted;
Year 3 from the date of Grant - 25% of the Options Granted;
Year 4 from the date of Grant - 30% of the Options Granted

ii) Risk free interest rate:
This rate has been assumed at 8%.

iii) Share price:
Share price of Rs. 17/- is treated as fair value as on 22nd December, 2006 the date of grant.

(iv) Volatility:
Volatility is calculated based on historical volatility in the stock of similar comparable companies over the previous 4 years at 0.63.

(v) Expected dividend yield:
No dividend payout on equity shares for four years from 31st March, 2007, the relevant Balance Sheet Date

14. Earnings per share (EPS) is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year, as under.

		Previous Year
	Rs. (in Lacs)	**Rs. (in Lacs)**
Profit after tax and minority interest	**11,878.63**	**9,360.73**
Less: Dividend on 0.01% Fully Compulsorily Convertible Non Cumulative Non Participatory Preference shares (including dividend tax)	**4.07**	**4.09**
Profit for the year attributable to equity shareholders	**11,874.56**	**9,356.64**

Weighted average number of shares outstanding during the year	**Numbers**	**Numbers**
For basic EPS	**71,721,291**	**71,471,019**
For diluted EPS (refer note below)	**336,373,305**	**336,123,033**

Earnings per share	**Rupees**	**Rupees**
Basic	**16.56**	**13.09**
Diluted	**3.53**	**2.78**
Nominal value per share	**10.00**	**10.00**

Note
Weighted average number of shares outstanding during the year- for Diluted EPS:

		Previous Year
	Numbers	**Numbers**
Weighted average number of shares outstanding during the year – for calculating basic EPS (numbers)	**71,721,291**	**71,471,019**
Add : Potential equity shares that could arise on conversion of 0.01% Fully and Compulsorily convertible Non-cumulative, Non Participatory Preference shares at Rs. 10 each (Refer Note below)	**250,000,000**	**250,000,000**
Add: Potential equity shares that could arise on conversion of 0.01% Non-cumulative, Non Participatory Convertible Preference shares at Rs. 68 (converted into Non Cumulative Non Participatory Convertible during the Year)	**14,652,014**	**14,652,014**
Total	**336,373,305**	**336,123,033**

Note:
For the purpose of calculating Diluted Earnings per share above preference shares are treated as convertible into equity shares at par.

15. The following are details of the investment in associate made by the Company.

(Rupees in Lacs)

Name of the Associate	Original Cost of the Investment	Amount of Capital Reserve	Accumulated Profit / -Loss	Carrying Amount of Investment as at 31st March, 2011
Afcons (Mideast) Constructions and Investments Private Limited	- (-)	- (-)	0.11 (0.11)	0.11 (0.11)

Figures in parenthesis are those of the previous year.

16. Following subsidiary of the Company has provided depreciation on all the fixed assets on written down value method, which is in variance to the method adopted by the Company. The value of such items is as under:

(Rupees in lacs)

Name of Subsidiary	Gross Value of Fixed Assets
Afcons Corrosion Protection Pvt. Ltd (Formerly SSS Electricals (India) Private Ltd).	**67.58** (64.30)

Figures in parenthesis are those of the previous year.

17. Recovery of Expenses in Schedule 15, Schedule 16, Schedule 17 and Schedule 18 are amounts recovered from group/other companies towards the value of cost apportioned of the Company's employees and facilities in accordance with the agreements on allocation of expenses with the companies.

18. The previous year's figures have been regrouped/ rearranged wherever necessary to correspond with the figures of the current year.

Signatures to schedules 1 to 19

For and on Behalf of the Board of Directors

K. Subrahmanian
Managing Director

S. Paramasivan
Executive Director
(Finance & Commercial)

P. R. Rajendran
Company Secretary

Place: Mumbai
Dated: 27th June, 2011

AFCONS INFRASTRUCTURE LIMITED

Financial Details of Subsidiary Companies for the year ended 31st March 2011

Rupees (in Lacs)

Sr. No	Name of the Subsidiary Company & Country of Incorporation	Financial Year ending	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Details of Investments (except in case of investment in subsidiaries)			Turnover (Incl. Other Income)	Profit/ (Loss) before Tax	Provision for Current & Deferred Tax	Profit/ (Loss) after Tax	Proposed Dividend
							Shares	Mutual Funds	Total of Investments					
1	Hazarat & Company Private Ltd. India	31st March 2011	20.26	0.17	20.01	20.01	-	-	-	1.20	0.15	(0.05)	0.10	-
2	Afcons Corrosion Protection Private Ltd. (formerly SSS Electricals (India) Pvt. Ltd.) India	31st March 2011	8.00	113.94	162.01	162.01	-	-	-	193.24	22.24	(7.92)	14.32	
3	Afcons Offshore and Marine Services Pvt. Ltd. India	31st March 2011	10.00	66.85	87.73	87.73	-	-	-	5.64	4.98	-	4.98	-
4	Afcons Construction Mideast LLC Dubai, UAE	31st December 2010	37.21	1,301.24	23,497.00	23,497.00	-	-	-	26,542.94	531.31	-	531.31	-
5	Afcons Infrastructure International Ltd. (AIIL) Mauritius	31st December 2010	12.56	6,978.34	7,246.06	7,246.06	-	-	-	6,817.98	5,349.42	(159.11)	5,190.31	-
6	Afcons Madagascar Overseas SARL (100 % subsidairy of AIIL) Madagascar	31st December 2010	0.43	(101.63)	92.04	92.04	-	-	-	487.27	(279.42)	-	(279.42)	-
7	Afcons Gulf International Projects Services FZE (100 % subsidairy of AIIL) Fujairah	31st December 2010	124.04	2.70	129.08	129.08	-	-	-	23.69	1.09	-	1.09	-

Note : Indian rupee equivalent of the figures given in foregin currencies in the accounts of the foreign subsidiary companies, are based on the exchange rates as on 31st December 2010.

AFCONS INFRASTRUCTURE LIMITED

Registered Office: “Afcons House”, 16, Shah Industrial Estate, Veera Desai Road,
Andheri (West), Mumbai - 400 053, Tel.: 67191000, Fax: 26730047 / 26731031.

ATTENDANCE SLIP

Folio No. of Member	:	______________________________
Name of the Member	:	______________________________
Name of the Proxy	:	______________________________

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company at “Afcons House”, 16, Shah Industrial Estate, Veera Desai Road, Andheri (West), Mumbai - 400 053, on Thursday 29th September 2011 at 4.30 p.m.

SIGNATURE OF THE ATTENDING MEMBER/PROXY

NOTES : 1. A Shareholder/Proxy holder wishing to attend the meeting must hand over the same at the entrance duly signed.

2. A Shareholder/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference of the meeting.

PROXY FORM

AFCONS INFRASTRUCTURE LIMITED

Registered Office: “Afcons House”, 16, Shah Industrial Estate, Veera Desai Road,
Andheri (West), Mumbai- 400 053, Tel.: 67191000, Fax: 26730047 / 26731031.

I/We.. Of .... in the district of .... being a Member/Members of the above named Company, hereby appoint .... of .... in the district of .... (or failing him) .... of .... in the district of .... as my/our Proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Thursday 29th September 2011 at 4.30 p.m. and at any adjournment thereof.

Signed this .... day of .... 2011.

Reference Folio ____________________________

No. of Shares ______________________________

Signature

Affix
1 Rupee
Revenue
Stamp

No. of Shares ______________________________

This form is to be * in favour of the resolution. Unless otherwise instructed, the proxy will act as he thinks fit.
* Against

* Strike out which is not desired.

NOTE : In order that the proxy is effective, it must be returned so as to reach the Registered Office of the Company, at “Afcons House” 16, Shah Industrial Estate, Veera Desai Road, Andheri (West), Mumbai- 400 053, not less than FORTY-EIGHT HOURS before the meeting.