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)
A. N. Jangle - Executive Director (Business Development)

Audit Committee Members*

COMPANY SECRETARY
P. R. Rajendran

AUDITORS
Deloitte Haskins & Sells, Chartered Accountants
J. C. Bhatt, Chartered Accountant

BANKERS
State Bank of India
UCO Bank
Oriental Bank of Commerce
Axis Bank Ltd.
Bank of India
Dena Bank
BNP Paribas
ING Vysya Bank Limited
ICICI Bank Ltd.
Union Bank of India
IDBI 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

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

Thirty Third Annual General Meeting on 30th September, 2009 at 4.30 p.m. at "Afcons House", 16, Shah Industrial Estate, Veera Desai Road, Andheri (West), Mumbai- 400 053

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AFCONS INFRASTRUCTURE LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Thirty Third Annual Report together with the Audited statement of accounts for the year ended 31st March 2009.

1. CONSOLIDATED FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	**31st March 2009**	**31st March 2008**
Total Income	2,21,263	1,78,637
Profit/(Loss) before Tax	8,716	6,658
Provision for Taxation	(2,837)	(2,249)
Excess/(short) provision for tax in respect of earlier years	140	---
Profit/(Loss) after Tax	6,019	4,409
Balance brought forward from previous years	3,183	(1,225)
Appropriation	(16)	(1)
Balance Carried Forward to Balance Sheet	9,175	3,183

2. OPERATIONS

During the year under review inspite of severe economic down turn, 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%, 31%, 19% and 37% respectively. We have developed special action plan to counter the economic slow down, the application of which, has significantly helped your Company to manage the slow down.

Our Order book as on 31st March 2009 is Rs.4,26,231 Lacs as compared to our previous year order book of Rs.3,17,122 Lacs. Our focus on Overseas business continues.

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

1. Construction of New Mooring Facility in Shannah (Al-Wusta Region) in Muscat for Ministry of Transport and Communications, Sultanate of Oman.
2. Construction of Jetty Modification-Zero Point to New Riser Platform in Jamnagar for Reliance Industries Ltd., (Reliance Ports & Terminals Ltd.), Jamnagar.
3. Rehabilitation of Road from Kallubavale Cross to Harihar in Bellary and Davanagere Districts in Karnataka, for Karnataka State Highways Improvement Project, Bangalore.
4. Construction of Bridge at designated location across river Dhatarwadi near Block making site in Pipavava for E-Complex Private Limited , Mumbai
5. Laying / Extension of Pipeline at Jetty Area connecting Berth A,B,C & D in Jamnagar for Reliance Ports & Terminals Ltd., Jamnagar.
6. Corrosion Protection to Steels at Port Louis Harbour and Port Mathurin in Mauritius for Mauritius Ports Authority, Mauritius.
7. Construction of Viaduct and Four Stations on Viswavidyalaya-Jahangirpuri Corridor in New Delhi for DMRC, New Delhi.
8. Fabrication of two nos. 600 Ton Goliath Cranes at Pipavav Shipyard for Pipavav Shipyard Ltd., Mumbai.
9. Design and Construction of Marine Terminal Facility at Cuddalore for Chemplast Sanmar Ltd., Chennai.
10. Design and Construction of 4 Lane Bridge at Usgoan in Goa for Goa Infrastructure Development Co. Pvt. Ltd., Goa.

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

1. ICP-R Process Platform for MHS Redevelopment Phase-II Project (Tender 2A) for Rs.1,75,000 Lacs (US $366 million) in JV with M/s P.T. Gunanusa Utama Fabricators, Indonesia for ONGC, Mumbai.
2. Nad Al Sheba Race Course Development in Dubai for Rs.1,27,857 Lacs for Road Transport Authority, Dubai (in the name of Afcons Construction Midest LLC, Dubai).
3. Construction of 3-Level Grade Separator at Crossing of NH-24 and Road No 58 at Ghazipur on NH-24, New Delhi for Rs.19,979 Lacs for PWD. Govt. of Delhi.
4. Construction of Grade Separator at Crossing of Road No. 56 & G.T. Road near Apsara Border, New Delhi for Rs.18,020 Lacs for PWD Govt. of Delhi.
5. Cruise Berth Facility at Le Salines Port Louis - Marine Works Contract - MPA 78 (A) / 2007 in Mauritius for Rs.6,650 Lacs for Mauritius Port Authority, Mauritius.

3. New Business Initiatives

During the year, the Company has made a significant entry into the Offshore business by bagging the US$ 366 million (Rs.1,75,000 Lacs) EPC contract from the state-run Oil and Natural Gas Corporation Limited (ONGC) to construct an offshore platform. The contract is being executed by the Company in joint venture with M/s.PT.Gunanusa Utama Fabricators of Indonesia.

The Company has signed a Memorandum of Understanding with the Gujarat Maritime Board, Government of Gujarat for setting-up Ship building / Repairs yard at Mahuva, District Bhavnagar, Gujarat.

4. CREDIT RATING

During the year, in compliance with the Basel-II Guidelines for obtaining bank facilities, your Company has got the rating done from CRISIL and ICRA. CRISIL has assigned us the Long-Term Rating of "AA-/Stable" which reflects High Safety and Short-Term Rating of "P1+" which reflects Highest Safety. ICRA also has assigned us the Long-Term Rating of "LAA-" which reflects 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 Cumulative Preference Shares of the Company. The dividend, if declared, would involve an outflow of Rs.4.08 Lacs including Rs.0.59 Lacs towards dividend tax. In order to plough back the profit for the growth, the Directors are not proposing dividend on equity shares.

6. **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

7. **SHARE CAPITAL**

During the year under review, Company allotted 4,380 equity shares to the employee who exercised ESOP option granted to him under the ESOP Scheme 2006.

8. **SUBSIDIARIES**

i) Incorporation of step down subsidiary of the Company in Fujairah :
During the year, a step down subsidiary of the Company in the name of "Afcons Emirates Financial Services FZE" was incorporated in Fujairah Free Zone, Fujairah, UAE.

ii) Acquisition of Shares and Change of name of Afcons Arethusa Offshore Services Private Limited :

a. During the year ,the Company has acquired 40000 equity shares of its subsidiary company viz. Afcons Arethusa Offshore Services Private Limited (AAOS) from the existing shareholder Z North Sea Limited for a total consideration of Rs.19,50,000/-. Pursuant to the said acquisition AAOS becomes a wholly owned subsidiary of the Company.

b. Subsequent to the aforesaid acquisition the name of AAOS has been changed to Afcons Offshore and Marine Services Private Limited.

iii) As required under Section 212 of the Companies Act, 1956, the audited Statement of Accounts, the Report of the Board of Directors and Auditors' Report of the subsidiary companies (including Afcons Construction Mideast LLC, Dubai which is the subsidiary of the Company u/s.4(i)(a) of the Companies Act, 1956) are annexed .

9. **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.

10. **DIRECTORS**

Mr.C.P.Mistry, Mr.S.P.Mistry, Mr.N.J.Jhaveri and Mr.K.Subrahmanian, 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.C.P.Mistry, Mr.S.P.Mistry, Mr.N.J.Jhaveri and Mr.K.Subrahmanian is annexed to the Notice of the Meeting.

Mr.A.N.Jangle, Wholetime Director of the Company, who retires by rotation at the ensuing Annual General Meeting, has communicated to the Company his intent not to offer himself for re-appointment as Director of the Company. Accordingly, Mr. A. N. Jangle ceases to be a Director and Wholetime Director of the Company from the conclusion of the ensuing Annual General Meeting.

The Board wishes to place on record its appreciation for Mr. A. N. Jangle's valuable contribution and services rendered during his tenure as Wholetime Director.

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 judgment 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 2009 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 our construction business through an established Quality Management System, which aims to achieve Customer Satisfaction by providing goods and services to the stated expectation of our customers and in the process improving Company's competencies and competitiveness.

BUREAU VERITAS (BV), has renewed the Company's certificate for ISO 9001:2000 for Quality Management System. BV has also certified the Company's Indian operations for ISO:14001 for Environment and OHSAS:18001 for Occupation, Health & Safety.

All the sites have safety officers and that safety is given top-most priority in all operations and strict adherence is observed in relation to the Company's Manuals/ standards issued for Safety, Health and Environment.

13. **AUDITORS**

M/s.Deloitte Haskins & Sells, Chartered Accountants and Mr.J.C.Bhatt, Chartered Accountant, 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 reappointment as Auditors.

14. **AUDITORS' OBSERVATION**

The observations in the Auditor's Report have been adequately explained in the notes no. B(3)(i)(b), B(3)(ii), B(4), B(5), B(7).

15. **FIXED DEPOSIT**

Your Company did not invite or accept deposits from the public during the year under review. As on 31st March 2009, 46 deposits pertaining to previous years aggregating to Rs.8.19 Lacs remained unclaimed.

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

Pursuant to the provisions of section 205C of the Companies Act 1956, Interest on fixed deposits accepted for the year 2001-2002 which remained unclaimed ,inspite of reminders to the fixed deposit holders by the Company, have been transferred during the year on their due dates, to the Investor Education and Protection Fund (IEPF) established by the Central Government.

17. 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.

18. 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 has implemented following measures to conserve energy:
1. Introduction of efficient electrical concrete chippers in lieu of pneumatic chippers.
2. Substitution of all conventional concrete vibrators to compact, motor-in-hand, high frequency vibrators.
3. Replacement of all diesel welding generators with fuel-efficient, tier-III, compact engines.

B. RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORBTION

The Company has introduced eco friendly polymer based pile boring stabilizing agents. This technology adopted from Oil and Gas sector.

C. FUTURE ACTION PLAN

1. Introduction of Strand Jack Erection System.
2. Introduction of energy efficient, environment friendly forms work system.

D. FOREIGN EXCHANGE EARNING AND OUTGO.

(Rs.in Lacs)

	Current yr.	**Previous yr.**
Earnings	19,048	15,102
Outgo	20,111	13,870

19. ACKNOWLEDGEMENT

You 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 workers, staff and officers at all level for their contribution to the success achieved by the Company

For and on behalf of the Board of Directors

Place: Mumbai **C.P. MISTRY**
Date: 29th June 2009 **CHAIRMAN**

Management Discussion and Analysis

Economic Overview
The economy of India is the fourth largest in the world, with a GDP of $3.63 trillion and has a real GDP growth rate of 6.7% making it the fastest growing economy after china. The current growth rate is lower than the 9% witnessed in the preceding fiscal, but is commendable in face of such severe downturn.
Despite the global slowdown, the Indian economy is estimated to have grown at close to 6.7% in 2008-09. The Confederation of Indian Industry (CII) pegs the GDP growth at 6.1 % in 2009-10. This scenario factors in sectoral growth rates of 2.8-3%, 5-5.5 % and 7.5-8% respectively for agriculture, industry and services.

Industry Structure and Development
The Construction industry is an integral part of the Indian economy. In terms of magnitude, Construction activity is second to Agriculture. It is one of the largest employers in the country and is characterized by mix of both organized and unorganized entities. The increasing significance of Construction activity in the growth of the economy is evident from the increasing shares of Construction sector in GDP (i.e. 6.1% in 2002-03 to 6.9% in 2006-07). During the last fiscal, Construction industry grew by 7.2% as against 10.1% growth rate in 2007-2008.
The Government has taken various policy initiatives to strengthen the Indian infrastructure sector. This includes provision of Viability Gap Funding (VGF), setting up of an Infrastructure SPV i.e. India Infrastructure Finance Company, Bharat Nirman Programme, National Urban Renewal Mission, Committee on Infrastructure headed by Hon'ble Prime Minister of India to further boost the Infrastructure development in the Company. Many dedicated infrastructure funds are coming up alongwith significant private public partnership.
With the huge investment proposed in Infrastructure sector in the Eleventh plan period (2007-2012) coupled with the government initiative, the growth of infrastructure development in India in the near terms looks very promising. Your Company is well poised to participate in this opportunity.

Business Overview
Your Company has bagged several orders in various segments of construction business i.e. Marine works, Bridges, Road works, Civil works, Metro, Hydro work, Tunnel works, Pipelines and Offshore Oil and Gas works. The present order book position of the Company as on 31st March, 2009 is Rs.4,26,231 Lacs. Presently the share of the overseas contract is over 23 % of the order book.
The growth 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. 2,21,263 lacs for the year compare to the previous year's Rs.1,78,637 Lacs showing an increase of over 24%.The Consolidated Profit before Tax for the year was Rs. 8,716 Lacs compared to Rs. 6,658 Lacs in the previous year resulting in increase by 31%. The Consolidated Profit after Tax for the year was Rs. 6,018 Lacs compared to Rs.4,409 Lacs in the previous year resulting in increase by 37%.

Opportunities and Threats
Given the large number of infrastructure projects on the anvil, the construction sector is poised for a big expansion. The Government has in its recent budget given a big boost to infrastructure development in the Country by allocating investment of Rs.1,00,000 crores for the sector and also committed to build large Infrastructure projects through significant public expenditure and with the active involvement of private sector.

With the increasing demand for Infrastructure development, there is considerable shortage and uncertainties of human expertise, competition from domestic as well as international bidders, inflationary pressure, and abnormal increase in material cost, which puts a strong pressure on the Company's margins. Your Company is striving hard and taking adequate measures to fight these threats in order to increase its order book with minimum risk.

Outlook
The Company has made a significant entry into Offshore Oil and Gas business with the award of a contract for Offshore Platform for ONGC in strategic partnership with M/s. PT Gunanusa Utama Fabricators, Indonesia. Your Company already has significant presence in Middle East and in the current year it is in the process of tapping opportunities in African market.
In view of the prevailing market conditions globally, your Company looks forward to a period of growth, albeit subdued, with cautious optimism.

Risk and concerns
Despite the Construction industry witnessing robust growth in the last few years, the developments on the economic front cast constraints and challenges on the prospect of the industry mainly due to the following:

- Global recession and slowdown in economic activities.
- Availability of skilled manpower and high attrition levels of employees in the industry.
- Delay in releasing work fronts and technical clearances for execution of projects.
- Time consuming dispute resolution mechanism results in significant blockage of working capital.
- Tighten Liquidity position.

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.

Internal Control Systems and their Adequacies
The Company has in place an adequate Internal control system. The financial control operates through continuous Internal Audit, ERP System 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
Your Company values its human resource and focuses on following practices to recruit and retain the employees:

- Knowledge enrichment through internally developed training module and external training
- Motivation, rewards and recognition
- Target / achievement (Goal setting)
- Continuous mentoring
- Encouraging skill enhancement

Your Company endeavors to provide its employees congenial, safe work environment coupled with opportunities for personal growth and development. This has lead to higher employee morale and productivity at all levels thus helping the Company to achieve the objective of retaining talent pool, curbing attrition rate, adding new talent and maintain them reasonably well with the industry standards.

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, 2009 the Board of Directors of the Company comprised of 13 Directors out of which 3 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 2008-09, 4 Board Meetings were held on the following dates 26th June 2008, 24th September, 2009, 2nd December 2008 and 4th March 2009.The notice for the Board Meeting and the detailed agenda papers are 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 2008-2009		No. of Directorships in other Public Company	No of Committee # position held in other public co.		Whether attended last AGM held on 30.09.2008
		Held	Attended	Member	Chairman	Member	
Mr. C. P. Mistry	Chairman	4	4	9	-	2	Y
Mr. P. S. Mistry	Non Executive Director	4	3	9	-	1	N
Mr. S. P. Mistry	Non Executive Director	4	3	12	-	2	N
Mr. N. J. Jhaveri	Independent Director	4	4	12	4	3	N
Mr. N. D. Khurody	Independent Director	4	4	9	1	1	N
Mr. J. J. Parakh	Non Executive Director	4	3	7	-	-	N
Mr. B. D. Narang	Independent Director	4	4	8	3	5	N
Mr. R. M. Premkumar	Independent Director	4	4	4	1	-	N
Mr. P . N. Kapadia	Independent Director	4	4	3	-	-	Y
Mr. A. H. Divanji	Independent Director	4	4	-	-	-	Y
Mr. K. Subrahmanian	Managing Director	4	4	-	-	-	Y
Mr. S. Paramasivan	Executive Director	4	4	2	-	-	Y
Mr. A. N. Jangle	Executive Director	4	3	-	-	-	Y

Note: # Committee means, Audit Committee and Shareholder / Investors' Grievance cum Share Transfer cum ESOP Shares Allotment Committee.

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 :
26th June 2008, 24th September 2008, 2nd December 2008 and 4th March 2009.

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

Name	Category	No. of Meetings	
		Held	Attended
Mr. N. J. Jhaveri	Independent Director - Chairman	4	4
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. 2nd December 2008.

c. The Composition of remuneration committee was as under:

Name	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 2008-09:

i. Remuneration paid/payable to the executive directors for the financial year ended 31st March 2009:

(Rs. per annum)

Name of Director	Basic Salary	PF / SA	Perquisites	Total Remuneration
Mr. K. Subrahmanian	17,10,000	4,61,700	54,50,016	76,21,716
Mr. S. Paramasivan	13,50,000	3,64,500	39,82,083	56,96,583
Mr. A. N. Jangle	13,50,000	3,64,500	41,00,500	58,15,000
	44,10,000	**11,90,700**	**1,35,32,599**	**1,91,33,299**

ii Remuneration paid/payable to the non-executive directors for the year ended 31st March 2009 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. p.a.)	Shareholding in the Company (No. of Shares)
Mr. C. P. Mistry	90,000	-
Mr. P. S. Mistry	30,000	-
Mr. S. P. Mistry	30,000	-
Mr. J. J. Parakh	1,20,000	6,619
Mr. A. H. Divanji	40,000	21,720
Mr. N. J. Jhaveri	1,40,000	17,749
Mr. P. N. Kapadia	1,20,000	-
Mr. N. D. Khurody	1,40,000	-
Mr. B. D. Narang	40,000	-
Mr. R. M. Premkumar	40,000	-
Total	**7,90,000**	

The Company does not have any 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 Director 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:

6th May 2008, 2nd December 2008 and 16th March 2009.

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 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 2009.

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") constitute a Committee of Directors named as "FCPs Committee" and delegated to such Committee the following powers:

a. 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 ("FCPs").
b. 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;
c. 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;
d. 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;
e. To make application to authorities for dematerialisation of FCPs allotted to the allottees.
f. To authorize and approve the incurring of expenditure and payment of fees in connection with the issue and allotment of FCPs;
g. 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;
h. To engage services of professionals including merchant bankers, lawyers, Chartered Accountants and Valuers.
i. 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.
j. 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.
k. The FCPs Committee may pass any resolution by circulation.
 ii. No meeting was held during the year.
 iii. Composition, Meetings and Attendance

Name	Category	No. of Meetings	
		Held	Attended
Mr. P. N. Kapadia	Independent Director-Chairman	-	-
Mr. J. J. Parakh	Non-Executive Director	-	-
Mr. K. Subrahmanian	Managing Director	-	-
Mr. S. Paramasivan	Executive Director	-	-
Mr. A. N. Jangle	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, Meetings and Attendance.

Name	Category	No. of Meetings	
		Held	Attended
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. Five meeting were held during the year on the following dates : 16th April 2008, 26th June 2008, 24th September 2008, 2nd December 2008, 4th March 2009
iii. The Composition, Meetings and Attendance of the Committee of Directors meetings was as under:

Name	Category	No. of Meetings	
		Held	Attended
Mr. N. J. Jhaveri	Independent Director-Chairman	5	5
Mr. C. P. Mistry	Non-Executive Director	5	5
Mr. N. D. Khurody	Independent Director	5	5
Mr. J. J. Parakh	Non-Executive Director	5	3
Mr. K. Subrahmanian	Managing Director	5	5
Mr. S. Paramasivan	Executive Director	5	5
Mr. A. N. Jangle	Executive Director	5	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
32nd	Registered Office of the Company	30.09.2008	4.00 p.m.
31st	Registered Office of the Company	27.09.2007	4.00 p.m.
30th	Registered Office of the Company	28.09.2006	4.00 p.m.

b. The details of the Extra Ordinary General Meetings (EGMs) held in the last 3 years :

EGM Date	Location	Time
29.12.2007	Registered Office of the Company	11.30 a.m.
22.12.2006	Registered Office of the Company	12.15 p.m.

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

AGM :	
32nd AGM dtd.30.09.2008	a. Alteration of Clause IIIC of the Memorandum of Association of the Company by incorporating sub-clause 40, 41 relating to Construction of Offshore platforms and related structures and Shipyard and Offshore Fabrication Yard. b. Commencement of the business specified in sub-clause 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 to any other body corporate/make investments in the companies u/s 372A (1) of the Companies Act, 1956 in excess of the limits.
31st AGM dtd.27.09.2007	a. Approval for Payment of Commission to Non-Whole-time Directors of the Company. b. Alteration of Articles of Association the Company. c. Issue of Fully Convertible Preference (FCPs) u/s. 81(IA) of the Companies Act,1956.
30th AGM dtd. 28.09.2006	Nil
EGM:	
EGM Dtd. 29.12.2007	a. Amendment of Terms and Conditions of the Outstanding Preference Shares of the Company held by Floreat Investment Limited. b. Alteration of Articles of Association of the Company for inserting Terms of FCPs.
EGM Dtd. 22.12.2006	a. Alteration the Articles of Association of the Company. b. To Issue and allot 2,00,00,000 Equity Shares of the Company of the face value of Rs.10/- each at par to the holders of 2,00,00,000 7.5% Redeemable Convertible Non-Cumulative Preference Shares of Rs.10/- each of the Company. c. Variation of terms and condition of 5,00,00,000 7.5% Redeemable Non-Cumulative Convertible Preference Shares of Rs.10/- each allotted on 30th March 2005. d. Variation of terms and condition of 5,00,00,000 7.5% Redeemable optionally Convertible Preference Shares of Rs.10/- each allotted on 31st March 2006. e. Further Issue of 16065000 Equity Shares as per the provision of section 81(IA) of the Companies Act,1956. f. To create, offer, issue and allot Equity Shares to existing permanent employees of the Company under the ESOP Scheme.

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 2008-09 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 : 30th September 2009
   - Time : 4.30 p.m.
   - Venue "Afcons House",16, Shah Industrial Estate, Veera Desai Road, Azad Nagar P.O., Andheri (West), Mumbai-400053

b. Financial : 1st April - 31st March

c. Date of Book Closure : 24th September 2009 to 30thSeptember 2009 (both day inclusive)

d. ISIN No. : INE101101011

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

AFCONS INFRASTRUCTURE LIMITED

XI. SHAREHOLDING PATTERN AS ON 31st MARCH, 2009

Sr. No.	Category	No. of Shares	% of total
1	**Promoter's holding**		
	Indian Promoters -Bodies Corporate	69199207	96.91
	Sub total (1)	**69199207**	**96.91**
2	**Non Promoters Holding**		
	Companies / Bodies Corporate	51040	0.07
	Employee / Retired Employees / General Public	729479	1.02
	Director Non-Promoters category	233284	0.33
	Employee Trust	1191370	1.67
	Sub total (2)	**2205173**	**3.09**
	Total (1+2)	**71404380**	**100.00**

XII. Distribution of Shareholding as on 31st March, 2009

Number of	Shareholders		Shares	
Shares	**Number**	**% of Total**	**Number**	**% of Total**
1 to 500	427	68.6495	102708	0.1438
501 to 1000	45	7.2347	35674	0.0499
1001 to 2000	37	5.9485	56950	0.0797
2001 to 3000	18	2.8938	45699	0.0640
3001 to 4000	13	2.0900	46778	0.0655
4001 to 5000	6	0.9646	27320	0.0382
5001 to 10000	26	4.1800	201999	0.2828
10001 & above	50	8.0385	70887252	99.2757
Total	**622**	**100.0000**	**71404380**	**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, 2009, the Profit and Loss account and also the Cash-flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 issued by the Central Government of India in terms of sub-section (4A) of Section 227 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 we report that:
   - i. 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;
   - ii. 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;
   - iii. the Balance sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   - iv. In our opinion, *subject to Note no B3(i)(b) of Schedule 19, regarding non-provision for diminution in the value of investment* as per Accounting Standard 13 "Accounting for Investments', the Balance Sheet, Profit and Loss account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
   - v. On the basis of written representations received from the directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
   - vi. Our audit report of previous year was modified for the manner of determination of projected losses in respect of contracts in progress for which we had relied upon the management's current estimates of costs to completion owing to their technical nature and due to uncertainties of future. The said matter has been resolved during the year after considering the improvements in the estimation process over the past years.
   - *vii. Attention is invited to the following in Schedule 19, all of which were also the subject matter of our report similarly modified in the previous year:*
     - *(a) Non-provision for diminution in value of investment in the capital of a partnership firm; (Note no. B(3)(i)(b))*
     - *(b) Non-provision for probable non-recovery of dues from a Partnership firm; (Note no. B(3)(ii))*
     - *(c) Non-provision for unbilled revenue; (Note no. B(4))*
     - *(d) The manner of accounting for outstanding arbitration awards and interest accrued thereon; (Note no. B(5))*
     - *(e) Non-provision for certain debts and advances; (Note no. B(7))*

     In view of the fact that in respect of items mentioned under clauses (a) to (e) above, the probable loss on account of non-recovery or partial recovery of debts, loans and advances, other receivables, fall in the value of investments, contracts in progress, Arbitration awards in appeal etc. are not capable of being estimated and quantified with reasonable accuracy owing to insufficient evidence and information available which includes, inter alia, a review of events occurring after the Balance Sheet date, management's experience of similar transactions and in some cases reports from independent experts, the overall effect of the aforesaid matters on the financial statements for the year ended 31st March, 2009 and on the figures for the previous year ended 31st March, 2008, could not be determined.
   - viii. *Subject to the foregoing referred to in paragraph (vii) above,* in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the significant accounting policies and other notes thereon, 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, 2009;
     - (ii) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
     - (iii) in the case of the Cash-flow statement, of the cash-flows for the year ended on that date.

For Deloltte Haskins & Sells
Chartered Accountants

R.Laxminarayan
Partner
Membership No.33023

J. C. Bhatt
Chartered Accountant
Membership No.10977

Place: Mumbai,
Dated: 29th June, 2009

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2009 of Afcons Infrastructure Limited.

- (i) The nature of the Company's activities during the year has been such that clauses (xiii) and (xiv) of paragraph 4 of the order are not applicable to the Company for the year.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
  - (b) All the fixed assets have not been physically verified by the management during the year but there is a regular program of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Accordingly, the management during the year has conducted a physical verification of certain fixed assets. We are informed that no material discrepancies were noticed by the management 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 inventories:
   (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals;
   (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are 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 is maintaining proper records of its inventories and discrepancies noticed on physical verification have been properly dealt with in the books of account.

(iv) In respect of loans, secured or unsecured, granted or taken by the Company to or 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 has granted loans to four parties. The maximum amounts involved during the year were Rs. 5,962.44 Lacs and the year end outstanding balances of loans granted to such parties were Rs. 2,316.87 Lacs.
   (b) In our opinion, the rates of interest and other terms and conditions on which loans have been given to parties listed in the register maintained under section 301 of the Companies Act,1956 are not prima facie prejudicial to the interest of the Company.
   (c) The principal amounts are receivable on demand in respect of the loans given. The receipt of interest in respect thereof is regular.
   (d) In view of what is stated in item (c) above, the question of commenting on overdue amounts in respect of principal amounts of loans given does not arise. The Company has taken reasonable steps for recovery of overdue interest.
   (e) The Company has taken loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 90 Lacs and the year end outstanding balance of loan taken from such party was Rs. 90 Lacs.
   (f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the party listed in the register maintained under section 301 of the Companies Act,1956 are not prima facie prejudicial to the interest of the Company;
   (g) The principal amounts are payable on demand in respect of the loans taken. The payment of interest in respect thereof is 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 for the purchase of inventory, fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.

(vi) In respect of contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
   (a) In our opinion and according to the information and explanations given to us, the particulars of contracts/ arrangements that need to be entered into the Register maintained under section 301 of the Companies Act, 1956 have been so entered;
   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lacs each in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vii) In our opinion and according to information and explanations given to us, the Company has complied with the provisions of Sections 58A, 58AA and any other relevant provisions of the Companies Act, 1956 and the Rules framed thereunder with regard to deposits accepted from the public. 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 Company has an internal audit system commensurate with the size and nature of its business.

(ix) The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956.

(x) In respect of statutory dues :
   (a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed material statutory 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 any other statutory dues applicable to it with the appropriate authorities during the year.
   (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales Tax, Wealth tax, Service Tax, Custom duty, Excise duty, Cess, or any other statutory dues were outstanding as at 31st March, 2009 for a period of more than six months from the date they became payable.
   (c) Disputed amounts payable on account of Sales Tax, Excise Duty and Income Tax as detailed below have not been deposited since the matters are pending with the relevant forum.

Name of the Statute	Nature of Dues	Amount in (Rs.)	Amounts Paid / Adjusted (Rs. in Lacs)	Net Balance (Rs. in Lacs)	Forum where the dispute is pending
Assam General Sales Tax Act 1993	Sales tax	6.07	2.85	3.22	Dy. commissioner of Taxes (Appeals), Tinsukia.
Andhra Pradesh General Sales Tax Act 1957	Sales tax	37.66	11.37	26.29	Sales Tax Appellate Tribunal, Hyderabad
Andhra Pradesh General Sales Tax Act 1957	Sales tax	2.22	0.57	1.65	Appellate Dy. Commissioner of Commercial taxes, Hyderabad.
Delhi Sales Tax on Works Contract Act 1957	Sales tax	698.05	528.56	169.49	Addn. Commissioner (Appeals), New Delhi
Madhya Pradesh General Sales Tax Act 1958	Sales tax	15.09	5.18	9.91	Dy. Commissioner, Madhya Pradesh.
Madhya Pradesh General Sales Tax Act 1958	Sales tax	15.48	2.00	13.48	Addn. Commissioner (Appeals), Madhya Pradesh.
The Maharashtra Sales Tax on Transfer of property in goods involved in Execution of Works Contract (Re-enacted) Act 1989	Sales tax	26.31	12.32	13.99	Asst. Commissioner of Sales Tax, Mumbai.
Orissa Sales Tax Act 1947	Sales tax	206.74	183.96	22.78	Appellate Tribunal of Sales Tax, Cuttack.
Orissa Sales Tax Act 1947	Sales tax	194.75	151.63	43.12	Addn. Commissioner of Sales Tax, Cuttack.
Orissa Sales Tax Act 1947	Sales tax	184.07	153.44	30.63	High Court, Orissa

Name of the Statute	Nature of Dues	Amount in (Rs.)	Amounts Paid / Adjusted (Rs. in Lacs)	Net Balance (Rs. in Lacs)	Forum where the dispute is pending
Orissa Sales Tax Act 1947	Sales tax	109.84	107.74	2.10	Addn. Commissioner of Sales Tax, Behrampur.
Tamilnadu General Sales Tax Act 1959	Sales tax	13.47	12.47	1.00	Dy. Commissioner of Commercial Taxes, Chennai.
West Bengal Sales Tax Act 1954	Sales tax	11.24	5.32	5.92	Sales Tax Appellate Tribunal, Kolkata.
West Bengal Sales Tax Act 1954	Sales tax	32.42	21.38	11.03	Dy. Commissioner of Commercial taxes, Durgapur.
Orissa Sales Tax Act 1947	Sales tax	43.82	28.46	15.37	Asst. Commissioner Of Sales Tax, Bhubaneshwar
Tamilnadu General Sales Tax Act 1959	Sales tax	60.93	47.05	13.87	Asst. Commissioner, (CT) - VI, Chennai
Central Excise Act 1944	Excise Duty	227.38	55.00	172.38	CESTAT , New Delhi
Central Excise Act 1944	Excise Duty	52.00	52.00	-	Supreme Court
Karnataka Entry Tax Act 1979	Entry Tax	264.56	183.04	81.52	Joint Commissioner of Commercial Taxes, Mangalore

(xi) The Company has no accumulated losses as at 31st March, 2009 and has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks / financial institutions. There are no dues payable to debenture holders,

(xiii) 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.

(xiv) The Company has given guarantees amounting to Rs. 42,624.00 lacs for loans facilities taken by subsidiary from a bank. In our opinion and according to the information and explanations given to us, the terms and conditions, of such guarantees, are not prima facie prejudicial to the interest of the Company.

(xv) In our opinion and according to the information and explanations given to us, the term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.

(xvi) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xvii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xviii) The company has not borrowed any monies through issue of debentures. Hence, the requirement of reporting on creation of security in respect of debentures issued under clause (xix) of the order does not arise.

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

(xx) According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants

R. Laxminarayan
Partner
Membership No. 33023

J.C. Bhatt
Chartered Accountant
Membership No. 10977

Mumbai
Dated: 29th June, 2009

AFCONS INFRASTRUCTURE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

		SCHEDULE	RS. IN LACS	RS. IN LACS	AS AT 31st March, 2008 RS. IN LACS
I.	**SOURCES OF FUNDS**				
(1)	**Share Holders' Funds**				
	Share Capital	1	**42,140.44**		42,152.50
	Reserves and Surplus	2	**15,095.77**		10,251.82
				57,236.21	52,404.32
(2)	**Loan Funds**				
	Secured Loans	3	**31,923.68**		24,313.31
	Unsecured Loans	4	**37,127.72**		27,330.71
				69,051.40	51,644.02
(3)	**Deferred Tax Liability (net)**			**4,345.61**	3,672.87
	TOTAL			**130,633.22**	107,721.21
II.	**APPLICATION OF FUNDS**				
(1)	**Fixed Assets:**	5			
	Gross Block		**58,924.71**		48,512.54
	Less : Depreciation / Amortisation		**20,789.30**		18,445.47
	Net Block		**38,135.41**		30,067.07
	Capital Work-in-Progress		**1,977.62**		1,532.36
				40,113.03	31,599.43
(2)	**Investments**	6		**324.45**	828.18
(3)	**Current Assets, Loans and Advances:**				
	Inventories	7	**17,656.07**		11,116.74
	Unbilled Revenue		**70,303.55**		66,176.93
	(Net of advance Rs. 18,552.45 Lacs (Previous year Rs. 17,183.23 Lacs))				
	Sundry Debtors	8	**32,906.31**		20,396.94
	Cash and Bank Balances	9	**1,212.54**		5,133.63
	Loans and Advances	10	**11,767.18**		9,057.65
			133,845.65		111,881.89
	Less :				
	Current Liabilities and Provisions:				
	Liabilities	11	**42,452.79**		36,385.91
	Provisions	12	**1,377.80**		563.74
			43,830.59		36,949.65
	Net Current Assets			**90,015.06**	74,932.24
(4)	**Miscellaneous Expenditure:**				
	(to the extent not written off or adjusted)				
	Deferred Revenue Expenditure			**180.68**	361.36
	TOTAL			**130,633.22**	**107,721.21**

Significant Accounting Policies and Notes on Accounts 19

As per our attached report of even date

For DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS

R.LAXMINARAYAN
Partner

J.C.BHATT
Chartered Accountant

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: 29th June, 2009

AFCONS INFRASTRUCTURE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

		SCHEDULE	RS. IN LACS	RS. IN LACS	Previous Year RS. IN LACS
I.	**INCOME :**				
	Income from Operations {Including Tax deducted at Source Rs.1,627.48 Lacs (Previous year Rs.1150.46 Lacs)}	13		**204,906.24**	169,784.36
	Other Income	14		**3,961.25**	5,159.93
	TOTAL			**208,867.49**	174,944.29
II.	**EXPENDITURE :**				
	Cost of Construction	15		**150,620.25**	127,932.71
	Payments to and Provision for employees	16		**19,607.36**	15,207.41
	Operational & Other Expenses	17		**18,688.48**	14,116.08
	Interest and Financial charges	18		**9,481.43**	8,641.32
	Depreciation / Amortisations		**3,047.94**		2,539.59
	Less : Depreciation on the amount added on Revaluation transferred from Revaluation Reserve		**86.28**		139.40
				2,961.66	2,400.19
	TOTAL			**201,359.18**	168,297.71
	Profit before Tax			**7,508.31**	6,646.58
	Less :				
	Provision For Tax :				
	- Current Tax {Including Rs. 0.80 Lacs for Wealth Tax (Previous year Rs. 0.30 Lacs)}		**(1,900.80)**		(735.80)
	- MAT Credit Entitlement		**-**		412.50
	- Deferred Tax		**(672.74)**		(1,805.12)
	- Fringe Benefit Tax		**(139.40)**		(116.00)
	- Excess provision for Income tax in respect of earlier years		**139.89**		-
				(2,573.05)	(2,244.42)
	Profit After Tax			**4,935.26**	4,402.16
	Balance Brought Forward From Previous Year			**2,480.43**	(1,920.81)
	Profit Available for Appropriation			**7,415.69**	2,481.35
	Appropriations :				
	Transfer to Capital Redemption Reserve Account			**12.50**	-
	Proposed Dividend on Preference Shares			**3.50**	0.79
	Tax on Dividend			**0.59**	0.13
	Balance carried to Balance Sheet			**7,399.10**	2,480.43
	Earnings Per Share (face value Rs.10/-)				
	-Basic (Rs.)			**6.91**	6.16
	-Diluted (Rs.)			**1.47**	3.43
	(Refer Note B(28) of Schedule 19)				

Significant Accounting Policies and Notes on Accounts **19**

As per our attached report of even date

For DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS

R.LAXMINARAYAN
Partner

For and on Behalf of the Board of Directors

C.P.MISTRY
Chairman

K.SUBRAHMANIAN
Managing Director

J.C.BHATT
Chartered Accountant

J.J.PARAKH
Director

S.PARAMASIVAN
Executive Director
(Finance & Commercial)

P.R.RAJENDRAN
Company Secretary

Place: Mumbai
Dated: 29th June, 2009

AFCONS INFRASTRUCTURE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

		2008-09 Rs. in lacs	2007-08 Rs. in lacs
A.	**Cash flow from operating activities**		
	Profit before tax	**7,508.31**	6,646.58
	adjustments for,		
	Depreciation	**2,961.66**	2,400.19
	(Profit) / Loss on sale / discard of fixed assets (net)	**(40.89)**	(883.83)
	Dividend income	**(2.42)**	(21.38)
	Interest income	**(993.20)**	(1,518.22)
	Interest expense	**9,481.43**	8,641.32
	Lease rentals expense	**8.74**	24.95
	Bad/irrecoverable Debtors /Unbilled Revenue /Advances w/off	**393.05**	90.42
	Share of Loss/ (Profit) in a firm in which the Company is a partner	**0.58**	0.73
	Excess Provision for expenses of earlier years written back	**(646.19)**	(229.23)
	(Profit) on sale / disposal of short term investments- Others	**(114.25)**	(76.28)
	Amount received on transfer of tenancy rights	**(35.00)**	-
	Deferred revenue expenditure written off	**180.68**	180.69
	Provision for Projected Losses	**399.77**	(39.22)
	Operating profit before working capital changes	**19,102.27**	15,216.72
	Decrease / (Increase) in trade receivables	**(11,776.60)**	4,251.50
	(Increase) in inventories	**(6,539.33)**	(3,299.27)
	Increase /(Decrease) in leave encashment and gratuity provision	**201.59**	(33.03)
	(Increase) in unbilled revenue	**(4,126.62)**	(14,615.63)
	(Increase)/Decrease in loans and advances	**(3,321.92)**	4,037.40
	Increase / (Decrease) in trade, other payables and provisions	**6,666.82**	(2,841.75)
	Cash (used in)/from Operations	**206.21**	2,715.94
	Direct taxes (paid)	**(1,474.69)**	(1,492.70)
	Net cash (used in)/from operating activities	**(1,268.48)**	1,223.24
B.	**Cash flow from investing activities**		
	Purchase of fixed assets	**(11,629.50)**	(12,106.98)
	Sale of fixed assets	**108.85**	1,375.87
	Purchase of Investments	**(19.50)**	(162.44)
	Sale of investments	**637.48**	93.66
	(Loss)/ Profit in a firm in which the Company is a partner	**(0.58)**	(0.73)
	Dividend received	**2.42**	21.38
	Dividend paid	**(0.79)**	-
	Dividend Tax paid	**(0.13)**	-
	Interest received	**267.42**	79.15
	Amount received on transfer of tenancy rights	**35.00**	-
	Net cash (used in) investing activities	**(10,599.33)**	(10,700.09)
C.	**Cash flow from financing activities**		
	Proceeds from issue of Equity Shares	**0.74**	-
	Proceeds from issue of Preference share	**-**	25,000.00
	Repayment of Convertible preference shares	**(13.75)**	-
	Proceeds from long-term borrowings	**22,440.07**	25,428.54
	Repayment of long-term borrowings	**(11,682.79)**	(28,544.46)
	Proceeds from /repayment of short term borrowings - net	**6,637.26**	(2,173.45)
	Interest paid	**(9,434.26)**	(8,765.59)
	Issue expenses transferred to Share premium Account	**-**	(625.67)
	Net cash from financing activities	**7,947.27**	10,319.37
	Net increase in cash and cash equivalents	**(3,920.54)**	842.52
	Cash and cash equivalents at the beginning of the year	**5,132.82**	4,290.30
	Cash and cash equivalents at the end of the year	**1,212.28**	5,132.82
	Reconciliation of cash and cash equivalents		
	As per Balance sheet - schedule 9	**1,212.54**	5,133.63
	less, interest accrued on bank deposits	**(0.26)**	(0.81)
	As per Cash flow statement	**1,212.28**	5,132.82

As per our attached report of even date

For DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS

For and on Behalf of the Board of Directors

C.P.MISTRY
Chairman

K.SUBRAHMANIAN
Managing Director

R.LAXMINARAYAN
Partner

J.C.BHATT
Chartered Accountant

J.J.PARAKH
Director

S.PARAMASIVAN
Executive Director
(Finance & Commercial)

P.R.RAJENDRAN
Company Secretary

Place: Mumbai
Dated: 29th June, 2009

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	RS. IN LACS	AS AT 31st March, 2008 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 AND PAID-UP :		
71,404,380 (Previous Year 71,400,000) Equity Shares of Rs.10 each (Refer Note 1 below)	**7,140.44**	7,140.00
50,000,000 0.01% Non Cumulative and Non Profit Participatory Convertible Preference Shares of Rs.10 each (Refer Note 2 below)	**5,000.00**	5,000.00
50,000,000 0.01% Non Cumulative and Non Profit Participatory Convertible Preference Shares of Rs.10 each (Refer Note 2 below)	**5,000.00**	5,000.00
Nil (Previous Year 125,000) Zero coupon Redeemable preference shares of Rs.10 each (Refer Note 3 below)	**-**	12.50
250,000,000 0.01% Fully and Compulsorily Convertible Non-Cumulative, Non Participatory Preference shares of Rs. 10 each. (Refer Note 4 below)	**25,000.00**	25,000.00
TOTAL	**42,140.44**	42,152.50

1 Of the above Equity Shares :-
   (a) 200,000 Shares of Rs.10 each have been issued as Fully paid for Consideration other than Cash.
   (b) 3,500,000 Shares of Rs.10 each are issued as Fully Paid Bonus Shares by Capitalization of Rs. 35,000,000 out of General Reserve.
   (c) 24,075,389 Equity Shares are held by Cyrus Investments Limited (CIL) which is a subsidiary of Shapoorji Pallonji & Company Limited (SPCL), the holding company.
   (d) 24,075,389 shares are held by Sterling Investment Corporation Private Limited (SICPL), a subsidiary of SPCL.
   (e) 13,015,929 shares are held by Floreat Investments Limited (FIL), a subsidiary of SPCL.
   (f) 4,016,250 shares are held by Afcons BOT Constructions Pvt. Ltd. a subsidiary of Shapoorji Pallonji Infrastructure Capital Co. Ltd (SPICCL), which is a subsidiary of SPCL.
   (g) 4,016,250 shares are held by Afcons Dredging & Marine Services Ltd a subsidiary of Shapoorji Pallonji Infrastructure Capital Co. Ltd (SPICCL), which is a subsidiary of SPCL.
   (h) 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 (initially allotted to CIL, but transferred to 'SICPL on 22nd December 2006) into equity shares at par.
   (i) 4,380 shares have been issued under ESOP scheme 2006.

2 The 0.01% Non Cumulative and Non Profit Participatory Convertible Preference Shares of Rs.10 each are held by Floreat Investment Ltd. (Initially, upon issue consisting of 7.50% 50,000,000 and 7.25% 50,000,000 Redeemable, Cumulative Non-Convertible Preference Share of Rs. 10 each) Pursuant to the issue of 0.01% Fully and Compulsorily Convertible Non Cumulative, Non Participatory Preference Shares as stated in note 4 below, the terms of the existing Non Convertible Preference Shares as mentioned above were modified as per the resolution passed at the extra ordinary general meeting held on 29th December, 2007 as under:
   (a) The Preference Shares shall be 0.01% non- cumulative and non profit participating convertible Preference 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 4 (b) below.

3 Zero coupon Redeemable shares are allotted to the shareholders of Afcons Pauling India Ltd pursuant to the scheme of amalgamation approved by High Court of Bombay. These shares were redeemed on 29th June 2008 at a premium of 10%.

4 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 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 at the price to be ascertained at the relevant point of time.
   (c) The Preference Shares shall rank senior to all types of shares issued or to be issued by the Company.

5 Particulars of Option on Unissued Share Capital (Refer Note B(27) of Schedule 19)

AFCONS INFRASTRUCTURE LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

		RS. IN LACS	RS. IN LACS	AS AT 31st March, 2008 RS. IN LACS
SCHEDULE 2				
RESERVES AND SURPLUS :				
CAPITAL RESERVE				
Balance as per Last Balance Sheet			**19.13**	19.13
CAPITAL REDEMPTION RESERVE ACCOUNT				
Amount transferred from Profit & Loss Account			**12.50**	-
SECURITIES PREMIUM ACCOUNT				
Balance as per last Balance Sheet		**989.33**		1,615.00
Add : Received on shares issued during the year		**0.30**		-
Less : Utilized on redemption of Zero Coupon Redeemable Preference shares.		**1.25**		-
Less : Applied for writing off Preference Share issue expenses		**-**		625.67
			988.38	989.33
REVALUATION RESERVE				
Balance as per Last Balance Sheet		**410.78**		550.18
Less :Difference between depreciation on Revalued cost of Plant and Machinery and original cost thereof for the year transferred to Profit & Loss account.		**(86.28)**		(139.40)
			324.50	410.78
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			**7,399.10**	2,480.43
TOTAL			**15,095.77**	10,251.82

	NOTES		
SCHEDULE 3			
SECURED LOANS :			
Loans and Advances from Banks :			
i) Cash Credit Accounts and Working Capital Demand Loans	1	**12,662.39**	11,025.14
ii) Equipment/ Car Loan	2	**18,006.98**	13,260.83
iii) Term Loan	3	**1,250.00**	-
Sub-Total		**31,919.37**	24,285.97
Other loans and Advances :			
Equipment / Car Loan	2	**4.31**	27.34
(Amount due within one year Rs. 4.31 lacs (Previous year Rs. 23.03 lacs))			
TOTAL		**31,923.68**	24,313.31

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 raw materials, stores and work in progress, all other movable properties, plant and machinery and book debts on a pari-passu basis.
2 Secured by first charge by way of hypothecation of the equipment / car(s) financed.
3 Secured by charge on receivable older than 6 months.

SCHEDULE 4			
UNSECURED LOANS :			
Fixed Deposits		**-**	6.92
[Amount repayable within one year Rs.Nil Lacs (Previous Year Rs. 6.92 Lacs)]			
Short term Loans and advances			
From Banks		**23,287.72**	16,446.07
Other loans and advances			
From Banks	**13,750.00**		10,787.72
From Others	**90.00**		90.00
		13,840.00	10,877.72
TOTAL		**37,127.72**	27,330.71

SCHEDULE 5
FIXED ASSETS

(Rupees In Lacs)

Particulars	GROSS BLOCK				DEPRECIATION/AMORTISATIONS				NET BLOCK	
	As at 01.04.2008	Additions	Deductions	As at 31.03.2009	Upto 01.04.2008	For the Year	Deductions	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
TANGIBLE ASSETS										
Land - Freehold	1.58	-	-	1.58	-	-	-	-	1.58	1.58
Land - Leasehold	16.58	-	-	16.58	-	0.16	-	0.16	16.42	16.58
Buildings	1,770.65	82.89	-	1,853.54	1,047.33	58.77	-	1,106.10	747.44	723.32
Plant and Machinery	42,377.83	9,719.21	625.24	51,471.80	14,859.51	2,686.56	569.32	16,976.75	34,495.05	27,518.32
Leasehold Improvements	279.22	-	-	279.22	279.22	-	-	279.22	0.00	0.00
Floating Equipments etc.	2,479.43	1,103.07	-	3,582.50	1,702.13	185.11	-	1,887.24	1,695.26	777.30
Laboratory Equipments	70.43	18.26	-	88.69	25.95	5.79	-	31.74	56.95	44.48
Office Equipments	1,088.19	184.11	58.72	1,213.58	339.75	86.20	53.74	372.21	841.37	748.44
Furniture and Fixtures	243.04	26.44	65.39	204.09	124.72	12.68	62.37	75.03	129.06	118.32
Motor Vehicles	156.64	50.26	22.72	184.18	53.72	6.88	18.68	41.92	142.26	102.92
Sub Total	48,483.59	**11,184.24**	**772.07**	**58,895.76**	18,432.33	**3,042.15**	**704.11**	**20,770.37**	**38,125.39**	**30,051.26**
INTANGIBLE ASSETS										
Software - Acquired	28.95	-	-	28.95	13.14	5.79	-	18.93	10.02	15.81
Sub Total	**28.95**	**-**	**-**	**28.95**	**13.14**	**5.79**	**-**	**18.93**	**10.02**	**15.81**
Total	**48,512.54**	**11,184.24**	**772.07**	**58,924.71**	**18,445.47**	**3,047.94**	**704.11**	**20,789.30**	**38,135.41**	
Previous Year	36,784.57	12,975.01	1,247.04	48,512.54	16,660.89	2,539.59	755.01	18,445.47		30,067.07
Capital Work in Progress (Including advances)									1,977.62	1,532.36
TOTAL									**40,113.03**	31,599.43

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.4551.21 lacs being surplus on revaluation.

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

i) Plant & Machinery Rs. 4261.48 lacs (Gross)
ii) Laboratory Equipments Rs.124.45 lacs (Gross)
iii) Workshop & Godown Rs. 466.02 lacs (Gross)
iv) Buildings Rs.1260.00 lacs (Gross)
v) Barges (Floating Equipments) Rs. 899.78 lacs (Gross)

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

(4) Gross Block as at 31st March 2009 includes assets of Rs. 45.82 Lacs (previous year Rs.45.82 Lacs) where the title is yet to be transferred in the name of the Company.

(5) Foreign Exchange gain (net) of Rs.27.98 lacs (previous year 20.77 lacs) on acquisition of Fixed Assets is credited to the Profit & Loss account during the year.

(6) The Vendors have lien on Assets acquired under Hire Purchase Arrangements.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	RS. IN LACS	RS. IN LACS	AS AT 31st March, 2008 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)		**0.55**	0.55
[Out of the above, Securities of the face value of Rs. 0.54 Lac have been lodged with Government Authorities and Clients.]			
(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 (Previous year 60,000) Shares of AFCONS OFFSHORE AND MARINE SERVICES PRIVATE LIMITED (FORMERLY AFCONS ARETHUSA OFFSHORE * SERVICES PRIVATE LIMITED of Rs.10 each.(Wholly Owned)	**25.50**		6.00
(iii) 48,000 Shares of SSS ELECTRICALS (INDIA) PRIVATE LIMITED of Rs.10 each.	**4.80**		4.80
(vi) 20,000 Shares of AFCONS INFRASTRUCTURE INTERNATIONAL LIMITED of 1 Euro each.	**12.51**		12.51
		63.07	43.57
(C) Other Investments :			
(a) Quoted :			
(i) 80,072 (Previous year 2,41,056) Equity Shares of Rs.10 each in HINDUSTAN OIL EXPLORATION COMPANY LIMITED.	**58.63**		176.52
(ii) 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
		59.18	177.07
(b) Unquoted :			
(i) 1 Equity Share of Rs.100 each in Afcons (Mideast) Constructions and Investments Private Limited #	**-**		-
(ii) 147 Shares of AED 1000 each in Afcons Constructions Mideast LLC	**17.65**		17.65
(iii) Nil (previous year 4,05,337) 6.75% Tax free bonds of Rs. 100 each of the Unit Trust of India [Nil Units (Previous year 3,80,100 Units were pledged with banks]	**-**		405.34
(iv) 50,000 Units of Rs.10 each of SBI Infrastructure Fund	**5.00**		5.00
(v) 50,000 Units of Rs.10 each of UTI Infrastructure Fund	**5.00**		5.00
		27.65	432.99
(D) Investment in the Capital of a Partnership Firm :			
AFCONS PAULING JOINT VENTURE		**174.00**	174.00
TOTAL		**324.45**	**828.18**

# denotes value less than rupees one thousand.

NOTES:-

Aggregate Value Of Investments

Unquoted - Cost	**265.27**	651.11
Quoted - Cost	**59.18**	177.07
Market Value of Quoted	**49.11**	257.24
Details of Investments purchased & sold during the year	**Nil**	

Details of Investments purchased & sold during the previous year

Particulars	**Cost**
29,850,212 units of SBI Magnum Insta Cash Fund	5,000.00
24,987,506 units of SBI SHF Liquid Plus	2,500.00
8,656,561 units of SBI Magnum Insta Cash Fund	1,450.00
24,980,016 units of Reliance Monthly Interval Fund - Series 1	2,500.00

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	RS. IN LACS	RS. IN LACS	AS AT 31st March, 2008 RS. IN LACS
SCHEDULE 7			
INVENTORIES : (At cost or net realisable value whichever is lower)			
Stores and Spare Parts		**3,887.87**	2,466.23
STOCK IN TRADE			
Construction Materials		**13,768.20**	8,650.51
TOTAL		**17,656.07**	11,116.74

	RS. IN LACS	RS. IN LACS	RS. IN LACS
SCHEDULE 8			
SUNDRY DEBTORS:			
(Unsecured)			
Debts Outstanding for a period exceeding Six Months			
a) Arbitration Awards (Refer note B(5) of schedule 19)	**7,934.43**		7,317.69
b) Others *	**7,839.56**		5,956.93
		15,773.99	13,274.62
Other Debts			
a) Arbitration Awards (Refer note B(5) of schedule 19)	**759.27**		309.22
b) Others *	**16,811.64**		6,977.46
		17,570.91	7,286.68
		33,344.90	20,561.30
Less : Provision for Doubtful Debts		**438.59**	164.36
TOTAL		**32,906.31**	20,396.94

Note:

1) * Includes Retention Money/ Security Deposit aggregating to Rs. 6,380.86 Lacs (Previous Year Rs. 4,471.78 Lacs), of which Rs. 3,415.30 Lacs (Previous Year Rs. 2,101.67 Lacs) is outstanding for more than six, months.

2) Debtors include :

Considered Good		**32,906.31**	20,396.94
Considered Doubtful		**438.59**	164.36
		33,344.90	20,561.30

	RS. IN LACS	RS. IN LACS	RS. IN LACS
SCHEDULE 9			
CASH AND BANK BALANCES :			
Cash on hand		**57.39**	48.56
Balances with Scheduled Banks:			
(i) In Current Accounts	**777.82**		4,782.80
(ii) In Deposit Accounts	**24.93**		28.92
(iii) In B.G. Margin Accounts	**277.39**		-
		1,080.14	4,811.72
[Including Rs.21.92 Lacs (Previous Year Rs.21.92 Lacs) over which Banks and Clients have lien] including interest accrued Rs.0.26 Lacs (Previous Year Rs.0.81 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 (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, (Maximum Balance During the year Rs.167.73 Lacs ; Previous Year Rs.149.62 Lacs)	**62.84**		140.60
(iv) In Current Account with Indian Ocean International Bank (Maximum Balance During the year Rs.1688.63 Lacs; Previous Year Rs.412.29 Lacs)	**12.17**		132.75
	92.52		290.86
Less : Provision	**17.51**		17.51
		75.01	273.35
TOTAL		**1,212.54**	5,133.63

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

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	RS. IN LACS	RS. IN LACS	AS AT 31st March, 2008 RS. IN LACS
SCHEDULE 10			
LOANS AND ADVANCES:			
(Unsecured and considered good)			
Advances and Loans:			
To Subsidiary Companies	**2,316.87**		252.36
To a Partnership Firm in which the Company is a Partner	**771.77**		700.95
		3,088.64	953.31
Deposit with a company		**10.29**	11.44
{including interest accrued Rs.0.29 Lacs (Previous year Rs.1.44 Lacs)}			
Interest accrued on deposits / investments		**1.26**	9.82
Advances recoverable in cash or in kind or for value to be received		**6,861.02**	6,032.81
Advance Tax (net of provision)		**1,079.32**	1,292.23
MAT Credit entitlement		**758.04**	758.04
		11,798.57	9,057.65
Less : Provision for Doubtful advances		**31.39**	-
TOTAL		**11,767.18**	9,057.65
Note:			
Advances include :			
Considered Good		**11,767.18**	9,057.65
Considered Doubtful		**31.39**	-
TOTAL		**11,798.57**	9,057.65
SCHEDULE 11			
LIABILITIES :			
Acceptances		**891.74**	1,641.01
Sundry Creditors			
(i) Total outstanding dues to micro,medium and small enterprises	**117.09**		11.52
(ii) Total outstanding dues to creditors other than micro and small enterprises	**34,042.46**		28,637.15
		34,159.55	28,648.67
Other Liabilities		**1,992.29**	1,703.70
Advances from Clients		**5,285.20**	4,311.51
Interest accrued but not due on Loans		**115.82**	68.65
Unclaimed Matured Fixed Deposits *		**8.19**	12.36
TOTAL		**42,452.79**	36,385.91

* This figure does not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund

	RS. IN LACS	RS. IN LACS	AS AT 31st March, 2008 RS. IN LACS
SCHEDULE 12			
PROVISIONS :			
Provision for Fringe Benefit Tax (Net of Advance Tax)		**15.22**	4.90
Provision for Tax (Net of Advance Tax)		**302.49**	100.10
Provision for Compensated Absences		**349.90**	230.06
Provision for Gratuity		**219.16**	137.41
Provision for Expected losses		**491.03**	91.26
TOTAL		**1,377.80**	563.74
SCHEDULE 13			
INCOME FROM OPERATIONS:			
Contract Revenue		**203,917.34**	169,047.99
Sale of Scrap		**988.90**	736.37
TOTAL		**204,906.24**	169,784.36
SCHEDULE 14			
OTHER INCOME :			
Interest Income:			
On Arbitration awards	**736.04**		1,437.90
On Other Investments (Long Term Investments)	**5.40**		28.17
On Deposit with Banks	**17.88**		8.71
{Tax deducted at source Rs. 3.41 Lacs (Previous year Rs.1.80 Lacs)}			
On Income Tax Refund	**278.14**		28.97
On Others	**233.88**		14.47
		1,271.34	1,518.22
Dividend Income On Current Investments		**2.42**	21.38
Service charges		**0.60**	1.08
Excess provision for expenses in respect of earlier years written back		**646.19**	229.23
Profit on Sale of Fixed Assets (Net)		**40.89**	883.83
Profit on Sale of Long term Investments (Non trade)		**114.25**	76.28
Insurance Claim		**272.64**	642.17
Gain on Exchange (net)		**-**	175.26
Duty Scrip Credit Availed		**753.74**	1,183.20
Miscellaneous Income		**859.18**	429.28
{Tax deducted at source Rs. 0.44 Lacs (Previous year Rs. 5.12 Lacs)}			
TOTAL		**3,961.25**	5,159.93

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	RS. IN LACS	RS. IN LACS	Previous Year RS. IN LACS
SCHEDULE 15			
COST OF CONSTRUCTION			
Construction Materials Consumed		**100,567.58**	86,297.08
{Net of sales Rs. 4,350.42 Lacs (Previous year Rs. 1,370.74 Lacs)}			
Sub-Contract and Hire Charges		**40,214.07**	32,473.27
Stores and Spares Consumed		**1,902.23**	1,596.87
{Net of sales Rs. 161.86 Lacs (Previous year Rs. 5.10 Lacs)}			
Power and Fuel		**5,348.55**	5,636.31
Site Installation expenses		**1,137.18**	1,088.34
Freight, Packing, Forwarding and Transport expenses		**1,450.64**	840.84
TOTAL		**150,620.25**	127,932.71
SCHEDULE 16			
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES			
Salaries, Wages, Bonus and Allowances		**17,150.92**	13,231.48
Contribution to Provident and Other Funds		**1,334.32**	946.35
Welfare Expenses		**1,122.12**	1,029.58
TOTAL		**19,607.36**	15,207.41
SCHEDULE 17			
OPERATIONAL AND OTHER EXPENSES			
Electricity		**190.30**	146.12
Rent		**1,283.12**	1,049.57
Rates and Taxes		**5,008.51**	4,424.90
Insurance		**1,329.49**	1,141.65
Repairs:			
To Plant and Machinery	**175.36**		227.00
To Building	**48.06**		83.20
To others	**633.60**		560.04
		857.02	870.24
Travelling and Conveyance expenses		**2,951.34**	2,310.63
Communication Costs		**366.70**	329.22
Legal and Professional Fees		**2,740.34**	1,921.60
Directors Sitting Fees		**7.90**	5.51
Share of Loss from a firm in which the company is a partner		**0.58**	0.73
Finance Lease Rentals		**8.74**	24.95
Provision for expected loss		**399.77**	-
Donations		**8.61**	9.17
Bad/Irrecoverable Debtors/ Unbilled Revenue/ Advances written off		**87.42**	90.42
Provision for Doubtful debts and advances		**305.62**	-
Loss on Exchange (Net)		**765.99**	-
Deferred revenue expenditure written off		**180.68**	180.69
Miscellaneous Expenses		**2,196.35**	1,610.68
TOTAL		**18,688.48**	14,116.08
SCHEDULE 18			
INTEREST AND FINANCIAL CHARGES			
On Fixed Loans		**5,527.08**	5,123.29
On Bank Cash Credit, Working Capital Demand Loans, etc.		**1,592.98**	1,303.86
Bank Charges including Bank Guarantee Commission		**915.17**	764.07
Interest on Advances from Clients		**1,078.53**	1,139.91
Other Interest		**367.67**	310.19
TOTAL		**9,481.43**	8,641.32

SCHEDULE 19

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with generally accepted accounting principles { GAAP } and in compliance with the applicable accounting standards and provisions of the Companies Act, 1956.

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. 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 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 from the date(s) of installation 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.

Repairs capitalized are 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 as 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

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.

Unbilled Contract Revenue

Work done remaining to be certified/ billed is treated as Unbilled Revenue in the accounts. The same is valued at the realizable value.

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.

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

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 Company's Provident Fund/ 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) *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.

Deferred revenue expenditure

The expenditure on voluntary retirement compensation is treated as 'Deferred Revenue Expenditure' and amortized over a period upto 31st March, 2010 on straight line basis.

Leases

Lease rentals in respect of assets acquired under operating lease are charged to Profit and Loss Account on a 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.
Provision for Fringe Benefits Tax (FBT) is made in accordance with chapter XIIH of the Income Tax Act, 1961.

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.751.27 lacs (As at 31st March 2008. Rs.1,302.77 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) Liquidated damages against the company	331.32	764.69
	b) Differences with sub-contractors in regard to rates and quantity of materials.	713.92	680.62
	c) Proposed Recovery by the Government of Andhra Pradesh towards Sales Tax on B.T. escalation.	218.19	218.19
	d) Labour and other matters.	1.00	2.00
	The above claims are pending before various authorities. The Company is confident that the cases will be successfully contested.		
2.	a. Bank Guarantees given on behalf of Subsidiaries and Joint Ventures.	20480.60	1,685.30
	b. Corporate Guarantees given on behalf of Subsidiaries and Joint Ventures	82406.40	-
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.	1651.03	2,380.29
4.	Income Tax Represents demands raised by Income tax authorities, in matters of disallowance of Interest free loan given to subsidiaries, for which appeals are pending before various appellate authorities. The Company has been advised that no further provision for tax is required over and above the existing provision.	-	584.81
5.	Excise Duty Represents demands raised by Central Excise Department for Excisability of girders. The Company is confident that the cases will be successfully contested.	227.38	227.38

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

3. i) (a) The Company is a partner in a partnership firm 'Afcons Pauling Joint Venture'. The balance in capital account as on 31st March 2009 is Rs. 174.00 lacs. (as at 31st March, 2008, Rs. **174.00 lacs**). The profit/ loss sharing ratio is as follows:

			Previous Year	
	Profit	**Loss**	**Profit**	**Loss**
Afcons Infrastructure Limited	**95%**	**100%**	95%	100%
Pauling P.L.C., UK.	5%	-	5%	-

(b) The Company's investment in the above firm has diminished in value. However, no provision has been made in the accounts by reason of this investment being in the nature of strategic/ long-term investment and the decline in the value being on account of temporary factors.

ii) An amount of **Rs. 1,462.98 lacs** as at 31st March, 2009(as at 31st March, 2008 Rs. 1,463.53 lacs) is due from this Firm. The Firm has made claims aggregating to **Rs. 1,798 lacs** as at 31st March, 2009 (as at 31st March, 2008 Rs. 1,798 lacs) against its clients that are subject matters of arbitration where the Firm has obtained awards in favour in some cases amounting to **Rs.1,037.05 lacs** till 31st March, 2009 (As at 31st March, 2008 Rs 1,037.05 lacs) and expects favourable results in other pending cases. No provision has been made for the amount, if any that would ultimately become irrecoverable, as it cannot be quantified with reasonable accuracy at this stage.

4. Current Assets, Loans and Advances includes unbilled revenue (net of advances) of **Rs. 70,303.55 lacs** (as at 31st March 2008 Rs. 66,176.93 lacs). Of this, **Rs. 478.82 lacs** (as at 31st March 2008 Rs. 478.82 lacs) are outstanding for a long period. These pertain to variations in contracts, which are subject matter of arbitration, in view thereof no provision is considered necessary for the said amount of **Rs.478.82 lacs** (as at 31st March'2008 Rs. 478.82 lacs).

5. Debtors include outstanding arbitration awards of **Rs. 5,532.82 lacs** (as at 31st March 2008 Rs. 5,086.17 lacs) unanimously decided in the Company's favour and interest accrued on these awards aggregating to **Rs. 3,160.88 lacs** (as at 31st March 2008 Rs. 2,540.74 lacs), calculated from the date of awards till the year end/date of payment at the rate mentioned in the award. Though these awards are subject matters of appeal, the Company considers them to be good as it is hopeful of succeeding in the appeals.

6. Interest on arbitration awards (awards) includes interest of:
   a) **Rs. 620.14 lacs** (as at 31st March 2008 Rs. 1,221.05 lacs) accrued in respect of unpaid awards decided in favour of the Company, at the rates mentioned in the awards from the dates of awards till the dates of payment or year end as the case may be.
   b) **Rs. 103.44 lacs** (as at 31st March 2008 Rs. 216.85 lacs) accrued in respect of awards decided in favour of the Company during the year.

7. No provision has been made for debts and advances, aggregating to **Rs. 323.64 lacs** (as at 31st March 2008 Rs. 581.90 lacs) outstanding for a long time. Out of these, substantial amounts are due from various Government departments/agencies and are subject matters of arbitration/ litigation where the Company has obtained awards in favour in some cases and expects favorable results in other cases, and hence, the amounts, if any, that would ultimately become irrecoverable cannot be quantified with reasonable accuracy at this stage.

8. The Company has entered into a Co-operation Agreement with Dyckerhoff & Widmann Aktingesellschaft, Germany (DYWIDAG) for the execution of the Worli-Bandra Outfalls project of the Municipal Corporation of Greater Mumbai. The relationship of the Company with DYWIDAG is that of a sub-contractor. Nevertheless, in terms of the Agreement that envisages supplementing the resources of each other on mutually agreed basis, both DYWIDAG and the Company had raised debit notes on each other. Accordingly, in earlier years, debit notes for expenses were raised by the Company on DYWIDAG, aggregating to **Rs. 175.15 lacs** (as at 31st March, 2008 Rs. 175.15 lacs) and by DYWIDAG on the Company, aggregating to **Rs. 160.99 lacs** (as at 31st March, 2008 Rs. 160.99 lacs). Adjustments, if any, in respect of these debit notes will be made on completion of arbitration proceedings between MCGM and DYWIDAG.

9. The difference of **Rs. 86.28 lacs** (Previous year ended 31st March, 2008 Rs.139.40 lacs inclusive of Rs.52.23 lacs relating to earlier years) between depreciation provided for the year on revalued cost of assets and that calculated on original cost of assets for the year has been withdrawn from Revaluation reserve and credited to the Profit and Loss account.

10. Managerial remuneration for the year under section 198 of the Companies Act, 1956

		Previous year
Particulars	**Rupees (in lacs)**	**Rupees (in lacs)**
To Managing and Whole-time Directors		
Salaries	**44.10**	33.32
Contribution to Provident and other funds	**11.91**	9.00
Perquisites/ Allowances	**135.33**	113.74
Total	**191.34**	156.06

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 the year to any of the directors of the Company.

11. Payments to auditors

			Previous year
		Rupees (in lacs)	**Rupees (in lacs)**
i)	As auditors	**27.50**	22.50
ii)	As adviser, or in any other capacity, in respect of:		
	Taxation matters	**1.50**	-
iii)	For tax audit	**10.00**	8.50
iv)	In any other manner (certification work, including in respect of earlier years, etc.)	**30.25**	15.30
v)	For expenses	**-**	0.30
vi)	For service tax	**7.90**	5.76
	Total	**77.15**	52.36

12. Expenditure in foreign currency

	Rupees (in lacs)	Previous year Rupees (in lacs)
Construction materials consumed	**3,541.34**	4,485.84
Sub - Contract and Hire Charges	**4,534.44**	3,350.01
Technical consultancy fees	**324.74**	26.30
Professional Fees	**457.54**	131.81
Rent	**152.06**	140.50
Salaries, Wages & Bonus	**1,024.69**	1,544.06
Interest	**236.06**	144.31
Tax	**10.57**	18.16
Freight & Transportation	**880.66**	267.61
Travelling Expenses	**608.55**	205.49
Staff Welfare Expenses	**934.56**	375.30
Insurance	**372.40**	63.59
Cleaning Charges for imported spares	**58.11**	25.75
Bank Guarantee Commission	**152.63**	-
Repairs and Maintenance	**106.96**	41.69
Others	**628.23**	115.06
Total	**14,023.54**	10,935.48

13. C.I.F. value of imports

	Rupees (in lacs)	Previous year Rupees (in lacs)
Capital goods	**4,065.57**	2,594.85
Consumables	**2,021.51**	339.79
Total	**6,087.08**	2,934.64

14. 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	**100.45**	16.71
Stores and spares consumed	**310.89**	121.16
Repairs	**102.48**	41.17
Others	**15.33**	0.25
Total	**529.15**	179.29

15. Earnings in foreign currency

	Rupees (in lacs)	Previous year Rupees (in lacs)
Value of work executed (Refer Note below)	**18,457.85**	11,355.17
Sale of Scrap	**174.23**	57.04
Insurance Claim Received	**127.16**	-
Interest and Other Income	**222.88**	9.39
Hire Charges recovery	**268.27**	-
Others	**54.98**	4.07
Total	**19,305.37**	11,425.67

Note: Company's share of contract revenue in respect of unaudited financial statements of Jointly Controlled Entities, aggregating to **Rs.(257.43) lacs** (previous year Rs.3,676.16 lacs) has not been included.

16. Disclosures pertaining to Micro, Small and Medium Enterprises:

Sr. No.	Particulars	Rupees (in lacs)	Previous year Rupees (in lacs)
1.	Principal amount outstanding	**117.09**	11.37
2.	Interest due on (1) above and unpaid	**-**	0.15
3.	Interest paid to the supplier	**-**	-
4.	Payments made to the supplier beyond the appointed day during the year	**-**	-
5.	Interest due and payable for the period of delay	**-**	0.15
6.	Interest accrued and remaining unpaid	**-**	0.15
7.	Amount of further interest remaining due and payable in succeeding year	**-**	0.57

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by auditors.

17. Disclosure in accordance with Accounting Standard - 7 (Revised):

Particulars	Rupees in (lacs)	(Previous year) Rupees in (lacs)
a) Contract Revenue	**203,917.34**	169,047.99
b) Disclosure for contracts in progress:		
(i) Aggregate amount of costs incurred	**488,652.69**	309,281.89
(ii) Recognized profits (less recognized losses)	**56,688.03**	30,772.99
(iii) Advances Received	**22,786.98**	19,589.26
(iv) Retention Money	**5,495.60**	3,587.79
c) Gross amount due from customers for contract work	**18,887.87**	38,235.83
d) Gross amount due to customers for contract work	**14,645.75**	5,439.36

18. Cost of fixed assets taken on operating lease till 31st March, 2001 and future lease rental obligations there against are as follows:

	Rupees (in lacs)	Previous Year Rupees (in lacs)
Plant and machinery (cost)	**11.28**	20.56
Future lease rental obligations	**0.02**	0.20

19. 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**	**Previous Year**
Discount Rate	7.75%	8%
Rate of Return on Plan Assets	8%	8%
Salary Escalation	4.50%	4.50%
Mortality Table	LIC(1994-96) Ultimate	LIC(1994-96) Ultimate
B. Changes in the Benefit Obligation	**Current Year**	**Previous Year**
Liability at the Beginning of the year	629.02	550.95
Interest Cost	52.84	47.04
Current Service Cost	77.02	59.60
Past Service Cost	-	-
Benefit Paid	(90.90)	(46.00)
Actuarial Loss/ (Gain) on obligations	132.40	17.43
Liability at the end of the year	**800.38**	**629.02**
C. Fair Value of the Plan Asset	**Current Year**	**Previous Year**
Fair Value of Plan Asset at the beginning of the year	491.61	361.58
Expected Return on Plan Asset	46.49	38.31
Contributions	135.00	140.24
Benefit paid	(90.90)	(46.00)
Actuarial Loss on Plan Assets	(0.98)	(2.52)
Fair value of Plan Assets at the end of the year	581.22	491.61
Total Actuarial Loss to be Recognized	**(133.38)**	**(19.95)**
D. Actual Return on Plan Assets:	**Current Year**	**Previous Year**
Expected Return on Plan Assets	46.49	38.31
Actuarial loss on Plan assets	(0.98)	(2.52)
Actual Return on Plan Assets	**45.51**	**35.79**
E. Amount Recognized in the Balance Sheet:	**Current Year**	**Previous Year**
Liability at the end of the year	800.38	629.02
Fair Value of Plan Assets at the end of the year	581.22	491.61
Unrecognized Past Service Cost	-	-
Amount recognized in the Balance Sheet	**(219.16)**	**(137.41)**
F. Expense Recognized in the Profit and Loss Account:	**Current Year**	**Previous Year**
Current Service Cost	77.02	59.60
Interest Cost	52.84	47.04
Expected Return on Plan Assets	(46.49)	(38.31)
Past Service Cost	-	-
Net Actuarial Gain / Loss to be recognized	133.38	19.95
Expense recognized in the Profit and Loss Account under staff expenses	216.75	88.28
G. Reconciliation of the Liability recognized in the Balance Sheet:	**Current Year**	**Previous Year**
Opening Net Liability	137.41	189.37
Expense recognized	216.75	88.28
Employers Contribution	135.00	140.24
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	219.16	137.41

(b) Compensated Absences (Non funded) :

Actuarial Assumptions	**Current Year**	**Previous Year**
Mortality Table	LIC (1994-1996) Ultimate	LIC (1994-1996) Ultimate
Discount Rate	7.75%	8.00%
Salary Escalation	4.50%	4.50%
Withdrawal Rate	2.00%	2.00%

"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."

20. 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	**186,274.16**	**18,632.08**	**204,906.24**
		(158,372.15)	(11,412.21)	(169,784.36)
B	Carrying amount of assets	**159,375.68**	**12,745.64**	**172,121.32**
	(Excluding taxes on income and investment)	(138,648.09)	(2,785.46)	(141,433.55)
C	Addition to fixed assets	**11,351.40**	**278.10**	**11,629.50**
		(11,946.80)	(160.18)	(12,106.98)

Figures in parenthesis are those of previous year.

21.. **Related Party Disclosures**

(a) Related Party where Control exists

Holding Company(s)

Shapoorji Pallonji & Company Limited (Ultimate Holding Company)

Subsidiaries of the Company

Hazarat & Company Private Limited
SSS Electricals (India) Private Limited
Afcons Offshore and Marine Services Private Limited (Formerly Afcons Arethusa Offshore Services Private Limited)
Afcons Construction Mideast LLC
Afcons Infrastructure International Limited (w.e.f. 14th February, 2008)

Fellow Subsidiary(s)

Sterling Investments Corporation Private Limited
Floreat Investments Limited
Cyrus Investments Limited (Directly)

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 Entity

Afcons SMCC Joint Venture
Afcons Aarsleff Joint Venture (upto 5th November 2007)

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 (Business Development)

21 (b) Details of transactions with related parties for the period 01/04/2008 to 31/03/2009

(Rupees 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		Jointly Contolled Entity		Key management personnel		Total	
	CY	PY-0708	CY	PY-0708	CY	PY-0708	CY	PY-0708	CY	PY-0708	CY	PY-0708	CY	PY-0708	CY	PY-0708	CY	PY-0708
Managerial Remuneration paid																		
K.Subrahmanian															76.22	58.12	76.22	58.12
S.Paramasivan															56.97	52.21	56.97	52.21
A.N.Jangle															56.13	45.73	56.13	45.73
Sitting Fees paid																		
C.P.Mistry															0.90	0.30	0.90	0.30
Finance Lease Charges																		
Afcons (Mideast) Constructions and Investments Private Limited											0.74	0.74					0.74	0.74
Service Charges																	-	-
SSS Electricals (India) Private Limited			0.60	0.60													0.60	0.60
Interest Income - Current Account																		
Hazarat & Company Private Limited			-	0.02													-	0.02
Afcons (Overseas) Constructions and Investments Private Limited			-	-													-	-
SSS Electricals (India) Private Limited			0.61	0.14													0.61	0.14
Afcons Construction Mideast, LLC			216.19	-													216.19	-
Afcons Infrastructure International Limited.			6.19	-													6.19	-
Loan Given / (Refund)																		
Afcons Infrastructure International Limited.			140.64	-													140.64	-
Expenses Incurred by Afcons																	-	-
SSS Electricals (India) Private Limited			-	29.41													-	29.41
Afcons Construction Mideast, LLC			1,466.81	-													1,466.81	-
Afcons Gunanusa Joint Venture									268.86	-							268.86	-
Afcons Strabag AG									29.37	-							29.37	-
Reimbursement of Expenses incurred by Afcons																	-	-
Afcons Offshore and Marine Services Private Limited (Formerly Afcons Arethusa Offshore Services Private Limited)			-	(0.04)													-	(0.04)
SSS Electricals (India) Private Limited			(29.89)	-													(29.89)	-
Hazarat & Company Private Limited			-	(1.56)													-	(1.56)
Afcons (Mideast) Constructions and Investments Private Limited											-	(21.13)					-	(21.13)
Subcontract Exp.																		
Afcons Construction Mideast,LLC			4,789.09	-													4,789.09	-
Utilisation of Duty Credit scrip																		
Shapoorji Pallonji & Company Limited	386.70	-															386.70	-

(Rupees 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		Jointly Contolled Entity		Key management personnel		Total	
	CY	PY-0708	CY	PY-0708	CY	PY-0708	CY	PY-0708	CY	PY-0708	CY	PY-0708	CY	PY-0708	CY	PY-0708	CY	PY-0708
Profit /(Loss) of share in partnership firm																		
Afcons Pauling Joint Venture							(0.58)	(0.73)									(0.58)	(0.73)
Rent Income																	-	-
Hazarat & Co. Private Limited			1.20	1.20													1.20	1.20
Purchase of Assets																	-	-
Shapoorji Pallonji & Company Limited	-	154.66															-	154.66
Interest paid on loan																	-	-
Afcons (Mideast) Constructions and Investments Private Limited											5.85	5.85					5.85	5.85
Hire charges																		
Shapoorji Pallonji & Company Limited	-	(4.70)															-	(4.70)
Afcons Construction Mideast,LLC			268.27	-													268.27	-
Guarantees Given for/ (Released)																		
SSS Electricals (India) Private Limited			(9.33)	2.41													(9.33)	2.41
Afcons Construction Mideast,LLC			82,406.40	1,654.50													82,406.40	1,654.50
Afcons Gunanusa Joint Venture									19,192.23	-							19,192.23	-
Afcons Strabag AG									100.00	-							100.00	-
Outstanding amount of guarantee given/ (taken)																		
Cyrus Investments Limited					(5,000.00)	(6,500.00)											(5,000.00)	(6,500.00)
SSS Electricals (India) Private Limited			21.47	30.80													21.47	30.80
Afcons Construction Mideast,LLC			82,406.40	1,654.50													82,406.40	1,654.50
Afcons Gunanusa Joint Venture									19,192.23	-							19,192.23	-
Afcons Strabag AG									100.00	-							100.00	-
Outstanding Amount Dr/ (Cr)																		
Shapoorji Pallonji & Company Limited	(387.32)	(4.70)															(387.32)	(4.70)
Hazarat & Company Private Limited			-	-													-	-
SSS Electricals (India) Private Limited			-	29.89													-	29.89
Afcons Offshore and Marine Services Private Limited (Formerly Afcons Arethusa Offshore Services Private Limited)			-	-													-	-
Afcons Infrastructure International Limited.			146.83	-													146.83	-
Afcons Construction Mideast,LLC			2,173.74	222.47													2,173.74	222.47
Afcons Madagascar Overseas SARL			(3.71)	-													(3.71)	-
Afcons Gunanusa Joint Venture									268.86	-							268.86	-
Afcons Strabag AG									29.37	-							29.37	-
Afcons (Mideast) Constructions and Investments Private Limited											(90.00)	(90.00)					(90.00)	(90.00)
Afcons Pauling Joint Venture							1,462.95	1,463.53									1,462.95	1,463.53

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.

22. 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	(2,248.17)	(1,597.22)
Financial lease rentals	-	(8.48)
Deferred revenue expenditure	(58.74)	(118.58)
Arbitration Awards	(2,518.76)	(2,068.21)
Others	480.06	119.62
Net deferred tax liability	(4,345.61)	(3,672.87)

23. The Company has recognized Minimum Alternate Tax (MAT) credit as per the provisions of Section 115JB of the Income Tax Act,1961 in the current year, which can be carried forward for seven years and can be set off against the tax payable when the Company will fall under the normal tax rate. The convincing evidence of obtaining tax credit is supported by confirmed job orders, stage of completion of various cost plus contracts and the fact that the Company has already entered into or is in the process of securing several overseas contracts which will ensure availability of sufficient future taxable income against which the above MAT credit will be adjusted.

24. Derivative Instruments:
Secured Loan taken in foreign currency as at the balance sheet date not covered by forward contracts are in **Euro 2,098,192** equivalent to **Rs.1,445.86 lacs** (Previous year Euro 2,098,192 equivalent to Rs.1,334.45 lacs).

Payables and Receivables in foreign currency as at the balance sheet date not covered by forward contracts are **Rs.7,462.07 lacs** (as at 31st March 2008 Rs. 1,875.91 lacs) and **Rs.11,234.99 lacs** (as at 31st March 2008 Rs. 3,904.60 lacs) respectively as given below.

				As at 31st March, 2008			
Receivable		Payable		Receivable		Payable	
Rs. in (lacs)	Foreign Currency	Rs.in (lacs)	Foreign Currency	Rs. in (lacs)	Foreign Currency	Rs. in (lacs)	Foreign Currency
41.59	QR* 290,001	106.26	QR* 741,006	109.91	QR* 986,827.86	96.02	QR* 862,124.62
748.26	OMR# 550,556	104.95	OMR# 77,219	2071.29	OMR# 1,991,030.19	767.81	OMR# 738,061.03
1972.16	MAUR$ 121,543,253	1467.63	MAUR$ 90,449,201	1240.46	MAUR$ 81,609,102.49	936.82	MAUR$ 61,632,614.49
5758.63	UAED** 40,530,916	3328.63	UAED** 23,427,872	273.98	YemenR% 136,443,391.43	0.95	YemenR% 474,387.45
2334.91	USD@ 4,475,223	11.65	USD@ 22,322	22.18	UAED** 204,094.98	11.81	UAED** 108,641.96
293.69	Mal## 1,086,531,966	2395.92	Mal## 8,863,923,744	81.99	Mal## 338,522,130.47	3.90	Mal## 16,090,545.00
85.75	EURO 124,437	30.78	EURO 44,670	4.44	AUS$ 12,025.61	-	AUS$ -
		16.26	GBP 21,926	48.86	USD@ 121,541.21	5.18	USD@ 11,650.05
				51.49	EURO 93,314.74	53.42	EURO 88,608.79

*QR- Qatari Riyal, # OMR - Omani Riyal, $Maur - Mauritian Rupee, YemenR%- Yemen Rial, UAED**- UAE Dirham, Mal##- Malagacy Aariary (Madagascar), AUS$ - Australian Dollar, USD@ - United States Dollars.

25. Information relating to Jointly Controlled Entity:

Sr. No.	Name of the Joint Venture	Name of the Joint Venture Partner	Share of ownership interest	Country of Operation
1	Afcons Aarsleff Joint Venture (refer note below)	Per Aarsleff A/S	50%	Yemen
2	SMCC Afcons Joint Venture	SMCC	50%	Yemen

Sr. No.	Company's share in Assets	Company's share in Liabilities	Company's share of Income	Company's share of Expenses
1	-	-	-	-
	(-)	(-)	(7.82)	(6.18)
2	**1,630.64**	**1,630.64**	**-257.53**	**236.93**
	(1,389.05)	(1,371.33)	(3,668.34)	(3,661.11)
Total CY	**1,630.64**	**1,630.64**	**-257.53**	**236.93**
Total PY	(1,389.05)	(1,371.33)	(3,676.16)	(3,667.29)

Figures in parenthesis are those of previous year. The above figures are based on the un-audited financial statements of the Joint Venture prepared by the management.

Note : Activity of Afcons Aarsleff Joint Venture was completed during the previous year.

26. Information relating to Jointly Controlled Operations:

Sr. No.	Name of the Joint Venture	Name of the Joint Venture Partner	Share of ownership interest	Country of Operation
1	Afcons Gunanusa Joint Venture	PT Gunanusa Utama Fabricators	80%	Indonesia
2	Afcons Strabag Joint Venture	Strabag A.G.	40%	Austria

27. 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:

		Previous Year
Particulars	Quantity	Quantity
Authorised to be Granted	17,85,000	17,85,000
Granted and Outstanding at the beginning of the year	6,54,550	7,01,870
Granted during the year	Nil	Nil
Forfeited during the year	Nil	Nil
Exercised during the year	4,380	Nil
Lapsed during the year	20,670	47,320
Granted and outstanding at the end of the year	6,29,500	6,54,550
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. 59.24 lacs (Previous Year Rs. 61.59 lacs). Consequently profit after tax would have been lower by like amount and Basic Earning per share would have been lower by Rs.0.08 per share (Previous Year Rs. 0.09) and Diluted Earnings per share would have been lower by Rs. 0.02 (Previous Year Rs. 0.05) 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 next four years from 31st March, 2007, the relevant Balance Sheet Date

28. 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	4,935.26	4,402.16
Less: Dividend on 0.01% Convertible Non Cumulative Non Participatory Preference shares (including dividend tax)	4.09	0.92
Profit for the year attributable to equity shareholders	4931.17	4,401.24
Weighted average number of shares outstanding during the year	**Numbers**	**Numbers**
For basic EPS	**71,402,244**	71,400,000
For diluted EPS (refer note below)	**336,054,258**	128,455,609

Earnings per share	Rupees	Rupees
Basic	**6.91**	6.16
Diluted	**1.47**	3.43
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)	**71,402,244**	71,400,000
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**	53,278,688
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)	**7,326,007**	1,881,543
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)	**7,326,007**	1,881,543
Total	**336,054,258**	**128,441,774**

Note:

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

29. 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

As per our attached report of even date

For DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS

R. Laxminarayan
Partner

J. C. Bhatt
Chartered Accountant

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: 29th June, 2009

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

Registration Details	
Registration no.	19335
State code	11
Balance sheet date	31-03-2009
	(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	17,446,381
Total assets	17,446,381
Sources of funds	
Paid-up capital	4,214,044
Reserves and surplus	1,509,577
Secured loans	3,192,368
Unsecured loans	3,712,772
Deferred Tax Liability (Net)	434,561
Application of funds	
Net fixed assets	4,011,303
Investments	32,445
Net current assets	9,001,506
Deferred revenue expenditure	18,068
Accumulated losses	Nil
Performance of Company	
Turnover	20,886,749
Total expenditure	20,135,918
Profit before tax	750,831
Profit after tax	493,526
Earnings per share	Refer note B (28) of schedule 19
Dividend rate %	Nil
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: 29th June, 2009

AFCONS INFRASTRUCTURE LIMITED

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

(Rupees in Lacs)

Name of the Subsidiary Company	The Financial Year of the Company ended on	Number of equity shares fully paid held by Afcons Infrastructure Ltd. (Holding Company) at the end of the Financial year of the subsidiary	Extent of interest of the Holding Company at the end of the Financial year of the subsidiary	The net aggregate profit/losses of the subsidiary so far as it concerns the members of the Holding Company not dealt with the Holding Company's accounts		Dealt with the Holding Company's accounts	
				For the Financial year of the subsidiary	For the previous Financial year of the subsidiary since it became the Holding Company's subsidiary	For the Financial year of the subsidiary	For the previous Financial year of the subsidiary since it became the Holding Company's subsidiary
Hazarat & Company Private Limited	31st March 2009	2,02,610 Nos.of Rs.10/- each.	100 Percent	Profit 0.10	Profit 0.13		Nil Nil
SSS Electricals (India) Pvt. Limited	31st March 2009	48,000 Nos.of Rs.10/- each.	60 Percent	Profit 4.60	Profit 51.55	Nil	Profit 17.28
Afcons Offshore and Marine Services Pvt. Limited (Formerly Afcons Arethusa Offshore Services Limited)	31st March 2009	100,000 Nos. of Rs.10/- each. (Previous year 60,000 Nos.)	100 Percent	Loss 0.94	Profit 37.21	Nil	Profit 6.07
Afcons Construction Mideast LLC Dubai, UAE	31st Dec 2008	147 Nos. of AED 1000 each.	49 Percent	Loss 166.98	Loss 1.46	Nil	Nil
Afcons Infrastructure International Ltd. (AIIL) Mauritius	31st Dec 2008	20000 Nos. of EURO 1 each.	100 Percent	Loss 8.37	Nil	Nil	Nil
Afcons Madagascar Overseas SARL (100 % subsidairy of AIIL) Madagascar	31st Dec 2008	100 Nos. of MGA 20000 each.	100 Percent	Profit 551.55	Nil	Nil	Nil

AFCONS INFRASTRUCTURE LIMITED

FINANCIAL HIGHLIGHTS

(Rupees in Lacs)

REVENUE ACCOUNTS					CAPITAL ACCOUNTS						EARNINGS & PAYOUT		
YEAR	TOTAL INCOME	DEPRE- CIATION	/(LOSS) PROFIT BEFORE TAXES & RESERVES	TAX	SHARE CAPITAL	RESERVES	BORROW- INGS	GROSS BLOCK	CUM. DEPRE- CIATION	NET BLOCK	EARNING PER EQUITY SHARE OF Rs. 10	DIVIDEND PER EQUITY SHARE OF Rs. 10	DIVIDEND PAY OUT EQUITY SHARE OF Rs. 10
1999-00	29643	425	926	412	1140	8708=	5332	12016	6689	5327	4.51	1.00	114**
2000-01	31676	571	354	36	1140	8951=	6199	13111	7328	5783	2.79	0.60	68**
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	-	-

= Excluding Revaluation Reserves

** Excludes Tax on dividend

HAZARAT AND COMPANY PRIVATE LIMITED

DIRECTORS REPORT

TO,
THE MEMBERS OF
HAZARAT AND COMPANY PRIVATE LIMITED
Mumbai.

Your Directors have pleasure in presenting the Twenty-Seventh Annual Report of the Company and the audited statements of accounts for the year ended 31st March, 2009.

1. REVIEW OF WORKING

During the year under review, the Income was Rs.1,20,000/-. After meeting the office expenses and other related expenses, the net profit during the year was Rs.14,027/-. The accumulated profit of Rs.22,723/- has been carried forword.

2. DIRECTORS

Mr.F.K.Bhathena retire by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for reappointment.

3. DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) that in the preparation of the annual accounts, for the financial year ended 31st March, 2009, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit and loss of the Company for the year under review;

(iii) that the directors had 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 assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) that the directors had prepared the annual accounts for the financial year ended 31st March, 2009 on a going concern basis.

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

The information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo does not apply to the Company.

5. PARTICULARS OF EMPLOYEES

None of the employees of the Company is covered under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

6. SECRETARIAL COMPLIANCE CERTIFICATE

The Compliance Certificate received in accordance with the provision of section 383A read with the Companies (Compliance Certificate) Rule, 2001 being annexed to the Directors' report. The said Compliance Certificate is self explanatory and needs no comments.

The Board of Directors of the Company has appointed M/s. Anant B. Khamankar & Co., Company Secretaries for issuance of Compliance Certificate in terms of provision of section 383A(1) of the Companies Act,1956 and to hold the office until the conclusion of the forthcoming Annual General Meeting on such remuneration as may be determined by the Board and agreeable to them.

Your directors recommend to re-appoint them for the abovesaid work and to hold office till the date of the next Annual General Meeting.

7. AUDITORS

Mr. J.C.Bhatt, Chartered Accountant, the retiring auditor is eligible for reappointment. He has expressed his willingness to continue in office and has furnished certificate, pursuant to Section 224(1B) of the Companies Act, 1956.

The members are requested to appoint the Auditor for the financial year 2009 -2010 and authorize the Board to fix his remuneration.

Regd. Office:
"Warden House"
Sir P. M. Road,
Fort,
Mumbai-400 023.

Dated: 29th June, 2009

On behalf of the Board

A.H.DIVANJI
DIRECTOR

HAZARAT AND COMPANY PRIVATE LIMITED

TO THE MEMBERS,
M/S. HAZARAT AND COMPANY PRIVATE LIMITED
Warden House
Sir P. M. Road,
Fort, Mumbai : 400 023.

We have examined the registers, records, books and papers of **M/s. Hazarat and Company Private Limited** [the Company] as required to be maintained under the Companies Act, 1956, [the Act] and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2009 [financial year]. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company and its officers, we certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company, being a Private Limited Company, has the minimum prescribed paid up capital and its maximum number of members during the said financial year was 7 (Seven) excluding its present and past employees and the Company during the financial year ;
   a. has not invited public to subscribe for its shares or debentures; and
   b. has not invited or accepted any deposits from persons other than its members, directors or their relatives.
4. The Board of directors duly met 4 (four) times respectively on 26th day of June, 2008, 24th day September, 2008, 2nd day of December, 2008 and 4th day of March, 2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members or Debenture holders during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March, 2008 was held on 30th September, 2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for that purpose.
7. No extraordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificates during the financial year.
13. The Company has:
    i. not alloted / transferred / transmitted any securities during the financial year.
    ii. not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
    iii. not posted warrants to any member of the Company as no dividend was declared during the financial year.
    iv. duly complied with the requirements of section 217 of the Act.
14. The Board of directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The Company has not appointed any managing director / whole-time director / manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and / or such authorities prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms / companies to the Board of directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year ended 31st March, 2009.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's registered office from one state to another during the financial year.
27. The Company has not altered the provisions of the Memorandum of Association with respect to objects of the Company during the financial year.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the financial year.
29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the financial year.
30. The Company has not altered its Articles of Association during the financial year.
31. There were no prosecutions initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company was not required to deduct any contribution towards Provident Fund during the financial year.

Place : Mumbai
Date : 29th June, 2009

FOR ANANT B.KHAMANKAR & CO.
ANANT B. KHAMANKAR
FCS No. : 3198
C.P. No. : 1860

ANNEXURE 'A' TO THE COMPLIANCE CERTIFICATE OF M/S.HAZARAT AND COMPANY PRIVATE LIMITED FOR THE YEAR ENDED 31ST MARCH, 2009.

REGISTERS AS MAINTAINED BY THE COMPANY :

Statutory Registers:

1. Register of Members under Section 150 of the Act.
2. Minute Book of meetings of the Board of directors under Section 193 of the Act.
3. Minute Book of general meetings under Section 193 of the Act.
4. Register of Directors under Section 303 of the Act.
5. Register of Directors shareholdings under Section 307 of the Act.
6. Books of Accounts under Section 209 of the Act.

Other Registers:

1. Share Transfer Register.
2. Register of Director's Attendance

ANNEXURE 'B' TO THE COMPLIANCE CERTIFICATE OF M/S.HAZARAT AND COMPANY PRIVATE LIMITED DATED FOR THE YEAR ENDED 31ST MARCH, 2009.

1. Annual Return made in Form No.20B upto 30.09.2008 Filed on 28.11.2008 under Section 159 of the Act with the Registrar of Companies, Maharashtra, Mumbai.
2. Balance Sheet in Form No.23AC and Profit& Loss Account in Form No. 23ACA as on 31.03.2008 Filed on 10.11.2008 under Section 220 of the Act with the Registrar of Companies, Maharashtra, Mumbai.
3. Compliance Certificate in Form No.66 for the financial year 31.03.2008 Filed on 07.11.2008 under Section 383A(1) of the Act on with the Registrar of Companies, Maharashtra, Mumbai.

AUDITOR'S REPORT
TO THE MEMBERS OF
HAZARAT AND COMPANY PRIVATE LIMITED

I have audited the attached Balance Sheet of **Hazarat and Company Private Limited** as at 31st March 2009 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted my audit in accordance with the auditing standards generally accepted in India. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Clause 1(2) (iv) of the Companies (Auditors Report) Order 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 specifically exempts certain private limited companies satisfying the conditions as specified in the order and since, this Company satisfies those conditions, the Order is not applicable and therefore not commented upon.

Further to my comments above, I report that:

i) I have obtained all information and explanations, which to the best of my knowledge and belief was necessary for the purposes of the audit.
ii) In my opinion, proper books of accounts as required by law, have been kept by the Company, so far as appears from my examination of those books.
iii) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement, dealt with by this Report, are in agreement with the books of accounts.
iv) In my opinion, the Balance Sheet, Profit and Loss Account & the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
v) In my opinion and based on information and explanations given to me, none of the directors are disqualified as on 31st March, 2009 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
vi) In my opinion and to the best of my information and according to the explanations given to me, the accounts, read in conjunction with, and subject to notes, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
    a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009; and
    b. in the case of the Profit and Loss account, of the Profit for the year ended on that date.
    c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Mumbai
Date: 29th June, 2009

J.C.Bhatt
Chartered Accountant

HAZARAT AND COMPANY PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH 2009

	RUPEES	AS AT 31/3/2009 RUPEES	RUPEES	AS AT 31/3/2008 RUPEES
SOURCES OF FUNDS :				
SHARE CAPITAL				
AUTHORISED				
2,50,000 Equity Shares of Rs. 10/- each		2,500,000		2,500,000
ISSUED, SUBSCRIBED & PAID UP				
2,02,610 Equity Shares of Rs.10/- each fully paid (See Notes to Accounts No.2 & 3)		2,026,100		2,026,100
UNSECURED LOANS				
From Afcons Infrastructure Limited (Formerly Asia Foundations and Constructions Ltd.) - the Holding Co.		-		-
RESERVES & SURPLUS				
Surplus in Profit and Loss account		22,723		46,076
CURRENT LIABILITIES				
Liabilities for Expenses		11,370		10,503
Advance rent		-		-
Provision for Tax		4,400		-
		2,064,593		2,082,679
APPLICATION OF FUNDS :				
FIXED ASSETS				
Goodwill (See Notes to the Accounts No.2)		2,000,000		2,000,000
Furniture (See Notes to the Accounts No.2)	20,000		20,000	
Less : Depreciation	18,709	1,291	18,565	1,435
		2,001,291		2,001,435
CURRENT ASSETS, LOANS AND ADVANCES				
CURRENT ASSETS				
Deposits (See Notes to the Accounts No.2)	4,590		4,590	
Balance with Scheduled Banks in Current Accounts	56,203		76,645	
Cash in Hand	2,509	63,302	9	81,244
MISCELLANEOUS EXPENDITURE & LOSSES				
Loss as per Profit & Loss Account annexed		-		-
		2,064,593		2,082,679

Notes to the Accounts (Refer Schedule 'A')

As per my report of even date,

For and on behalf of the Board of Directors

J.C. BHATT	**A.H. DIVANJI**	**F.K. BHATHENA**	**H.J.TAVARIA**
Chartered Accountant	**Director**	**Director**	**Director**
Mumbai			
Dated: 29th June, 2009			

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	FOR THE YEAR ENDED MARCH 2009	FOR THE YEAR ENDED MARCH 2008
INCOME		
	120,000	320,000
	120,000	320,000
EXPENDITURE		
Office Rent	88,248	90,334
Professional Charges	8,956	7,561
Audit Fees	1,000	1,000
Filing Fees	2,500	2,203
Profession Tax	2,500	2,500
Other Expenses	2,625	550
Depreciation	144	160
Interest	-	2,206
	105,973	106,514
Profit/(Loss) for the year	14,027	213,486
Less : Short provision of tax for previous year	(32,980)	-
Less : Provision for tax for current year	(4,400)	-
Add: (Loss) b/f from previous year	46,076	(167,410)
Profit /(Loss) carried to Balance Sheet	22,723	46,076
Basic and Diluted Earning per share (Face value Rs.10/-) Refer Note 2(5) of schedule A	0.05	1.05

As per my report of even date,

For and on behalf of the Board of Directors

J.C. BHATT	**A.H. DIVANJI**	**F.K. BHATHENA**	**H.J.TAVARIA**
Chartered Accountant	**Director**	**Director**	**Director**
Mumbai			
Dated: 29th June, 2009			

HAZARAT AND COMPANY PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Particulars	Current Year Rupees	Previous Year Rupees
A.	**Cash flow from operating activities**		
	Profit before tax	**14,027**	213,486
	adjustments for,		
	Interest on S.T. Loan	**-**	2,206
	Depreciation	**144**	160
	Operating Profit before working capital changes	**14,171**	215,852
	Increase /(Decrease) in trade and other payables	**867**	1,619
	Increase /(Decrease) in loans and advances	**(32,980)**	-
	Cash (used in) Operations	**(17,942)**	217,471
	Net cash (used in) operating activities	**(17,942)**	217,471
B.	**Cash flow from investing activities**	**-**	-
C.	**Cash flow from financing activities**		
	Net Proceeds from Short Term Borrowings	-	(156,045)
	Interest on S.T. Loan	-	(2,206)
	Net cash generated from financing activities	-	(158,251)
	Net increase / (decrease) in cash and cash equivalents	**(17,942)**	59,220
	Cash and cash equivalents at the beginning of the year	**81,244**	22,024
	Cash and cash equivalents at the end of the year	**63,302**	81,244

As per my attached report of even date

For and on behalf of the Board of Directors

J.C. BHATT
Chartered Accountant
Mumbai
Dated: 29th June, 2009

A.H. DIVANJI — **Director**
F.K. BHATHENA — **Director**
H.J.TAVARIA — **Director**

SCHEDULE 'A'

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009.

1. Significant Accounting Policies

i. The financial statement have been prepared on accrual basis and under historical cost convention to comply in all material respects with mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

ii. Basic Earning per Share is calculated by dividing the net profit or loss for the year attributable to the equity shareholders (after deducting attributable taxes) by the weighted average number of shares outstanding during the year.

2. Notes on Accounts

1) The assets have been taken over from **Hazarat & Company** in terms of an agreement dated 26th July, 1983.
2) All the Equity Shares are held by Afcons Infrastructure Limited and it's nominees.
3) There has been no Income, Expenditure, Receipts or Payments in Foreign Currency during the Current or Previous year.
4) Related Party disclosure:

Related party where control exists:

Holding company(s)

Afcons Infrastructure Limited (directly)

Shapoorji Pallonji & Company Limited (indirectly)

Fellow Subsidiary

Cyrus Investments Limited

SSS Electricals (India) Private Limited

Afcons Offshore and Marine Services Private Limited (Formerly Afcons Arethusa Offshore Services Private Limited)

Sterling Investments Corporation Limited

Floreat Investments Limited

Afcons Construction Mideast LLC

Afcons Infrastructure International Limited

Name of Related Party where transactions have taken place during the year :

Afcons Infrastructure Limited

Details of transactions with related party during the year

Particulars of transactions with Afcons Infrastructure Limited	Rupees
Income :	
Rent	1,20,000
Expenditure :	
Interest expense incurred for the year	Nil

5) Earnings per share:

Earning per share is calculated by dividing the (loss)/profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year as under:-

	Current Year	Previous Year
Profit / (Loss) attributable to equity shareholders (in Rupees)	9,627	213,486
Weighted average number of shares outstanding during the year	202610	202610
Basic / diluted Earnings per share (in Rupees)	0.05	1.05
Nominal value per share (in Rupees)	10	10

6) Deferred Tax:

Following the principle of conservatism and in view of current year's and carried forward losses under the Income Tax Act, the management does not deem necessary to provide for deferred tax.

7) Previous year's figures have been re-arranged wherever necessary.

8) Additional information as required under Part IV of Schedule VI of the Companies Act, 1956.

Balance Sheet Abstract and Company's General Business Profile :

I.	**Registration Details :**	
	Registration No.	28701
	State Code	11
	Balance Sheet Date	31.03.2009
II.	**Capital Raised during the Year**	Amt. in Rupees
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
III.	**Position of Mobilisation and Deployment of Funds**	Amt. in Rupees
	Total Liabilities	20,64,593
	Total Assets	20,64,593
	Sources of Funds :	Amt. in Rupees
	Paid-up Capital	20,26,100
	Reserves & Surplus	22,723
	Secured Loan	Nil
	Unsecured Loan	Nil
	Application of Funds :	Amt. in Rupees
	Net Fixed Assets	20,01,291
	Investments	Nil
	Net Current Assets	47,532
	Misc. Expenses	Nil
	Accumulated Losses	Nil
IV.	**Performance of Company :**	Amt.in Rupees
	Total Income	1,20,000
	Total Expenditure	1,05,973
	Profit for the year after current tax	9,627
	Earning Per Share (Rs.)	0.05
	Dividend Rate %	Nil
V.	**Generic Names of Three Principal Products/Services of Company (as per monetary terms)**	Not Applicable

Signatures to Schedule 'A'

As per my report of even date,

For and on behalf of the Board of Directors

J.C. BHATT
Chartered Accountant
Mumbai
Dated: 29th June, 2009

A. H. DIVANJI	F. K. BHATHENA	H. J. TAVARIA
Director	**Director**	**Director**

DIRECTORS' REPORT

TO THE MEMBERS OF
SSS ELECTRICALS (INDIA) PRIVATE LIMITED
MUMBAI

Your Directors are pleased to present the Twenty Third Annual Report of the Company together with the audited statements of Accounts for the year 31st March, 2009.

1. BUSINESS REVIEW

The Company was successful in securing repeat orders from the existing clients and also obtained jobs from some new clients. The turnover increased from Rs.2,01,32,072/- to Rs.2,06,17,009/- and the Net Profit for the year was Rs.7,65,560/- .The Company continues efforts to secure more jobs by making its offers more competitive without compromising with quality and its corporate policies.

2. DIVIDEND

In order to plough back the profits for the growth, Directors have not proposed dividend for the financial year under review.

3. DIRECTORS

Mr. S. Paramasivan retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

4. DIRECTORS' RESPONSIBILITY STATEMENT

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

i. that in the preparation of the annual accounts for the year ended 31st March, 2009, the applicable accounting standards had been followed along with proper explanation relating to material departures;
ii. that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit and loss of the Company for the year under review;
iii. that the directors had 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 assets of the Company and for preventing and detecting fraud and other irregularities;
iv. that the directors had prepared the annual accounts for the year ended 31st March, 2009 on a going concern basis.

5. CONSERVATION OF ENERGY, TECHNOLOGY ADOPTION, FOREIGN EXCHANGE EARNING AND OUTGO

The information in accordance with the provision of section 217(1)(e) of the Companies Act,1956 read with Companies (Disclosure of Particulars in the Report of Directors) Rules 1988,is as under:

A. CONSERVATION OF ENERGY

The Company is rendering Cathodic/ Corrosion Protection services in which energy consumption is extremely insignificant.

B. TECHNOLOGY ABSORPTION

The Company as an ongoing process, always aims to update the technology with respect to the methods and designs for Cathodic/ corrosion Protection Systems with the help of the collaborators Starkstorm Und Signal Baugesellschaft GmbH, Germany (SSS).

C. RESEARCH & DEVELOPMENT

Development of expertise for remote monitoring and control of CP systems, current mapping and direct current voltage gradient surveys and investigation and mitigation of EHV Transmission System Interferences for expansion of business activities.

D. FUTURE PLAN OF ACTION

The Company plans to computerise its operations to improve efficiency and business turnover. The Company continues to make efforts to develop technology and relationships for the application of Cathodic Protection for RCC structures and other type of installations.

E. FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings : Nil
Outgo : Rs.4.65 Lacs

6. PARTICULARS OF EMPLOYEES

None of the employees of the Company is covered under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

7. AUDITORS

Mr.J.C.Bhatt, the retiring, auditor is eligible for reappointment. He has expressed his willingness to continue in office and have furnished a certificate of eligibility under section 224(1)(B) of the Companies Act,1956.

The members are requested to appoint the Auditor for the financial year 2009-2010 and authorize the Board to fix his remuneration.

For and on behalf of the Board

A.H.DIVANJI
DIRECTOR

Regd. Office:
"AFCONS HOUSE"
16, Shah Industrial Estate,
Veera Desai Road,
Azadnagar P.O.,
Mumbai-400 053.

Dated : 29th June, 2009

Auditor's Report
to the Members of SSS Electricals (India) Private Limited

1. I have audited the attached Balance Sheet of **SSS Electricals (India) Private Limited** as at March 31, 2009, the Profit and Loss Account and the Cash flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I have conducted my audit in accordance with the auditing standards generally accepted in India. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. As required by clause 1(2) (iv) of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, I enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to my comments in the Annexure referred to in para 3 above, I report that:
   i) I have obtained all information and explanations, which to the best of my knowledge and belief were necessary for the purposes of the audit;
   ii) In my opinion, proper books of accounts as required by law have been kept by the Company so far as appears from my examination of those books;
   iii) The Balance Sheet, Profit and Loss Account and Cash flow Statement dealt with by this report are in agreement with the books of account;
   iv) In my opinion, the Balance Sheet, Profit and Loss Account and Cash flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
   v) On the basis of written representations received from the directors of the Company as at March 31, 2009 and taken on record by the Board of Directors, I report that, none of the directors is disqualified as on March 31, 2009 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
   vi) In my opinion, and to the best of my information and according to the explanations given to me, the said accounts read together with the notes thereon, 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:
      a. in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2009;
      b. in the case of the Profit and Loss Account, of the profit for the year ended on that date and
      c. in the case of the Cash flow Statement, of the cash flows for the year ended on that date.

J.C.BHATT
CHARTERED ACCOUNTANT

Place: Mumbai
Date : 29th June, 2009

Annexure referred to in paragraph 3 of the audit report of even date to the members of SSS Electricals (India) Private Limited on the accounts for the year ended March 31, 2009.

1. Fixed Assets

a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b. As explained, the management during the year has physically verified a major portion of the fixed assets. In my opinion, the frequency of verification of the fixed assets by the management is reasonable having regard to the size of the Company and nature of its business. No material discrepancies were noticed on such verification.
c. In my opinion and according to the information and explanations given to me, no substantial part of fixed assets is sold by the Company and therefore do not affect the going concern assumption.

2. Inventory

As per the information and explanations provided;

a. the inventories have been physically verified at the end of the year by the management, and in my opinion, the frequency of verification is reasonable.
b. the procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
d. the company is maintaining proper records of inventory and the material discrepancies noted or reported have been properly dealt with in the books of accounts

3. Loans and Advances:

a. As per the information and explanations given to me, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
b. As per the information and explanations given to me, the Company has not taken any loan secured or unsecured from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956.

4. Internal Control System:

In my opinion, and according to the information and explanations given, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of goods and services. During the course of audit, I have not observed any continuing failure to correct major weaknesses in the internal control system.

5. **Related Party Transactions:**
Based on the records verified and the audit procedures applied, and according to the information and explanations provided by the management, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956, that need to be entered in the Register required to be maintained under that section.

6. **Public Deposits:**
The company has not accepted any deposits from the public to which the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed there under are applicable.

7. **Internal Audit System:**
In my opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business

8. **Maintenance of Cost Records:**
The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956

9. **Statutory Dues:**
   a. In my opinion, based on the records verified and the information and explanations given by the management, the Company is generally regular in depositing with the appropriate authorities, undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Cess, Value Added Tax, Fringe Benefit Tax and any other material dues applicable to it during the year.
   b. According to the information and explanation given to me, there are no such statutory dues, which have not been deposited on account of any dispute with any appropriate authority.

10. **Accumulated Losses:**
The Company has no accumulated losses as at March 31, 2009 and has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.

11. Based on the records verified, and according to the information and explanations given by the management, the Company has not taken any loan from banks or financial institutions and has neither issued any debentures during the year and hence, the question of default in repayment of dues does not arise.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. According to the information and explanations given, the Company has not given any guarantee for loans taken by others from banks and financial institutions.

14. As per the records verified and the information and explanations provided, the Company has not taken any term loan during the year.

15. In my opinion and according to the information and explanations given by the management, and on an overall examination of the Balance Sheet of the Company, funds raised on short-term basis have, prima facie, not been utilised during the year for long-term investments.

16. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.

17. During the year, there are no debentures issued and outstanding as on March 31, 2009

18. During the year, the Company has not raised any money by way of public issue(s).

19. During the course of my examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations provided by the management, I have neither come across any instance of fraud on or by the Company noticed or reported during the year nor have I been informed of such a case by the management.

20. As per information and explanations given to me & taking into consideration, the nature of the Company's business, clauses (xiii) and (xiv), of the paragraph 4 of 'the Order' are not applicable and therefore not commented upon.

J.C.BHATT
CHARTERED ACCOUNTANT

Place: Mumbai
Date : 29th June, 2009

SSS ELECTRICALS (INDIA) PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH 2009

	SCHEDULE	Rupees	AS AT 31/3/2009 Rupees	AS AT 31/3/2008 Rupees
SOURCES OF FUNDS :				
SHAREHOLDERS' FUNDS				
Share Capital	1	**800,000**		800,000
Reserves & Surplus	2	**9,357,613**		8,592,053
			10,157,613	9,392,053
LOAN FUNDS :				
Unsecured Loan	3		**-**	2,988,888
Deferred tax liability			**-**	-
TOTAL			**10,157,613**	12,380,941
APPLICATION OF FUNDS :				
FIXED ASSETS	4			
Gross Block		**5,552,734**		5,374,663
Less : Depreciation		**3,069,848**		2,612,556
Net Block			**2,482,886**	2,762,107
Deferred Tax - Asset (Refer Note 7 of Schedule 11)			**78,160**	48,256
CURRENT ASSETS, LOANS AND ADVANCES	5			
Survey Work in Progress		**1,745,201**		1,045,500
Sundry Debtors		**4,027,072**		6,615,150
Inventory		**82,047**		110,838
Cash and Bank Balances		**2,211,388**		3,321,725
Loans & Advances		**1,852,559**		1,948,721
		9,918,267		13,041,934
LESS : CURRENT LIABILITIES & PROVISIONS	6			
Current Liabilities		**1,424,237**		2,448,869
Provisions		**897,463**		1,022,487
		2,321,700		3,471,356
Net Current Assets			**7,596,567**	9,570,578
TOTAL			**10,157,613**	12,380,941
Notes To Accounts	11			

As per my report of even date,

The schedules, referred to above,
form an integral part of the Balance Sheet.

For and behalf of the Board of Directors

J. C. BHATT
Chartered Accountant

A. H. DIVANJI — **Director**
S. PARAMASIVAN — **Director**
R. P. NAGAR — **Director**

Mumbai
Dated : 29th June, 2009

SSS ELECTRICALS (INDIA) PRIVATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	SCHEDULE	FOR THE YEAR ENDED 31/3/2009 Rupees	FOR THE YEAR ENDED 31/3/2008 Rupees
INCOME:			
Sale of Services		**14,445,937**	14,276,056
Sale of Goods		**4,425,871**	5,856,016
Survey - WIP		**1,745,201**	-
Total Turnover		**20,617,009**	20,132,072
Other Income	7	**141,034**	296,604
		20,758,043	20,428,676
EXPENDITURE:			
Consumption of Materials		**5,395,271**	3,715,748
Direct Expenses	8	**9,394,140**	9,785,172
Other Expenses	9	**4,068,564**	5,531,235
Interest and Finance Costs	10	**152,120**	67,492
Depreciation	4	**457,292**	496,464
		19,467,387	19,596,111
Profit Before Tax		**1,290,656**	832,565
Less : Provision for tax			
Current tax		**470,000**	455,000
Deferred tax		**(29,904)**	(31,402)
Fringe Benefit tax		**85,000**	52,000
Profit Before extra-ordinary items and prior period expenses		**765,560**	356,967
Add : Excess provision of earlier year's written back		**-**	70,430
Less : Short provision of earlier years' written off		**-**	-
Net Profit After Tax		**765,560**	427,397
Profit Brought Forward From Previous Year		**7,792,016**	7,364,619
		8,557,576	7,792,016
APPROPRIATIONS RECOMMENDED:			
Proposed Dividend		**-**	-
General Reserve		**-**	-
Profit Carried forward in Balance Sheet		**8,557,576**	7,792,016
Notes To Accounts	11		
Net Profit as per Profit and Loss Account		**765,560**	427,397
Earning Per Share (Basic & Diluted)		**10**	5
Weighted Averave number of equity shares		**80,000**	80,000

As per my report of even date,

The schedules, referred to above,
form an integral part of the Profit and Loss Acount

For and behalf of the Board of Directors

J. C. BHATT
Chartered Accountant

A. H. DIVANJI — **Director**
S. PARAMASIVAN — **Director**
R. P. NAGAR — **Director**

Mumbai
Dated : 29th June, 2009

SSS ELECTRICALS (INDIA) PRIVATE LIMITED

CASHFLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2009

		SCHEDULE	Current Year (Amt. in Rs)	Previous Year (Amt. in Rs)
A.	**Cash Flow from Operating Activities :**			
	(Loss) / Profit before Tax and Extraordinary Items		**1,290,656**	832,565
	Adjustments for :			
	Depreciation		**457,292**	496,464
	Interest income		**(141,034)**	(296,604)
	Bank Charges and BG Commission		**66,768**	53,229
	Interest expense		**85,352**	14,263
	Operating Profits before working capital changes		**1,759,033**	1,099,917
	(Increase)/Decrease in trade receivables		**2,588,914**	(675,986)
	(Increase) / decrease in inventories		**28,791**	178,620
	(Increase) / Decrease in WIP		**(699,701)**	(1,045,500)
	(Increase) in Loans & Advances		**(572,528)**	(487,735)
	Increase / (decrease) in trade, other payables & Provisions		**(1,149,656)**	(924,232)
	Cash used in Operations		**1,954,853**	(1,854,916)
	Income Tax (Paid) / Refund			-
	Income Tax Refund		**-**	4,446
	Sales Tax Refund		**-**	41,787
	Fringe Benefit Tax Paid		**(50,000)**	(45,000)
	Bad Debts Recovered		**-**	-
	CASH FROM OPERATIONS		**1,904,853**	(1,853,683)
B.	**Cash Flow from Investing Activities :**			
	Purchase of Fixed Assets		**(178,071)**	(811,555)
	Interest Received		**303,889**	94,878
	Net Cash (used in) investing activities		**125,818**	(716,677)
C.	**Cash Flow from Financing Activities :**			
	Proceeds / (Repayments) from short - term borrowings		**(2,988,888)**	2,940,575
	Bank Charges and commission		**(66,768)**	(53,229)
	Interest paid		**(85,352)**	(14,553)
	Net Cash generated from financing activities		**(3,141,008)**	2,872,793
	Net Increase in cash and cash equivalents		**(1,110,337)**	302,433
	Cash and cash equivalents as at 1st April 2008		**3,321,725**	3,019,292
	Cash and cash equivalents as at 31 March 2009		**2,211,388**	3,321,725

Notes To Accounts — 11

As per my report of even date

The schedules, referred to above, form an integral part of the Profit and Loss Acount

For and on behalf of the Board of Directors

J. C. BHATT
Chartered Accountant

A. H. DIVANJI — **Director**

S. PARAMASIVAN — **Director**

R. P. NAGAR — **Director**

Mumbai
Dated: 29th June, 2009

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009

		AS AT 31/3/2009 Rupees	AS AT 31/3/2008 Rupees
SCHEDULE 1			
SHARE CAPITAL			
AUTHORISED :			
2,00,000 Equity Shares of Rs.10/- each		2,000,000	2,000,000
		2,000,000	2,000,000
ISSUED, SUBSCRIBED AND PAID-UP			
80,000 Equity Shares of Rs.10/- each (Of the above, 48000 Equity Shares are held by the Holding Company - Afcons Infrastructure Limited, and its nominees)		800,000	800,000
TOTAL		800,000	800,000
SCHEDULE 2			
RESERVES & SURPLUS :			
General Reserve			
Balance as per last years Balance Sheet	800,037		800,037
Add : Appropriations from Profit & Loss Account	-		-
Less : Deferred tax liability	-		-
		800,037	800,037
Profit & Loss Account			
Balance in Profit and Loss Account		8,557,576	7,792,016
TOTAL		9,357,613	8,592,053
SCHEDULE 3			
UNSECURED LOANS			
Amount due to Holding Company - Afcons Infrastructure Ltd		-	2,988,888
Interest accrued and due		-	-
TOTAL		-	2,988,888

SCHEDULE 4
FIXED ASSETS

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
Sr.	Description of Assets	As at 01-Apr-08	Additions During the Year	Deduction During the Year	As at 31-Mar-09	Upto 01-Apr-08	For the Year	Deduction For the Year	Upto 31-Mar-09	As at 31-Mar-09	As at 31-Mar-08
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
1	Motor Vehicle	269,110	-	-	269,110	133,307	35,159	-	168,466	100,644	135,803
2	Furniture	30,162	8,001	-	38,163	9,263	4,506	-	13,769	24,394	20,899
3	Survey Equipments	4,706,435	140,738	-	4,847,173	2,222,711	358,573	-	2,581,284	2,265,889	2,483,724
4	Office Equipment	54,990	16,782	-	71,772	50,291	6,717	-	57,008	14,764	4,699
5	Computers	313,966	12,550	-	326,516	196,984	52,337	-	249,321	77,195	116,982
	Total	**5,374,663**	**178,071**	**-**	**5,552,734**	**2,612,556**	**457,292**	**-**	**3,069,848**	**2,482,886**	**2,762,107**
	Previous Year	6,087,211	811,555	1,524,103	5,374,663	3,287,879	496,464	1,171,787	2,612,556	2,762,107	2,799,332

SSS ELECTRICALS (INDIA) PRIVATE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009

	Rupees	**AS AT 31/3/2009 Rupees**	AS AT 31/3/2008 Rupees
SCHEDULE 5			
CURRENT ASSETS, LOANS AND ADVANCES :			
Work in Progress		**1,745,201**	1,045,500
SUNDRY DEBTORS			
Debts outstanding for a period exceeding six months			
Unsecured, considered good	**134,217**		60,212
Considered doubtful	**-**		-
Includes retention amount of Rs.1,29,723/- (Previous year Rs.60,212/-)		**134,217**	60,212
Other Debts			
Unsecured, considered good	**3,892,855**		6,554,938
(Includes retention amount of Rs.1,51,668/- (Previous year Rs.1,09,676/-)		**3,892,855**	6,554,938
		4,027,072	6,615,150
Less : Provision for Doubtful Debts		**-**	-
		4,027,072	6,615,150
CASH AND BANK BALANCES			
Cash in Hand	**67,267**		132,681
Balance with Scheduled Banks			
In Current Accounts	**2,144,121**		689,044
In Term Deposits Accounts	**-**		2,500,000
		2,211,388	3,321,725
LOANS AND ADVANCES			
(Unsecured and Considered Good)			
Advance recoverable in cash or in kind for value to be received	**564,028**		1,133,314
Deposits	**380,418**		138,018
Advance Income Tax (Net of Provision)	**908,113**		677,389
		1,852,559	1,948,721
INVENTORY			
Closing Stock - Consumables		**82,047**	110,838
TOTAL		**9,918,267**	13,041,934
SCHEDULE 6			
CURRENT LIABILITIES & PROVISIONS :			
CURRENT LIABILITIES :			
Sundry Creditors	**1,348,466**		1,964,155
Other Liabilities	**75,771**		453,854
Advance from Clients	**-**		30,860
		1,424,237	2,448,869
PROVISIONS :			
Provision for Service Tax	**317,531**		458,373
Provision for VAT Payable	**82,177**		146,455
Provision for Gratuity	**203,895**		123,799
Provision for Sales Tax	**293,860**		293,860
		897,463	1,022,487
TOTAL		**2,321,700**	3,471,356
SCHEDULE 7			
OTHER INCOME :			
Interest on			
Fixed Deposits		**141,034**	254,476
Income tax refund		**-**	341
Other Income		**-**	41,787
TOTAL		**141,034**	296,604
SCHEDULE 8			
DIRECT EXPENSES :			
Salaries, Wages & Allowances		**6,866,980**	7,790,065
Employer's Contribution to Provident Fund		**272,782**	103,321
Staff Welfare Expenses		**730,727**	739,369
Repairs & Maintenance - Plant & Machinery		**68,412**	152,668
Repairs & Maintenance - Others		**68,282**	47,702
Subcontractors Charges		**1,252,413**	766,448
Freight & Forwarding		**134,544**	185,599
TOTAL		**9,394,140**	9,785,172
SCHEDULE 9			
OTHER EXPENSES :			
Rent (refer note 3, schedule 11)		**237,650**	178,600
Insurance		**16,972**	2,016
Printing & Stationery		**31,636**	40,928
Travelling & Conveyance		**2,176,705**	2,652,828
Consultancy Fees		**48,272**	33,989
Rates & Taxes		**277,526**	431,360
Audit Fees		**140,575**	137,750
Establishment Expenses (refer note 3, schedule 11)		**18,000**	18,000
Miscellaneous Expenses (refer note 3, schedule 11)		**1,121,228**	2,035,764
TOTAL		**4,068,564**	5,531,235

	Rupees	AS AT 31/3/2009 Rupees	AS AT 31/3/2008 Rupees
SCHEDULE 10			
INTEREST AND FINANCE COSTS :			
Bank Charges including Bank Guarantee Commission		**66,768**	53,229
Interest		**85,352**	14,263
TOTAL		**152,120**	67,492

SCHEDULE 11:

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009.

A. Statement of Significant Accounting Policies

Nature of Operations

1. The Company is engaged in the business of design, survey, process and assembly, supply, testing, commissioning, monitoring and maintenance of cathode protection system.
2. **Basis of preparation**

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on a going concern and accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

The presentation of financial statements requires the management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's best knowledge of current events and actions of the company in future, actual results may ultimately differ from the estimates.

i) Revenue Recognition

Revenue from survey activity is recognized as per the terms of the contract. Revenue from annual maintenance contracts is recognized in the ratio of the period expired to the total period of the contract. Revenue from repairs work carried out under such contracts is recognized at contractual rates for materials used in such repair works.

ii) Fixed Assets

Fixed Assets (including intangible assets) are stated at cost of acquisition less accumulated depreciation. Cost includes all expenses related to acquisition and installation of the concerned asset.

iii) Impairment of Assets:

The carrying amount of assets is reviewed at each balance sheet date to check whether there is any indication of impairment loss. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. At each balance sheet date the management reviews the carrying amount of assets, an impairment loss is charged to the Profit & Loss in the year in which an asset is identified as impaired, and if there is a change in the estimate of the recoverable amount, the loss recognized in the previous year is reversed.

iv) Depreciation

Depreciation is provided using the written down value method, prorata for the number of days used, in the manner specified in Schedule-XIV of the Companies Act, 1956, at the rates prescribed therein or based on the useful life of the assets, whichever is higher, as follows:

Asset Head	**Depreciation rate**
a) Furniture & Fixtures	18.10%
b) Motor Vehicles	25.89%
c) Office Equipment	13.91%
d) Computer	40.00%
e) Survey Equipments	13.91%

v) Inventories

Consumables, Wires, Cables, stores, spares are valued at cost.

vi) Retirement benefits

The Company's contribution to Provident Fund is provided at actuals as required under the statute/ rules made to the Company's Provident Fund/ Government Provident Fund.

The Company contends that its employees include the ones deputed from the holding Company- Afcons Infrastructure Limited and other paid workers who are local workers. Company's liability towards gratuity is determined by actuarial valuation carried out by an independent actuary as at each balance sheet date. The actuarial valuation method used for measuring the liability is the Projected Unit Credit method.

vii) Earning Per Share

Basic Earning per share is calculated by dividing the net profit or loss for the period attributable to the equity shareholders (after deducting attributable taxes) by the weighted average number of shares outstanding during the period.

viii) Taxation

Tax expense comprises both current tax and deferred tax at the applicable enacted rates. Current tax represents the amount of income-tax payable/recoverable in respect of the taxable income/loss for the reporting period. Deferred Income tax reflects the impact of current years timing difference between taxable and accounting income for the year and reversal of timing difference of earlier years. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable profits will be available against which such deferred tax assets can be realized.

ix) Provisions and Contingencies

A provision is recognized when there is a legal and constructive obligation as a result of a past event, for which a probable cash outflow will be required and a reliable estimate of the amount can be made. Provision is made in the accounts for those contingencies, which are likely to materialize into liabilities after the year-end till the adoption of accounts by the Board of Directors and which have a material effect on the Balance Sheet. Contingent Liabilities, if any, are disclosed by way of notes on accounts. They are disclosed when the company has a possible or a present obligation where it is not probable to reliably estimate the outflow of resources.

x) Work In Progress

Work in Progress includes work commenced during the year but not completed as the year end and is valued at contract rates.

xi) Doubtful debts and advances:

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

B. Notes to Accounts

3. Other Expenses include amounts paid / payable to the holding Company as follows:

a) Rs. 36,000 (P.Y. Rs. 36,000) towards rent.

b) Rs.18,000 (P.Y. Rs. 18,000) towards establishment expenses

c) Rs. 6,000 (P.Y. Rs. 6,000) towards communication costs.

4. Balance Confirmation from Debtors and Creditors is not available from any party. Therefore, their balances are subject to confirmation, reconciliation and consequent adjustments, if any.

5. Payment to Auditors:

	31.03.2009 Rupees	31.03.2008 Rupees
Audit Fees	140,575	137,750

6. The disclosures as required under the Revised Accounting Standard 15- "Employee Benefits" as notified by the Institute of Chartered Accountants of India are as given below;

Defined Contribution:

Defined Contribution recognised and charged off for the year as under;

Employer's Contribution to Provident Fund-272,782

Defined Benefit:

Gratuity:

A. Assumptions:

Retirement Age- 60Years

Attrition Rate- 2%

Future Salary Rise- 4.5%

Rate of Discounting- 7.75%

Mortality Table- LIC (1994-96) Ultimate

B. Amount recognised as liability in the Balance Sheet- Rs. 203,895

C. Amount recognized as expense in the Income Statement- Rs. 203,895

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion, mortality, attrition rate 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 Auditor.

7. Deferred Taxation

The tax provision for the current year ended March 31, 2009 has been computed in accordance with Accounting Standard 22- " Accounting For Taxes on Income" issued by the Institute of Chartered Accountants of India. Due to this accounting policy the profit for the year is higher by Rs 29,904/-

Break-up of deferred tax assets and liabilities is as follows:

	Year Ended	
	31.03.2009	**31.03.2008**
Deferred Tax Asset/(Liability) recognized for timing differences due to:		
a. Depreciation	8,856	6,177
b. Provision for Gratuity	69,304	42,079
Net deferred tax.	**78,160**	**48,256**

8. There are no outstanding dues to Small Scale Industrial Undertakings. Further, as the company does not have information as to which of its creditors are registered under the Micro, Small and Medium Enterprises Development Act, 2006, no disclosure as required by the said Act is provided.

9. The Company has only one business segment of survey, monitoring and maintenance, hence information for primary business segment is not given. There is no secondary reportable segment.

10. Related Party Disclosures

1. Holding Company:

AFCONS Infrastructure Limited (Directly)

Shapoorji Pallonji & Company Limited (Indirectly)

2. Fellow Subsidiary

Hazarat and Company Private Limited

Afcons Offshore and Marine Services Private Limited (Formerly Afcons Arethusa Offshore Services Private Limited)

Afcons Infrastructure International Limited (w.e.f. 14th February, 2008)

Sterling Investments Corporation Private Limited

Floreat Investments Limited.

Cyrus Investments Limited

Name of Related Party Where Transactions have taken place during the year:

AFCONS Infrastructure Limited.

Details of transactions with related party during the year:

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Rent	36,000	36,000
Establishment Expenses	18,000	18,000
Communication Costs	6,000	6,000
Interest on Loan	60,969	14,263
Repayment of Temporary Loan	5,640,789	361,537
Charges towards deployment of technical personnel	Nil	3,370,800
Outstanding Amount as on March 31, 2009	Nil	2,988,888

Previous year's figures have been regrouped wherever necessary.

Signatures to Schedules 1 to 11 — **For and behalf of the Board of Directors**

J. C. BHATT	**A. H. DIVANJI**	**S. PARAMASIVAN**	**R. P. NAGAR**
Chartered Accountant	**Director**	**Director**	**Director**

Mumbai:

Date : 29th June, 2009

SSS ELECTRICALS (INDIA) PRIVATE LIMITED

Balance Sheet Abstract and Company's General Business Profile :

I.	**Registration Details :**	
	Registration No.	36876
	State Code	11
	Balance Sheet Date	31.03.2009
II.	**Capital Raised during the year**	
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
III.	**Position of Mobilisation and Deployment of Funds**	
	Total Liabilities	10,157,613
	Total Assets	10,157,613
	Sources of Funds:	
	Paid-up Capital	800,000
	Reserves & Surplus	9,357,613
	Secured Loans	Nil
	Unsecured Loans	Nil
	Deferred Tax Liability	Nil
	Application of Funds:	
	Net Fixed Assets	2,482,886
	Investments	Nil
	Deferred Tax Asset	78,160
	Net Current Assets	7,596,567
	Miscellaneous Expenditure	Nil
	Accumulated Losses	Nil
IV.	**Performance of Company**	
	Turnover	20,617,009
	Other Income	141,034
	Total Expenditure	19,467,387
	Profit/(Loss) before tax	1,290,656
	Profit/(Loss) after tax	765,560
	Earning Per Share (Rs.)	10
	Dividend Rate %	NIL
V.	**General Names of Three Principal Products/Services of Company (as per monetary terms)**	Not Applicable

Signatures to Schedules 1 to 11

For and behalf of the Board of Directors

A. H. DIVANJI
Director

S. PARAMASIVAN
Director

R. P. NAGAR
Director

Mumbai:
Date : 29th June, 2009

AFCONS OFFSHORE AND MARINE SERVICES PRIVATE LIMITED (FORMERLY AFCONS ARETHUSA OFFSHORE SERVICES PRIVATE LIMITED)

DIRECTORS' REPORT
To the Members of
Afcons Offshore and Marine Services Private Limited
Mumbai

Your Directors have pleasure in presenting the Twenty-Fifth Annual Report and the Audited Statement of accounts for the year ended 31st March 2009.

1. **BUSINESS OPERATIONS**
During the year under review, there was no business income. However the net loss of the Company was reduced from Rs.2.27 Lacs to Rs.0.94 Lacs which was mainly attributable to reduction in expenditure during the year.
2. **ACQUISITION OF SHAREHOLDING OF Z NORTH SEA LTD.**
During the year Company's members, Afcons Infrastructure Limited who were holding 60% of the equity capital in the Company has acquired the balance 40% of the shareholding i.e. 40000 equity shares from Z North Sea Ltd. for a total consideration of Rs.19,50,000/-. This has resulted into the Company becoming a wholly owned subsidiary of Afcons Infrastructure Limited.
3. **CHANGE OF NAME OF THE COMPANY TO AFCONS OFFSHORE AND MARINE SERVICES PRIVATE LIMITED W.E.F 4TH JUNE 2009**
Pursuant to the Company's application for change of name of the Company, Ministry of Corporate Affairs, through the office of Registrar of Companies, Mumbai has approved our application and has granted us the new name i.e. AFCONS OFFSHORE AND MARINE SERVICES PRIVATE LIMITED.
4. **ALTERATION OF MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY**
At the Extra-Ordinary General Meeting of the Company held on 29th April 2009, the members approved:
   (i) alteration of the other object clause of the Memorandum of Association of the Company to include the business of construction of offshore platform and related structures and building and construction of shipyard, offshore fabrication yard.
   (ii) alteration of the Articles of Association of the Company to modify the Articles to reflect disassociation of Z North Sea Ltd./ Diamond Offshore Inc. from the Company.
5. **DIRECTORS**
   (i) Mr. Mark Baudoin, Mr. William C. Long, Mr. Jeff K. Davis (Alternate Director to Mr. Mark Baudoin), Mr. Stephen G. Elwood (Alternate Director to Mr. William C. Long) resigned as Director w.e.f. 25th March, 2009. Mr.A.H.Divanji resigned as a Director with effect from 17th June 2009. The Board wish to place on record its appreciation of their valuable contribution to the growth and success of the Company.
   (ii) Mr. A. N. Jangle, Mr. S. Sankar joined the Board on 25th March 2009 and Mr. M. Jayaram joined the Board on 24th June 2009 in the casual vacancies caused by resignation of Mr. Mark Baudoin, Mr. William C. Long and Mr. A. H.Divanji respectively.
   (iii) Mr. A. N. Jangle who was appointed as Director in causal vacancy caused by the resignation of Mr. Mark Baudoin, retires at the conclusion of the ensuing Annual General Meeting of the Company. The Company has received a notice from a member pursuant to Section 257 of the Companies Act,1956 proposing his candidature for the office of Director.
   (iv) Mr. S. Sankar who was appointed as Director in causal vacancy caused by the resignation of Mr. William C. Long, retires at the conclusion of the ensuing Annual General Meeting of the Company.The Company has received a notice from a member pursuant to Section 257 of the Companies Act,1956 proposing his candidature for the office of Director.
6. **DIRECTOR'S RESPONSIBILITY STATEMENT**
Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:
   (i) that in the preparation of the annual accounts for the year ended 31st March 2009, the applicable accounting standards had been followed along with proper explanation relating to material departures;
   (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2009 and the profit and loss of the Company for the year under review;
   (iii) that the Directors had taken proper and sufficient records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company;
   (iv) that the Directors had prepared the annual accounts for the financial year ended 31st March, 2009 on a going concern basis.
7. **SECRETARIAL COMPLIANCE CERTIFICATE**
The Compliance Certificate received in accordance with the provision of section 383A read with the Companies (Compliance Certificate) Rule, 2001 being annexed to the Directors' report. The said Compliance Certificate is self explanatory and needs no comments.
The Board of Directors of the Company has appointed M/s. Anant B. Khamankar & Co., Company Secretaries for issuance Compliance Certificate in terms of provision of section 383A (1) of the Companies Act,1956 and to hold the office until the conclusion of the forthcoming Annual General Meeting on such remuneration as may be determined by the Board and agreeable to them.
Your directors recommend to re-appoint them for the abovesaid work and to hold office till the date of the next Annual General Meeting.
8. **CONSERVATION OF ENERGY, TECHNOLOGY ADOPTION, FOREIGN EXCHANGE EARNING AND OUTGO:**
The information in accordance with the provision of section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Directors) Rules 1988, the relative regarding conservation of energy, technology absorption and foreign exchange earnings and outgo does not apply to the Company.
9. **PARTICLUARS OF EMPLOYEE**
None of the employees of the Company is covered under section 217 (2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules 1975.
10. **AUDITORS**
M/s. Deloitte Haskins & Sells, Chartered Accountants, the retiring auditor have express their unwillingness for reappointment as Statutory Auditor of the Company at the ensuing Annual General Meeting.
A special notice under section 225(1) read with section 190 of the Companies Act, 1956 has been received from a member of the Company, seeking the appointment of Mr.J.C.Bhatt, Chartered Accountants in place of the retiring Auditor M/s.Deloitte Haskins & Sells, Chartered Accountant, as Statutory Auditors of the Company.
Mr. J. C. Bhatt have confirmed that they are eligible for appointment in accordance with the provisions of Section 224(1B) of the Companies Act, 1956. The Board of Directors therefore proposes the appointment of Mr.J.C.Bhatt, Chartered Accountant as Statutory Auditors of the Company in place of M/s.Deloitte Haskins & Sells, Chartered Accountant. for the financial year 2009-2010 and authorize the Board to fix his remuneration.

For and on behalf of the Board

A.N.JANGLE
DIRECTOR

Place : Mumbai
Dated : 29th June, 2009

To The Members,
Afcons Offshore and Marine Services Private Limited.
'AFCONS HOUSE'
16, Shah Industrial Estate,
Veera Desai Road, Azad Nagar P.O.,
Andheri (West), Mumbai - 400 053.

We have examined the registers, records, books and papers of **Afcons Offshore and Marine Services Limited** [the Company] as required to be maintained under the Companies Act, 1956, [the Act] and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2009 [financial year]. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company and its officers, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company, being a private limited Company, has the minimum prescribed paid up capital and its maximum number of members during the said financial year were 7 (Seven) excluding its present and past employees and the Company during the financial year ;
   a. has not invited public to subscribe for its shares or debentures; and
   b. has not invited or accepted any deposits from persons other than its members, directors or their relatives.
4. The Board of directors duly met 4 (four) times respectively on 26th day of June, 2008, 24th day of September, 2008, 2nd day of December, 2008 and 25th day of March, 2009 in respect of which proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members or Debenture holders during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March, 2008 was held on 30th September, 2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for that purpose.
7. No Extraordinary General meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act. The Company has not obtained any approvals from the Board of directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificates during the financial year.
13. The Company has:
    i. transferred securities during the financial year.
    ii. not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
    iii. not posted warrants to any member of the Company as no dividend was declared during the financial year.
    iv. duly complied with the requirements of section 217 of the Act.
14. The Board of directors of the Company is duly constituted. There were appointments of alternate directors and directors to fill casual vacancy during the financial year.
15. The Company has not appointed any managing director/ whole-time director/ manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and / or such authorities prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/ companies to the Board of directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to divided, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year ended 31st March, 2009.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There were no prosecutions initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not deducted any contribution towards Provident Fund during the financial year.

Note :
Form 1-A for a availability of name of "Afcons Offshore and Marine Services Private Limited", was filed on 31/03/09 however the shareholder for adoption of name was obtained in the Extra Ordinary General Meeting held on the 29th April, 2009 and Form 23 for filling the resolution passed at the meeting has been filed with the Registrar of Companies of 18th May, 2009.

FOR ANANT B.KHAMANKAR & CO.
ANANT B.KHAMANKAR

Place : Mumbai
Date : 29th June, 2009

FCS No. : 3198
C.P. No. : 1860

AFCONS OFFSHORE AND MARINE SERVICES PRIVATE LIMITED (FORMERLY AFCONS ARETHUSA OFFSHORE SERVICES PRIVATE LIMITED)

ANNEXURE 'A' TO THE COMPLIANCE CERTIFICATE OF M/S. AFCONS OFFSHORE AND MARINE SERVICES PRIVATE LIMITED (FORMERLY AFCONS ARETHUSA OFFSHORE SERVICES PRIVATE LIMITED) FOR THE YEAR ENDED 31ST MARCH, 2009

REGISTERS AS MAINTAINED BY THE COMPANY :

Statutory Registers:

1. Register of Members under Section 150 of the Act.
2. Minute Book of meetings of the Board of directors under Section 193 of the Act.
3. Minute Book of general meetings under Section 193 of the Act.
4. Register of Directors under Section 303 of the Act.
5. Register of Directors shareholdings under Section 307 of the Act.
6. Books of Accounts under Section 209 of the Act.

Other Registers:

1. Share Transfer Register.
2. Register of Director's Attendance.

ANNEXURE 'B' TO THE COMPLIANCE CERTIFICATE OF M/S. AFCONS OFFSHORE AND MARINE SERVICES PRIVATE LIMITED FOR THE YEAR ENDED 31ST MARCH, 2009.

1. Form No.20B for filing of Annual Return made upto 30.09.2008 filed on 26.11.2008 under Section 159 of the Act with the Registrar of Companies, Maharashtra, Mumbai.
2. Form No.23AC for filing of Balance Sheet and Form No. 23ACA for filing of Profit & Loss Account as on 31.03.2008 filed on 10.11.08 under Section 220 of the Act with the Registrar of Companies, Maharashtra, Mumbai.
3. Form No.66 for filing of Compliance Certificate under Section 383A(1) of the Act for the financial year ended 31.03.2008 filed on 07.11.2008 with the Registrar of Companies, Maharashtra, Mumbai.
4. Form 1A for change of name from Afcons Arethusa Offshore Services Private Limited to Afcons Offshore and Marine Services Private Limited filed on 31.03.2009.
5. Form 32 for resignation of Mr. Mark Baudoin, Mr. William Long, Mr. Stephen Elwood, Mr. Jeffrey Davis and appointment of Mr. Anil Jangle, Mr. Sankar Sivaprakasam filed on 25.03.2009.

AUDITORS' REPORT

To, the Members of Afcons Arethusa Offshore Services Private Limited (Formerly Afcons Arethusa Off-shore Services Private Limited)

We have audited the attached Balance Sheet of Afcons Offshore and Marine Services Private Limited (Formerly Afcons Arethusa Off-shore Services Private Limited) as at 31st March, 2009 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003 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.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
   (i.) 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;
   (ii.) 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;
   (iii.) the Balance sheet, Profit and Loss account and Cash flow statement dealt with by this report are in agreement with the books of account;
   (iv.) in our opinion, the Balance sheet, Profit and Loss account and Cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
   (v.) on the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
   (vi.) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policies and notes thereon, 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:
      a. in the case of the balance sheet, of the state of affairs of the company as at 31st March, 2009;
      b. in the case of the profit and loss Account, of the loss for the year ended on that date; and
      c. in the case of the Cash flow statement, of the cash flows for the year ended on that date.

For Deloitte Haskins & Sells,
Chartered Accountants

R.Laxminarayan
Partner

Membership No.33023

Place : Mumbai
Dated : 29th June, 2009

Annexure to the Auditors' report

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2009 of Afcons Offshore and Marine Services Private Limited (Formerly Afcons Arethusa Off-shore Services Private Limited)

(i) The requirements of clauses (i), (ii), (iv), (xiii) and (xiv) of paragraph 4 of the Order are not applicable for the year.

(ii) The Company has not granted or taken any loans to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, requirements of clauses (iii.a) to (iii.g) of paragraph 4 of the Order are not applicable.

(iii) In our opinion and according to the information and explanations given to us, there were no contracts or arrangements during the year that need to be entered in the Register maintained in pursuance of section 301 of the Companies Act, 1956. Consequently, the question of commenting on the reasonableness of prices does not arise.

(iv) The Company has not accepted deposits from the public within the meaning of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the Rules framed thereunder. 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.

(v) *The Company did not have an internal audit system during the year.*

(vi) In our opinion and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.

(vii) (a) In our opinion and according to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth-tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues with appropriate authorities where applicable. There are no arrears of outstanding dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable;

(b) According to the information and explanations given to us, there are no cases of non-deposit with the appropriate authorities of dues in respect of Income-tax/ Excise duty / Customs duty/ Sales tax / Wealth tax/ Service tax/ and cess on account of any dispute.

(viii) There are no accumulated losses as at the end of the year. The Company has incurred cash losses during the current year and in the immediately preceding financial year.

(ix) The company has not taken loans from financial institutions or banks and has not issued debentures and hence the question of commenting on defaults in repayment of dues does not arise.

(x) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xi) The Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xii) The Company has not obtained any term loan during the year and hence the question of commenting on default in application thereof does not arise.

(xiii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.

(xiv) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.

(xv) There are no debentures issued and outstanding during the year and hence the question of creating security / charge in respect thereof does not arise.

(xvi) During the year, the Company has not raised money by public issue(s).

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

For Deloitte Haskins & Sells,
Chartered Accountants

R.Laxminarayan
Partner

Membership No.33023

Place : Mumbai
Dated : 29th June, 2009

AFCONS OFFSHORE AND MARINE SERVICES PRIVATE LIMITED
(FORMERLY AFCONS ARETHUSA OFFSHORE SERVICES PRIVATE LIMITED)

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	Rupees	As at 31st March, 2008 Rupees
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	**1,000,000**	1,000,000
Reserves and surplus			
Surplus in Profit and Loss account		**6,107,245**	6,201,329
TOTAL		**7,107,245**	7,201,329
APPLICATION OF FUNDS			
Current assets, loans and advances			
Cash and bank balances			
Balance with a scheduled bank - in current account		**7,901,871**	8,390,378
Loans and advances	2	**273,772**	273,772
		8,175,643	8,664,150
Less: Current liabilities and provisions			
Current liabilities	3	**1,068,398**	1,462,821
		1,068,398	1,462,821
Net current assets		**7,107,245**	7,201,329
TOTAL		**7,107,245**	7,201,329
Significant accounting policies and notes on accounts	4		

As per our attached report of even date
For Deloitte Haskins & Sells,
Chartered Accountants
(R. Laxminarayan)
Partner
Mumbai,
Dated : 29th June, 2009

For and on behalf of the Board of Directors

A. N. JANGLE — **DIRECTOR**
P. R. RAJENDRAN — **DIRECTOR**

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	Rupees	Previous year Rupees
INCOME			
Miscellaneous Income		**-**	7,149
TOTAL		**-**	7,149
EXPENDITURE			
Payments to auditors			
As auditors		**50,000**	200,000
For service-tax		**5,150**	24,720
		55,150	224,720
Legal and professional fees		36,434	7,503
Miscellaneous expenses		**2,500**	2,203
TOTAL		**94,084**	234,426
(Loss) for the year		**(94,084)**	(227,277)
Surplus brought forward from previous year		**6,201,329**	6,428,606
Surplus carried to Balance sheet		**6,107,245**	6,201,329
Earnings per share (Face Value Rs. 10)			
(Refer note B1 of schedule 4)			
Basic/ diluted - Rupees		**(0.94)**	(2.27)
Significant accounting policies and notes on accounts	4		

As per our attached report of even date
For Deloitte Haskins & Sells,
Chartered Accountants
(R. Laxminarayan)
Partner
Mumbai,
Dated : 29th June, 2009

For and on behalf of the Board of Directors

A. N. JANGLE — **DIRECTOR**
P. R. RAJENDRAN — **DIRECTOR**

AFCONS OFFSHORE AND MARINE SERVICES PRIVATE LIMITED
(FORMERLY AFCONS ARETHUSA OFFSHORE SERVICES PRIVATE LIMITED)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	RUPEES	Previous Year RUPEES
Cash flow from operating activities		
Loss before tax	**(94,084)**	(227,277)
Operating (loss) before working capital changes	**(94,084)**	(227,277)
(Decrease)/ in trade payables	**(394,423)**	(7,375,926)
(Decrease)/ in loans and advances	**-**	9,698,000
Net cash from / operating activities	**(488,507)**	2,094,797
Net increase / (decrease) in cash and cash equivalents	**(488,507)**	2,094,797
Cash and cash equivalent at the beginning of the year	**8,390,378**	6,295,581
Cash and cash equivalent at the end of the year	**7,901,871**	8,390,378

As per our attached report of even date

For Deloitte Haskins & Sells,
Chartered Accountants
(R. Laxminarayan)
Partner
Mumbai, Dated : 29th June, 2009

For and on behalf of the Board of Directors

A. N. JANGLE — **DIRECTOR**
P. R. RAJENDRAN — **DIRECTOR**

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

	Rupees	As at 31st March, 2008 Rupees
SCHEDULE 1		
SHARE CAPITAL		
Authorized		
10,00,000 equity shares of Rs. 10/- each	**10,000,000**	10,000,000
Issued, subscribed and paid-up		
1,00,000 equity shares of Rs. 10/- each	**1,000,000**	1,000,000
TOTAL	**1,000,000**	1,000,000

Note,

Of the above, 100,000 (Previous year 60,000) shares are held by Afcons Infrastructure Limited, the holding company and its nominee.

Schedule 2		
LOANS AND ADVANCES		
(unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	**43,457**	43,457
Advance payment of tax (net of Provision for tax)	**230,315**	230,315
TOTAL	**273,772**	273,772

Schedule 3		
CURRENT LIABILITIES		
Sundry creditors		
- total outstanding dues to creditors other than micro and small enterprises	**1,068,398**	1,424,766
Other Liabilities	**-**	38,055
TOTAL	**1,068,398**	1,462,821

SCHEDULE 4

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with generally accepted accounting principles {GAAP} and in compliance with the applicable accounting standards and provisions of the Companies Act, 1956.

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.

Revenue Recognition

Other revenue (income) is recognized when no significant uncertainty as to determination or realization exists.

Taxes on income

Tax expense comprises both current and deferred tax at the applicable enacted/ substantively enacted rates. Current tax represents the amount of income tax payable / recoverable in respect of the taxable income / loss for the reporting period. Deferred-tax represents the effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.

Foreign currency transactions

Transactions in foreign currencies are recorded at the average exchange rates prevailing for the month in which the transactions occurred. At the year end, monetary items denominated in foreign currency are reported using the closing rates of exchange. Exchange differences arising thereon and on realization / payment of foreign exchange are recognized in the relevant year in the Profit and Loss account.

Provisions and Contingencies

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. **Earnings per share**

Earnings per share (negative) are calculated by dividing the loss attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year as under:

	Current year	Previous year
(Loss) attributable to the equity shareholders	(94,084)	(227,277)
Weighted average number of shares outstanding during the year (numbers)	100,000	100,000
Basic / diluted Earnings per share (in Rupees)	(0.94)	(2.27)
Nominal value per share (in Rupees)	10.00	10.00

2. The company operates solely in the construction business segment and hence segment wise information required under accounting standard on "Segment Reporting" (AS 17) Issued by the Institute of Chartered Accountants of India is not given.

3. **Related Parties**

Related party where control exists:

Holding company(s)

Afcons Infrastructure Limited (directly)

Shapoorji Pallonji & Company Limited (the ultimate holding company)

Details of transactions with related party during the year

Name of the related party	Particulars of transactions	Rupees
Afcons Infrastructure Limited	Reimbursement of Expenses	57,579
		(2,203)

Figures in parenthesis are those of the previous year.

4. There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small, and Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made.

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

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

Signatures to schedules 1 to 4

As per our attached report of even date
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

R.Laxminarayan
Partner
Mumbai,
Dated : 29th June, 2009

A.N. Jangle — **Director**
P.R. Rajendran — **Director**

6. Balance Sheet Abstract and Company's general business profile :

Registration details	
Registration no.	32807
State code	11
Balance sheet date	31-3-2009
Capital raised during the year	
Public issue	Nil
Rights issue	Nil
Bonus issue	Nil
Private placement	Nil
Position of mobilization and deployment of funds	
(amounts in Rupees '000s)	
Total liabilities	8,176
Total assets	8,176
Sources of funds	
Paid-up capital	1,000
Reserves and surplus	6,107
Secured loans	Nil
Unsecured loans	Nil
Application of funds	
Net fixed assets	Nil
Investments	Nil
Net current assets	7,107
Miscellaneous expenditure	Nil
Accumulated losses	Nil
Performance of Company	
Turnover	-
Total expenditure	94
(Loss) before tax	(94)
(Loss) after tax	(94)
Earnings per share	Refer note B1 of schedule 4
Dividend rate %	Nil
Generic names of three principal services of Company	Not applicable

For and on behalf of the Board of Directors

A.N. Jangle — **Director**
P.R. Rajendran — **Director**

Mumbai,
Dated : 29th June, 2009

AFCONS CONSTRUCTION MIDEAST (LLC), DUBAI

MANAGER'S REPORT

The Board has pleasure in submitting its report together with the audited financial statements for the year ended 31st December, 2008.

Principal Activity

The principal activity of the Company is the engineering and construction of infrastructure projects, including roads, bridges, marine works and specialized foundation works.

Operating Results

During the year under review the Company was awarded a major highway project by the Road and Transport Authority, Dubai. The value of the project is AED 1,089 million and the scope of work includes construction of a 650 metre long 12 lane pre-stressed concrete viaduct, four other bridges and 4.5 km. of roadworks.

With the award of this project, the Company has made a strong entry into the infrastructure segment of the Dubai market.

The Company's turnover for the year ending 31.12.2008 was at AED 68.73 million which, after considering the IAS-11 impact of AED 42.27 million, has been accounted at AED 26.46 million.

In view of the above impact of IAS-11, the profit of AED 40.73 million has become a net loss of AED 1.54 million for the year under review.

Dividend

In view of the performance of Company during the year the Board is not recommending any dividend.

Outlook

The worldwide economic slowdown has been strongly felt in Dubai resulting in the postponement or cancellation of a number of major infrastructure projects. Consequently competition for the remaining projects has significantly increased with contractors submitting tenders at below cost to utilize resources and remain in the market. Therefore in view of anticipated satisfactory returns from the current project during 2009, and in anticipation of some improvement in market conditions towards the end of the year, we are adopting a prudent and selective approach to tendering for new work.

Board of Managers

The Board of Managers of the Company, who acted throughout the year under review and subsequently is as follows:

- Mr.C.P.Mistry
- Mr.J.J.Parakh
- Mr.K.Subrahmanian
- Mr.A.N.Jangle
- Mr.N.Selvaraj.

Auditors

Messrs BDO Patel & Al Saleh, Dubai were appointed as external auditors for the year ended 31st December 2008. Being eligible for reappointment for 2009 they have expressed their willingness to continue in office.

Acknowledgement

The Board expresses their appreciation for the continued support and co-operation received by the Company from its Clients, Bankers, Financial Institution and Employees.

By order of the Board
For Afcons Construction Mideast LLC.

A.N. Jangle
Manager

Dated: 24th April, 2009

AUDITORS' REPORT

Report of the independent auditors to the shareholders of Afcons Construction Mideast (LLC), Dubai

We have audited the accompanying financial statements of Afcons Construction Mideast (LLC) Dubai, which comprise the balance sheet as at December 31, 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements, based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Afcons Construction Mideast (LLC), Dubai as of December 31, 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

We have obtained all the information and explanations, which were necessary for the purposes of our audit and no violation of the UAE Commercial Companies Law No. 8 of 1984 (as amended) or of the constitution of the Company came to our attention, which would materially effect the Company's financial position.

In our opinian, the company mentains proper books of accounts & accompanying financial statment are in agreement therewith.

BDO PATEL & AL SALEH
Chartered Accountants
Dubai
Yunus Saifee
Reg. No. 418
April 24, 2009

AFCONS CONSTRUCTION MIDEAST (LLC), DUBAI

BALANCE SHEET AT DECEMBER 31, 2008

	Note	AED	2007 AED
Non current assets			
Property, plant and equipment	4	**2,424,709**	-
		2,424,709	-
Current assets			
Inventories	5	**17,179,104**	-
Trade and other receivables	6	**31,324,475**	-
Bank balances and cash	7	**4,888,209**	295,600
		53,391,788	295,600
Current liabilities			
Trade and other payables	8	**11,635,382**	5,000
Due to related parties	9	**2,651,822**	-
Bank loans	10	**16,977,824**	-
		31,265,028	5,000
Net current assets		**22,126,760**	290,600
Non current liabilities			
Provision for employees' end of service gratuities		**(25,118)**	(4,057)
Net assets		**24,526,351**	286,543
Equity			
Share capital	11	**300,000**	300,000
Shareholder's account	12	**25,781,118**	-
Accumulated deficit		**(1,554,767)**	(13,457)
Total equity		**24,526,351**	286,543

The financial statements have been approved and signed on April 24, 2009 by:

A.N. Jangle
Manager

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2008

	Note	AED	2007 AED
Contract revenue		**26,455,460**	**-**
Contract cost		**(23,971,562)**	-
Gross profit		**2,483,898**	-
Miscellaneous income	13	**-**	351,611
		2,483,898	351,611
Administration, selling and general expenses	14	**2,372,801**	360,968
Finance costs	15	**1,652,407**	-
		4,025,208	360,968
Net loss for the year		**(1,541,310)**	**(9,357)**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2008

	Share capital AED	Shareholder's account AED	Accumulated deficit AED	Total AED
Balance at January 1, 2007	300,000	-	(4,100)	295,900
Net loss for the year	-	-	(9,357)	(9,357)
Total recognised income and expense	-	-	(9,357)	(9,357)
Balance at December 31, 2007	**300,000**	**-**	**(13,457)**	**286,543**
Net loss for the year	-	-	(1,541,310)	(1,541,310)
Total recognised income and expense	-	-	(1,541,310)	(1,541,310)
Net movements in shareholder's account	-	25,781,118	-	25,781,118
Balance at December 31, 2008	**300,000**	**25,781,118**	**(1,554,767)**	**24,526,351**

AFCONS CONSTRUCTION MIDEAST (LLC), DUBAI

Cash flow statement for the year ended December 31, 2008

		2007
	AED	AED
Cash flows from operating activities		
Net loss for the year	**(1,541,310)**	(9,357)
Adjustments for :		
Depreciation	**105,671**	-
Interest expense	**1,652,407**	-
Provision for employees' end of service gratuity	**21,061**	4,057
Operating profit / (loss) before working capital changes	**237,829**	(5,300)
Increase in inventories	**(17,179,104)**	-
Increase in trade and other receivables	**(31,324,475)**	-
Increase in bank margin under lien	**(1,050,000)**	-
Increase in accruals and other payables	**11,630,382**	2,000
Increase in due to related parties	**2,651,822**	-
Cash used in operations	**(35,033,546)**	(3,300)
Interest paid	**(1,652,407)**	-
Net cash used in operating activities	**(36,685,953)**	(3,300)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(2,530,380)**	-
Net cash used in investing activities	**(2,530,380)**	-
Cash flows from financing activities		
Net movements in shareholder's account	**25,781,118**	-
Net cash from financing activities	**25,781,118**	-
Net increase in cash and cash equivalents	**(13,435,215)**	(3,300)
Cash and cash equivalents at beginning of the year	**295,600**	298,900
Cash and cash equivalents at end of the year (Note 16)	**(13,139,615)**	295,600

1 Status and activity

Afcons Construction Mideast (LLC), Dubai ("the Company") is a limited liability company incorporated in the Emirate of Dubai under UAE Commercial Companies Law No. 8 of 1984 (as amended).

The ultimate holding of the Company is Afcons Infrastructure Limited, a Company registered in India.

The principal activities of the Company is contracting works. The principal place of business of the Company is located at Al Qusais area in Dubai.

The financial statements for the year ended December 31, 2008 were authorised for issue by the Board of Managers on April 24, 2009.

These financial statements are presented in UAE Dirham (AED).

2 Adoption of new and revised Standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on January 1, 2008.

The following Standards and Interpretations were in issue but not yet effective:

- IAS 23 (Revised) '*Borrowing Costs*' (effective for accounting periods beginning on or after January 1, 2009);
- IAS 1 (Revised) '*Presentation of financial statements*' (effective for accounting periods beginning on or after January 1, 2009);
- IFRS 2 (Amendment), '*Share-based payment*' (effective for accounting periods beginning on or after January 1, 2009);
- IAS 32 (Amendment), '*Financial instruments: Presentation*', and IAS 1 (Amendment), '*Presentation of financial statements*' - '*Puttable financial instruments and obligations arising on liquidation*' (effective for annual periods beginning on or after January 1, 2009).
- IFRS 1 (Amendment) '*First time adoption of IFRS*', and IAS 27 'Consolidated and separate financial statements' (effective for accounting periods beginning on or after January 1, 2009);
- IAS 27 (Revised), '*Consolidated and separate financial statements*', (effective for accounting periods beginning on or after January 1, 2009);
- IFRS 3 (Revised), '*Business combinations*' (effective for accounting periods beginning on or after January 1, 2009);
- IFRS 5 (Amendment), '*Non-current assets held-for-sale and discountinued operations*' (and consequential amendement to IFRS 1, 'First-time adoption') (effective for annual periods beginning on or after July 1, 2009);
- IAS 28 (Amendment), '*Investments in associates*' (and consquential amendments to IAS 32, '*Financial Instruments: Presentation*', and IFRS 7, '*Financial instruments: Disclosures*') (effective for annual periods beginning on or after January 1, 2009);
- IAS 36 (Amendment), '*Impairment of assets*' (effective for accounting periods beginning on or after January 1, 2009);
- IAS 38 (Amendment), '*Intangible assets*' (effective for accounting periods beginning on or after January 1, 2009);
- IAS 19 (Amendment), '*Employee benefits*' (effective for accounting periods beginning on or after January 1, 2009);
- IAS 39 (Amendment), '*Financial instruments: Recognition and measurement*' (effective for accounting periods beginning on or after January 1, 2009);
- IAS 16 (Amendment), '*Property, plant and equipment*' (and consequential amendment to IAS 7, '*Statement of cash flows*') (effective for accounting periods beginning on or after January 1, 2009);
- IAS 27 (Amendment) '*Consolidated and separate financial statements*' (effective for accounting periods beginning on or after January 1, 2009);
- IAS 29 (Amendment), '*Financial reporting in hyperinflationary economies*' (effective for accounting periods beginning on or after January 1, 2009);
- IAS 31 (Amendment) '*Interests in joint ventures*' (and consequential amendments to IAS 32 and IFRS 7) (effective for accounting periods beginning on or after January 1, 2009);
- IAS 40 (Amendment), '*Investment property*' (and consquential amendments to IAS 16) (effective for accounting periods beginning on or after January 1, 2009);
- IAS 41 (Amendment), '*Agriculture*' (effective for accounting periods beginning on or after January 1, 2009);
- IAS 20 (Amendment), '*Accounting for government grants and disclosure of government assistance*' (effective for accounting periods beginning on or after January 1, 2009);
- IFRS 8 '*Operating Segments*' (effective for accounting periods beginning on or after January 1, 2009);and
- IFRIC 15 '*Agreements for construction of real estates*' (effective for accounting periods beginning on or after January 1, 2009);

The Company anticipates that the adoption of other new standards and Interpretations in future periods will have no material financial impact on financial statements of Company.

3 Significant accounting policies

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards. These financial statements also comply with the requirements of UAE Commercial Companies Law No. 8 of 1984 (as amended).The significant accounting policies adopted are as follows:

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

Depreciation

Depreciation is provided consistently on a straight line basis so as to write off the cost of property, plant and equipment over their estimated useful lives as follows:

Porta cabins	3 years
Machinery and equipments	4 years
Air conditioner and equipment	5 years
Computers and office equipments	4 years
Furniture and fixtures	4 years
Motor vehicles	5 years

Impairments
The carrying amounts of the Company's assets are reviewed annually at each balance sheet date to determine whether the assets have been impaired during the year. Where an asset has been impaired, the recoverable amount of the asset is determined. Where the carrying amount exceeds the recoverable amount, the asset is written down to its recoverable amount. The resultant impairment loss is recognised as an expense in the income statement.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on the normal selling price, less the costs expected to be incurred on disposal.

Financial assets
Financial assets are classified into the following specified categories: cash and cash equivalents and loans and receivables. Cash and cash equivalents consists of cash on hand and cash held on current account with banks or on short-term deposits at fixed interest rates. Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise trade and other receivables in the balance sheet.

Employees' end of service gratuities
Provision is made for employees' end of service gratuities on the basis prescribed in the UAE Labour Law, for the accumulated period of service at the balance sheet date.

Financial liabilities
Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The Company's financial liabilities consist of trade and other payables, due to related parties, bank overdraft and bank loan. The trade and other payables and due to related parties are stated at cost and the bank loan and overdraft are recorded at the proceeds received less repayments. All interest and borrowing costs incurred in connection with the above are expensed as incurred and reported as part of finance costs in the income statement. Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. The subsequent measurement is at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Revenue recognition
Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the percentage of costs incurred as on balance sheet date to the estimated total costs for each contract.

Foreign currencies
Transactions in foreign currencies during the year are converted into AED at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated to AED at the rates of exchange ruling at the balance sheet date. All gains and losses on exchange are taken to the income statement.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents include cash, bank balances, bank loans and overdrafts and fixed deposits free of encumbrance with maturity period of three months or less from the date of deposit.

4 **Property plant and equipment**

Movements in property, plant and equipment are given below.

Schedule of property, plant and equipment

	Porta Cabins	Machinery and equipmentj	Air conditioner and equipment	Computers and office equipmment	Furniture and fixtures	Motor vehicles	Total
Cost	**AED**	**AED**	**AED**	**AED**	**AED**	**AED**	**AED**
Assets purchased	1,038,500	449,468	198,919	298,828	55,955	488,710	2,530,380
At December 31, 2008	1,038,500	449,468	198,919	298,828	55,955	488,710	2,530,380
Depreciation							
Charge for the year	41,366	11,555	4,525	8,982	1,258	37,985	105,671
At December 31, 2008	41,366	11,555	4,525	8,982	1,258	37,985	105,671
Net Book Value							
At December 31, 2008	997,134	437,913	194,394	289,846	54,697	450,725	2,424,709

5 **Inventories**

	AED	2007 AED
Steel	**16,929,346**	-
Consumables	**249,758**	-
	17,179,104	-

6 **Trade and other receivables**

	AED	2007 AED
Trade receivables	**21,979,346**	-
Contract retention	**3,899,944**	-
Prepayments and other receivables	**5,445,185**	-
	31,324,475	-

The carrying amount of trade receivables approximates to its fair value, which is based on an estimate of the recoverable amount. The average credit period is 90 days. At the balance sheet date 100% of the trade receivable are neither past due nor impaired.

7 Bank balance and cash

	AED	2007 AED
Cash on hand	**27,958**	-
Current accounts with banks	**3,810,251**	295,600
Margin money with banks	**1,050,000**	-
	4,888,209	295,600

Margin money with banks are under lien against facilities granted to the Company.

8 Trade and other payables

	AED	2007 AED
Trade payables	**9,479,677**	-
Retentions payable	**141,870**	-
Accruals and other payables	**2,013,835**	5,000
	11,635,382	5,000

9 Related party disclosure

The Company has, in the ordinary course of business, entered into trading and financial transactions with concerns, which fall within the definition of "related parties" as defined in International Accounting Standard 24. These related parties are under common control of the shareholders. The balances due to such parties, which have been disclosed separately in the financial statements are unsecured and are repayable on demand.

The significant related party transactions during the year are as follows:

	AED	2007 AED
Miscellaneous income	**-**	351,611
Interest paid	**717,278**	-
Equipment hiring charges	**2,067,992**	-

Related party balances are as under:	AED	2007 AED
Payable to parent company	**2,651,822**	-

10 Bank loans

Significant terms and conditions

Bank loans represent balance on trust receipts and letters of credits facilities with banks. Such facilities are secured by irrevocable personal guarantees of the shareholders and irrevocable assignment of project proceeds in favour of the bank. The effective interest rates on bank facilities are at fixed and floating rates negotiated from time to time.

11 Share Capital

	AED	2007 AED
Authorised, issued and paid up capital :		
300 share of AED 1,000 each	**300,000**	300,000

12 Shareholder's account

This represents funds introduced by shareholders for working capital of the company at an interest rate of 12% per year.

13 Miscellaneous income

This represent reimbursement of expenses from a related party.

14 Administration, selling and general expenses

	AED	2007 AED
Staff salaries and benefits	**1,558,223**	223,558
Rent	**68,256**	48,750
Bank charges	**140,109**	-
Travelling and conveyance	**262,166**	-
Water and electricty	**13,223**	-
Communication	**97,599**	-
Legal and professional fees	**-**	88,360
Repairs and maintenance	**15,460**	-
Depreciation	**105,671**	-
Other	**112,094**	300
	2,372,801	360,968

15 Finance costs

	AED	2007 AED
Interest on shareholder's account	**717,278**	-
Bank guarantee commission	**827,643**	-
Interest on bank loans	**107,486**	-
	1,652,407	-

16 Cash and cash equivalents

	AED	2007 AED
Bank balances and cash	**4,888,209**	2,95,600
Margin money under lien	**(1,050,000)**	-
Trust receipts	**(16,977,824)**	-
	(13,139,615)	2,95,600

17 Financial instruments

Capital risk management

The capital is managed by the Company in a way that it is able to continue as a going concern while maximising returns to stakeholders.

The capital structure of the Company consists of borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising of authorized, issued and paid up capital and accumulated deficit.

As a risk management policy, the Company reviews its cost of capital and risks associated with each class of capital. The Company balances its capital structure based on the above review.

Market risk management

The group is primarily exposed to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuation arise. The Company is mainly exposed to Indian Rupees.The following table details the Company's sensitivity to a 1 percent increase or decrease in the AED against the relevant foreign currency.

	AED	2007 AED
Profit or loss	**284,329**	-

Interest rate risk management

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. Sensitivity analysis of interest rates is as follows:

If the interest rates had been 50 base points higher or lower and all other variables were held constant, the Company's profits would increase or decrease by AED 84,889.

Credit risk management

The Company is potentially exposed to concentration of credit risk from its financial assets which comprise principally bank balances, trade and other receivables. The Company's bank accounts are placed with high credit quality financial institutions. The credit risk on trade receivables is subjected to credit evaluations and an allowance has been made for estimated irrecoverable amounts. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The Company is exposed to significant concentration of credit risk on one customer.

Liquidity risk management

The Company has built an appropriate liquidity risk management framework for the management of its short, medium and long term funding and liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities by continuously monitoring forecast and actual cash flows.

18 Contingent liabilities

	AED	2007 AED
Letters of credit	**11,585,393**	-
Margin money	**1,050,000**	-

19 Comparative figures

Previous year's figures have been regrouped or reclassified wherever necessary to make them comparable to those of the current year.

COMMENTARY OF THE DIRECTORS

INCORPORATION

The Company was incorporated in Mauritius on 13 February 2008 as a private company limited by shares.

ACTIVITIES

The principal activity of the Company is to hold investments.

DIRECTORS

The present membership of the Board is set out below. All directors served office throughout the period.

Mr. Vijay Kumar Dwarka

Mr. Praveen Kumar Ramsaha

Mr. Selvaraj Narayan

Mr. Srinivasan Paramasivan

Mr. James Richard Sample

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs and of the profit or loss of the Company.

In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, **Horwath (Mauritius),** have indicated their willingness to continue in office.

We certify to the best of our knowledge and belief that the Company has filed with the Registrar of Companies all such returns as are required of **AFCONS INFRASTRUCTURE INTERNATIONAL LIMITED** under the Companies Act 2001 during the financial period ended 31 December 2008.

for **SG FINANCIAL SERVICES LIMITED**

Ajay O. Sewraz

Corporate Secretary

Registered Office:

4th Floor, Amod Building

19, Poudrière Street

Port Louis

MAURITIUS

Date: 29th June, 2009

AFCONS INFRASTRUCTURE INTERNATIONAL LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF AFCONS INFRASTRUCTURE INTERNATIONAL LIMITED

We have audited the financial statements of **AFCONS INFRASTRUCTURE INTERNATIONAL LIMITED** which have been prepared on the basis of the accounting policies set out in Notes to the financial statments.

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in our auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of financial statements which give a true and fair view of the financial position, financial performance and cash flows of the Company. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing.

An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We have no other relationship with, or any interests in the Company, other than in our capacity as auditors of the Company in the ordinary course of business.

Opinion

We have obtained all the information and explanations we considered necessary for the purpose of our audit.

In our opinion

(a) proper accounting records have been kept by the Company as far as it appears from our examination;

(b) the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2008 and of its loss, changes in equity and cash flows for the period then ended and have been properly prepared in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 as modified by the exemption from the consolidation in the Mauritian Companies Act 2001 for companies holding a Category 1 Global Business Licence.

	sd	**sd**
	Horwath (Mauritius)	**K.S. Sewraz, FCCA**
Date: 29th June, 2009	Public Accountants	Signing Partner

AFCONS INFRASTRUCTURE INTERNATIONAL LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2008

	Notes	Period From 13 February 2008 to 31 December 2008 USD
ASSETS		
Non-current assets		
Investment in subsidiaries	4	**273,357**
Current assets		
Prepayments		3,450
Cash and cash equivalents		34,372
		37,822
TOTAL ASSETS		**311,179**
EQUITY AND LIABILITIES		
Capital and reserves		
Stated capital	5	27,838
Accumulated losses		(16,836)
		11,002
Non-current liability		
Loan from holding company	6	290,470
Current liability		
Payables	7	9,707
TOTAL EQUITY AND LIABILITIES		**311,179**

For and on Behalf of the Board of Directors

Praveen Kumar Ramsaha — **Director**

Vijay Kumar Dwarka — **Director**

INCOME STATEMENT

FOR THE PERIOD FROM 13 FEBRUARY 2008 (DATE OF INCORPORATION) TO 31 DECEMBER 2008

	Notes	2008 USD
INCOME		
Interest income		113
EXPENSES		
Licence fee		1,813
Interest on loan		3,682
Annual administration fee		1,313
Incorporation fee		1,500
Registrar of companies fee		250
Directors' fee		700
Accounting fee		1,500
Tax services fee		500
Audit fee		4,025
Disbursements		1,444
Bank charges		222
		16,949
LOSS BEFORE TAXATION		**(16,836)**
Taxation	8	-
LOSS FOR THE PERIOD		**(16,836)**

AFCONS INFRASTRUCTURE INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 13 FEBRUARY 2008 (DATE OF INCORPORATION) TO 31 DECEMBER 2008

	Stated capital	Accumulated losses	Total
	USD	**USD**	**USD**
Issue of shares	27,838	-	27,838
Loss for the period	-	(16,836)	(16,836)
At 31 December 2008	**27,838**	**(16,836)**	**(11,002)**

CASH FLOW STATEMENT

FOR THE PERIOD FROM 13 FEBRUARY 2008 (DATE OF INCORPORATION) TO 31 DECEMBER 2008

	2008
	USD
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before taxation	(16,836)
Adjustments for:	
Increase in prepayment	(3,450)
Increase in payables	9,707
Net cash used in operating activities	**(10,579)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of investments	(273,357)
Net cash used in investing activities	**(273,357)**
CASH FLOWS FROM FINANCING ACTIVITIES	
Issue of shares	27,838
Loan from holding company	290,470
Net cash from financing activities	**318,308**
Net increase in cash and cash equivalents	**34,372**
Cash and cash equivalents at beginning of period	**-**
Cash and cash equivalents at 31 December	**34,372**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 13 FEBRUARY 2008 (DATE OF INCORPORATION) TO 31 DECEMBER 2008

1. General information

The Company was incorporated in Mauritius on 13 February 2008 as a private company with liability limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company's registered office is at 4th Floor Amod Building 19, Poudrière Street, Port Louis, Mauritius.

The principal activity of the Company is to act as an investment holding company.

The financial statements of the company are presented in United States Dollar (USD), which is considered as the Company's functional and reporting currency.

2. Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act, 2001 for Companies holding a Catagory 1 Global Business Licence. A summary of the more important accounting policies, which have been applied consistently, is set out below. The preparation of financial statements in accordance with International Financial Reporting Standards requires the directors to make estimates and assumptions that could affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates.

(a) Basis of accounting

The financial statements are prepared on the historical cost basis except for the measurement at fair value of financial instruments carried on the Balance Sheet.

(b) Critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

(c) Financial instruments

Financial instruments carried on the balance sheet include investment in subsidiaries, cash and cash equivalents, payables and loan from holding company. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(i) Investment in subsidiaries

Investment in subsidiaries are shown at cost and provision is made where, in the opinion of the directors, there is a permanent diminution in value. Where there has been a permanent diminution in the value of an investment, it is recognised as an expense in the period in which the diminution is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Income Statement.

(ii) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balance with banks.

(iii) Payables

Payables are stated at their nominal value.

(iv) Loan from holding company

The amount due to shareholder is stated at cost and is interest bearing.

(d) Revenue recognition

Interest income is recognised as it accrues unless collectibility is in doubt.

(e) Expense recognition

All expenses are recognised for in the Income Statement on the accruals basis.

(f) Foreign currency translation

Foreign currency transactions are translated into USD at the exchange rate ruling on the transaction dates. Monetary assets and liabilities at the Balance Sheet date, which are denominated in foreign currencies, are translated into USD at the rate of exchange ruling at the Balance Sheet date. Realised and unrealised gains and losses on exchange are dealt with in the Income Statement.

(g) Income tax

Income taxes currently payable are provided for in accordance with the existing legislation of the various countries in which the Company operates.

(h) Deferred tax

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax.

The principal temporary differences arise from tax losses carried forward. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(i) Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly to control the other party or exercise significant influence over the other party in making financial or operating decisions.

(j) Consolidated financial statements

The company owns 100 % of the share capital of Afcons Emirates Financial Services FZE and 99 % in Afcons Madagascar Overseas SARL. International Accounting Standard (IAS 27) - Consolidated and Separate Financial Statements require the Company to prepare consolidated financial statement which include the financial statements of the subsidiaries.

The Company has taken advantage of the exemption provided by the Mauritian Companies Act 2001 allowing a wholly owned or virtually wholly owned parent holding a Category 1 Global Business Licence not to present consolidated financial statements. The financial statements are therefore separate financial statements which contain information about Afcons Ifrastructure Internaional Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The directors are of the opinion that preparation of consolidated financial statements that comply with International Financial Reporting Standards will not be useful to its parent as the company is wholly owned by Afcons Infrastructure Limited, situated at Afcons House, 16 Shah Industrial Estate, Veera Desai Road Azad Nagar P. O. Post Box No. 11978, Andheri (W) Mumbai 400053, India which prepares consolidated finanacial statements as per Indian GAAP and which is available for public use.

3. Standards and interpretations not yet effective

At date of authorisation of the financial statements, the following standards and interpretation were in issue, but not yet effective. The impact of these statements on the Company's financial statements in the period of initial application is not known at this stage. These statements, where applicable, will be applied in the year when they are effective.

IAS 1	Presentation of Financial Statements - Revision requiring a statement of comprehensive income
IAS 1	Presentation of Financial Statements - Amendments relating to disclosure of puttable instruments and obligations arising on liquidation
IAS 1	Presentation of Financial Statements - Amendments resulting from May 2008 Annual Improvements to IFRSs
IAS 16	Property, Plant and Equipment - Amendments resulting from May 2008 Annual Improvements to IFRSs
IAS 19	Employee Benefits - Amendments resulting from May 2008 Annual Improvements to IFRSs
IAS 20	Government Grants and Disclosure of Government Assistance - Amendments resulting from May 2008 Annual Improvements to IFRSs
IAS 23	Borrowing costs - Comprehensive revision to prohibit immediate expensing
IAS 23	Borrowing costs - Amendments resulting from May 2008 Annual Improvements to IFRSs
IAS 27	Consolidated and Separate Financial Statements - Consequential amendments arising from amendments to IFRS 3
IAS 27	Consolidated and Separate Financial Statements - Amendment relating to cost of an investment on first time adoption.
IAS 27	Consolidated and Separate Financial Statements - Amendments resulting from May 2008 Annual Improvements to IFRSs
IAS 32	Financial Instruments: Presentation - Amendments relating to puttable instruments and obligations arising on liquidation
IAS 36	Impairment of Assets - Amendments resulting from May 2008 Annual Improvements to IFRSs
IAS 38	Intangible Assets - amendments resulting from May 2008 Annual Improvements to IFRSs
IAS 39	Financial Instruments: Recognition and Measurement - Amendments resulting from May 2008 Annual Improvements to IFRSs
IAS 40	Investment Property - Amendments resulting from May 2008 Annual Improvements to IFRSs
IFRS 1	First-time Adoption of International Financial Reporting Standards - Amendment relating to cost of an investment on first-time adoption
IFRS 3	Business Combinations - Comprehensive revision on applying the acquisition method
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations - Amendments resulting from May 2008 Annual Improvements to IFRSs
IFRS 7	Financial instruments (Revised May 2008), effective for annual periods beginning on or after 1 January 2009.
IFRS 8	Operating Segments
IFRIC 11	Group and Share Treasury Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programme
IFRIC 14	IAS 19 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 16	Hedges of a net investment in a foreign operation

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

4. Investments in Subsidiary

Details of investments are as follows:

Investee Companies	Country of incorporation	% holding	No of shares	Cost USD
				2008
AFCONS EMIRATES FINANCIAL SERVICES FZE	Fujairah	100	1000	272,287
AFCONS MADAGASCAR OVERSEAS SARL	Madagascar	99	99	1,070
				273,357

The above investments have been stated at costs which the directors consider to approximate their fair values.

5. Stated Capital	**2008**
	USD
20,000 Ordinary shares of EURO 1 each at par	**27,838**

6. Loan from holding company	**2008**
	USD
Afcons Infrastructure Limited	**290,470**

The loan from holding company is unsecured, bears interest at 12% per annum and is repayable after more than one year.

7. **Payables**

	2008 USD
Accrued interest on loan	3,682
Other accruals	6,025
	9,707

8. **Taxation**

Under current laws and regulations in Mauritius, the Company is liable to pay income tax on its net income at a rate of 15%. The Company is however entitled to a tax credit equivalent to the higher of actual foreign tax suffered and 80% of Mauritius tax payable in respect of its foreign source income tax thus reducing its effective tax rate to 3%.

At 31st December 2008, the Company had accumulated tax losses of USD 15,449.

The tax reconciliation is as follows :

	2008 USD
Loss for the period	(16,836)
Effect of :	
Disallowed expenses	1,500
Exempt income	(113)
	(15,449)

9. **Financial risk factors**

Fair values

The carrying amounts of investments, cash and cash equivalents, receivables loan from related company and payables approximate their fair values.

Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial assets 2008 USD	Financial liabilities 2008 USD
United States Dollar(USD)	7,592	300,177
Euro (Eur)	26,780	-
Dirham (AED)	272,287	-
Malagasy Franc (MGF)	1,070	-
	307,729	**300,177**

Prepayments of USD 3,450 have not been included in the financial assets.

The Company's activities expose it to a variety of financial risks, including:

- Currency risk;
- Market risk;
- Liquidity risk;
- Credit risk;
- Concentration risk; and
- Interest rate risk;

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

Currency risk

The Company invests in shares denominated in Dirham (AED) and Malagasy francs (MGF). Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to the AED and MGF may change in a manner which has a material effect on the reported values of the Company's assets which are denominated in USD.

Market risk

Market risk represents the potential loss that can be caused by a change in the market value of the financial instrument. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company aims at maintaining flexibility in funding by keeping reliable credit lines available.

Credit risk

Financial assets that potentially expose the Company to credit risk consist principally of cash & cash equivalents. The extent of the Company's exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Company's balance sheet. According to the Company's investment policy transactions are carefully allocated to counterparties reflecting the credit worthiness of the institutes. The Board of Directors also constantly monitors the outstanding investments.

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

	2008
	USD
Cash and cash equivalents	**34,372**

Concentration of risk

At 31 December 2008, a significant portion of the Company's net assets consisted of investments in Madagascar and Fujairah companies which involve certain considerations and risks not typically associated with investments in other countries. Future economic and political developments in these developing countries could adversely affect the liquidity and/or the value of the securities in which the Company has invested.

Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Dirham, Euro and Malagasy franc.

Foreign currency sensitivity analysis

Most of the Company's transactions are carried out in USD. Exposures to currency exchange rates arising from the Company's transactions, which are primarily denominated in Malagasy Franc (MGF), Dirham (AED) and Euro (EUR).

The following table illustrates the sensitivity of profit and equity in regards to the Company's financial assets and financial liabilities and the MGF/USD exchange rate, AED/USD exchange rate and EUR/USD exchange rate 'all other things being equal'.

It assumes a +/- 5% change of the MGF/USD exchange rate, EUR/USD exchange rate and AED/USD for the year ended 31 December 2008. This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If the USD had strengthened against the MGF, AED and EUR by 5% respectively then this would have had the following impact:

	Profit for the period				**Equity**			
	MGF	**AED**	**EURO**	**Total**	**MGF**	**AED**	**EURO**	**Total**
31 December 2008	-	13,600	1,409	15,009	-	13,600	1,409	15,009

If the USD had weakened against the MGF, AED and EUR by 5% respectively then this would have had the following impact:

	Loss for the period				**Equity**			
	MGF	**AED**	**EURO**	**Total**	**MGF**	**AED**	**EURO**	**Total**
31 December 2008	-	(13,600)	(1,409)	(15,009)	-	(13,600)	(1,409)	(15,009)

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk.

Interest rate risk

The Company borrows at fixed and variables rates. In respect of the latter, it is exposed to risk associated with the effect of fluctuations in the prevailing level of market interest rates on its financial position and cash flows.

Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables (including tax rate) held constant, of the Company's loss net of tax and equity.

If the interest rate had strengthened/weakened by 50 basis point respectively then this would have had the following impact:

		2008
	Loss of net of tax	**Equity**
	EUR	EUR
+ 50 basis point	(460)	(460)
- 50 basis point	460	460

10. Capital Risk Management Policy

The Company's objectives when managing capital are to raise sufficient funds for the initial investment and to safeguard the Company's ability to pay its debts as they fall due in order to continue as a going concern and provide returns for the shareholder. Capital comprises equity. In order to maintain or adjust the capital structure, the Company may issue new shares or have recourse to its parent for funding or sell its investment and vary the amount of dividends or return capital to the shareholder.

11. Related party transactions

During the period ended 31 December 2008, the Company traded with related entities. The nature, volume of transaction and the balances with the entities are as follows;

	Nature of transactions	**2008**
		USD
SG Financial Services Limited	Directors' and secretarial fees	700
	Administration charges	1,313
		2,013

The above services from SG Financial Services Limited are provided on commercial terms and conditions.

	Nature of transactions	**2008**
		USD
Loan from holding company	Loan payable	**290,470**

12. Holding company

The Director regards Afcons Infrastructure Limited as the holding company. Its registered office is Afcons House, 16, shah Industrial Estate, Veera Desai Road, Azad Nagar P.O Post Box No. 11978, Andheri (W), Mumbai 400053

AFCONS MADAGASCAR OVERSEAS SARL

AUDITOR'S REPORT ON THE REVIEW OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED ON DECEMBER 31, 2008

TO THE SHAREHOLDERS OF AFCONS MADAGASCAR OVERSEAS SARL

Dear Sirs,

This report is made solely to the company's members, as a body, in accordance with the Companies Act of 24th October 1936 of Madagascar as regards to duties and responsibilities of auditors. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and no other purpose. To the fullest extent permitted by law, we do not accept nor assume responsibility to anyone other than the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Responsibilities of Directors

The Directors are responsible for keeping the proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and for ensuring that the financial statements have been prepared on the basis of the Malagasy Chart of Account Act No. 2004-272 of February 18, 2004, and amended to comply with the International Financial Reporting Standards including the International Accounting Standards (IAS) and the Interpretation issued by the IAS board. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is our responsibility to form an independent opinion based on our audit, on those amended financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Our audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion. We have no relationship with, or any interests in, the company other than in our capacity as auditors, tax and business advisers, and arm's length dealings with the company in the ordinary course of business.

Opinion

We have obtained all such information and explanations which we considered necessary regarding the financial statement which shows a net profit of mga 2 042 769 558,88 for the end of the year 2008;

In our opinion:

(a) proper accounting records have been kept by the company as far as it appears from our examination of those

(b) the financial statements:

   i. have been prepared in accordance with the International Reporting Standards including the International Accounting Standards (IAS) and Interpretations issued by the IAS Board;

   ii. give a true and fair view of the matters to which they relate; and

   iii. present fairly the financial position of the company as at December 31, 2008 and its financial performance, changes in equity and cash flows for the year then ended.

Antananarivo, March 27th, 2009.

The chartered accountant

Bruno Razananirina

Expert Comptable et Financier

BALANCE SHEET
as at december 31, 2008

TABLE A

ASSETS	NOTE	EXERCICE Gross	EXERCICE Depreciation	EXERCICE Net	SHAREHOLDERS' EQUITY & LIABILITIES	NOTE	Net
NON CURRENT ASSETS					**SHAREHOLDERS' EQUITY**	6	
Intangible assets							
Software		4,156,900.00	708,141.77	3,448,758.23			
					Share capital	6.1	2,000,000.00
					Legal reserve		
Tangible fixed assets	3						
					Net income for the financial year		**2,042,769,558.88**
Tools and equipment		16,626,323.00	754,868.33	15,871,454.67	Retained earnings		
Office furnitures		45,179,957.00	1,679,566.64	43,500,390.36			
House Furniture		33,023,096.63	1,458,797.46	31,564,299.17	**TOTAL SHAREHOLDERS' EQUITY**		**2,044,769,558.88**
Computer equipment		29,960,756.00	4,334,503.34	25,626,252.66			
Motor vehicle		10,800,000.00	231,000.00	10,569,000.00	**NON CURRENT LIABILITIES**		
Office installations		1,921,301.67	30,660.94	1,890,640.73			
					Differed taxes		
Financial assets					Financial debts		
TOTAL NON CURRENT ASSETS		**141,668,334.30**	**12,335,902.59**	**132,470,795.82**	**TOTAL NON CURRENT LIABILITIES**		0.00
CURRENT ASSETS					**CURRENT LIABILITIES**	7	
Inventories		0.00		0.00	Trade payable		
Raw materials		0.00		0.00	Trade operating payables		**2,673,255,978.92**
Consummables		0.00		0.00			
Furnitures		0.00		0.00			
					Other payables :		**1,143,242,131.62**
Operating receivables	4	**5,680,579,629.75**		**5,680,579,629.75**	Social securities & taxes		925,272,226.29
Trade accounts receivable		5,558,036,253.60		5,558,036,253.60	Other payables		217,969,905.33
Advance		19,937,137.98		19,937,137.98			
Income VAT		56,546,238.17		56,546,238.17			
Other receivables		46,060,000.00		46,060,000.00			
Cash and cash equivalent	5	**48,217,243.86**		**48,217,243.85**	Bank overdraft		
BMOI TOAMASINA- MGA		48,103,473.86		48,103,473.85			
Petty cash		113,770.00		113,770.00			
TOTAL CURRENT ASSETS		**5,728,796,873.61**	**0.00**	**5,728,796,873.60**	**TOTAL CURRENT LIABILITIES**		**3,816,498,110.54**
TOTAL ASSETS		**5,870,465,207.91**	**12,335,902.59**	**5,861,267,669.42**	**TOTAL LIABILITIES**		**5,861,267,669.42**

AFCONS MADAGASCAR OVERSEAS SARL

PROFIT & LOSS STATEMENT

Table B — **Currency Unit : Ariary**

Période : MARCH 1st 2008 - DECEMBER 31st 2008

		Note	31-Dec-08 MGA
.	Turnover.	8	9,487,459,848.16
I.	**REVENUES**		**9,487,459,848.16**
.	Purchases	9	2,315,403,839.83
.	Other supplies	10	2,649,909,177.46
II.	**PURCHASES AND EXTERNAL PURCHASES**		**4,965,313,017.29**
III.	**GROSS OPERATING PROFIT (I-II)**		**4,522,146,830.87**
.	Salaries & Wages	11	2,143,762,936.34
.	Tax and contributions		130,000.00
IV.	**GROSS OPERATING RESULT**		**2,378,253,894.53**
.	Other operating incomes		1,174,303.01
.	Other operating charges	12	226,166,423.30
.	Depreciation and amortization		9,197,538.50
V.	**OPERATING RESULT**		**2,144,064,235.74**
.	Finance incomes	13	283,023,330.71
.	Finance costs	14	156,980,207.57
VI.	**FINANCE RESULT**		**126,043,123.14**
VII.	**RESULT BEFORE TAX (V + VI)**		**2,270,107,358.88**
.	Income tax	15	227,337,800.00
.	Tax differed (Deviation)		0.00
TOTAL OF INCOME FROM ORDINARY ACTIVITIES			**9,771,657,481.88**
TOTAL OF CHARGES FROM ORDINARY ACTIVITIES			**7,728,887,923.00**
VIII-	**NET RESULT FROM ORDINARY ACTIVITIES**		**2,042,769,558.88**
.	Extraordinary Income		
.	Extraordinary Costs		
IX.	**EXTRAORDINARY INCOME**		**0.00**
X.	**NET INCOME FOR THE FINANCIAL YEAR**		**2,042,769,558.88**

CASHFLOW STATEMENT ON 31 DECEMBER 2008

Table C

	Note	Currency : Ariary 31-Dec-08
Operating activities		
Profit before tax and extraordinary items		2,042,769,558.88
Adjustments for:		
. Depreciation		9,197,538.50
. Variation of Trade and other receivables		(5,699,655,698.35)
. Variation of Trade and other payables		2,891,225,884.25
. Variation of Social securities & taxes		925,272,226.29
Cash generated from operations (A)		**168,809,509.56**
Investing activities		
Purchase of Fixed Assets	3	(122,592,265.70)
Net cash used in investing activities (B)		**(122,592,265.70)**
Financing activities		
Issue of share capital		2,000,000.00
Net cash generated from financing activities (C)		**2,000,000.00**
Movement in cash and cash equivalents (A+B+C)		**48,217,243.86**
Cash and cash equivalent opening balance		0.00
Cash and cash equivalent closing balance		48,217,243.86
Incidence of the variations of exchange rate of the currencies		
Variation de trésorerie		**48,217,243.86**

STATEMENT OF CHANGES IN EQUITY-YEAR ENDED DECEMBER 31, 2008

Turnover:

Table D — **In Ariary**

Adjustment

	Note	Share capital	reserve	Evaluation difference	Retained earning	Total
Company constitution March 1, 2008		**2,000,000.00**				**2,000,000.00**
Retained earning 2008					2,042,769,558.88	2,042,769,558.88
Balance at December 31, 2008		**2,000,000.00**			**2,042,769,558.88**	**2,044,769,558.88**

1) PRESENTATION OF THE COMPANY

AFCONS MADAGASCAR OVERSEAS is a limited liability company (Sarl) which is under the laws in force on the territory of the Malagasy Republic. The head office is fixed in Antananarivo 101, at the following address: Immeuble FIARO, Escalier D, Ampefiloha. The share capital assessment is MGA 2,000,000.00 as at December 31, 2008.

The company was recorded at the "Registre du commerce et des sociétés" on March 04, 2008.

The company has the object of carrying out all public constructions on the territory of the Malagasy Republic and in all other countries.

We have based this report on the financial year started on March 01 and ended at December 31, 2008.

2) ACCOUNTING PROCEDURES

The accounting procedures include the basic accounting conventions, the basic accounting principles, the evaluation methods as well as the special rules and practices applied by AFCONS MADAGASCAR OVERSEAS Sarl for the establishment and presentation of the financial statements.

Generally, the accounting procedures applied by AFCONS MADAGASCAR OVERSEAS Sarl are those recommended by the Malagasy General Chart of Accounts 2005 (PCG 2005).

Nevertheless, it is advisable to bring some precisions about the following accounts:

311. Fixed assets and depreciation

The elements recorded in the assets of the balance sheet are accounted at their historical cost.

The amortizations are calculated on a straight line basis over the assets estimated useful lives. The depreciation rates of the fixed assets are respectively:

Software:	33.33%;
Tools and equipment:	10%;
Office furniture:	10%;
House furniture:	10%;
Computer equipment:	10% to 25%;
Motor vehicles:	10%;
Office installations:	10%.

The limit rate of depreciation as indicated by the Malagasy administration in the "decree n° 3506/84 on August 21st, 1984" has been respected.

312. Foreign operations

The receivables and payables denominated in foreign currencies are converted into local currency at the rates at the transaction dates; the resulting differences are recorded in the Profit and Loss account (profit or loss exchange).

The rates used by the company are those published by the Central Bank of Madagascar as followed:

- EURO: MGA 2,629.22
- USD: MGA 1,860.36

3) FIXED ASSETS

The movements of the fixed assets and the depreciations during the financial year 2008 are summarized in the following table:

TANGIBLE FIXED ASSETS	Tools and equipment	Office furnitures	House furniture	Computer equipment	Motor Vehicles	Office installations	TOTAL
GROSS							
PURCHASE	16 626 323,00	45 179 957,00	33 023 096,63	29 960 756,00	10 800 000,00	1 921 301,67	137 511 434,30
At December 31,2008	16 626 323,00	45 179 957,00	33 023 096,63	29 960 756,00	10 800 000,00	1 921 301,67	137 511 434,30
DEPRECIATION							
PURCHASE	754 868,33	1 679 566,64	1 458 797,46	4 334 503,34	231 000,00	30 660,94	8 489 396,73
At December 31,2008	754 868,33	1 679 566,64	1 458 797,46	4 334 503,34	231 000,00	30 660,94	8 489 396,73
NET VALUE							
At December 31,2008	15 871 454,67	43 500 390,36	31 564 299,17	25 626 252,66	10 569 000,00	1 890 640,73	129 022 037,57

4) RECEIVABLES

The receivables of AFCONS MADAGASCAR OVERSEAS Sarl are presented in the table hereafter, on December 31, 2008:

HEADINDS		Total amount	Current period (less than 1 month)	1 to 3 months	3 to 6 months	More than 6 months
Receivables from clients		**5 558 036 253,60**	**5 558 036 253,60**			
SNC LAVALIN	4.1	5 558 036 253,60	5 558 036 253,60			
Advances		**19 937 137,98**	**2 747 038,00**	**16 410 308,00**	**779 791,98**	
Advance to suppliers	4.2	2 298 401,98	330 348,00	1 369 688,00	598 365,98	
Advance to employee		17 638 736,00	597 661,00		2 339 000,00	14 702 075,00
Receivables from Malagasy						
Government		**56 546 238,17**	**56 386 238,17**			**160 000,00**
CIF deposit		213 333,00	53 333,00			160 000,00
VAT		56 332 905,17	56 332 905,17			
Sundries		**46 060 000,00**		**12 500 000,00**	**17 490 000,00**	**16 070 000,00**
Deposit & Prepayment	4.3	46 060 000,00		12 500 000,00	17 490 000,00	16 070 000,00
TOTAL		**5 680 579 629,75**	**5 617 169 529,77**	**28 910 308,00**	**18 269 791,98**	**16 230 000,00**

AFCONS MADAGASCAR OVERSEAS SARL

4.1. Client :

This heading includes only SNC LAVALIN Inc. in order to expand the seaport of Tamatave.

4.2. Advance to suppliers:

This account can be detailed as following at December 31, 2008:

	31-dec-2008
SME	928 713,98
COURTS	1 369 688,00
TOTAL	**2 298 401,98**

4.3. Deposit and prepayment:

Below is the detailed of this heading as at December 31, 2008 :

	31-dec-2008
AIR LIQUIDE	7 200 000,00
ASSAGARALY	6 250 000,00
BERNARD KWONG	1 850 000,00
BLEU LINE	1 200 000,00
MAZAVA ANGELINE	1 400 000,00
MORA MIHANTA	5 500 000,00
RALAY	16 000 000,00
TOTO TRANQUILIN	6 000 000,00
TOTAL	560 000,00
SME	70 000,00
VITOGAZ	30 000,00
TOTAL	**46 060 000,00**

5) CASH IN BANK AND PETTY CASH

The cash accounts of AFCONS MADAGASCAR OVERSEAS Sarl are presented in the table hereafter, on December 31, 2008:

	31-dec-2008
BMOI MGA	48 103 473,86
PETTY CASH	113 770,00
TOTAL	**48 217 243,86**

6) SHARE CAPITAL

This heading is presented in the table hereafter on December 31, 2008:

	31-dec-2008
CAPITAL	2 000 000,00
NET INCOME	2 042 769 558,88
TOTAL	**2 044 769 558,88**

The shareholders ‘contribution to the company is presented in the table hereinafter:

Shareholder	Nb share owned	Single value	Total value
AFCONS INFRASTRUCTURE	99	20 000,00	1 988 0000,00
RAJENDRAN R. PALAMBALAKODE	01	20 000,00	20 000,00
TOTAL	**100**	**20 000,00**	**2 000 000,00**

7) CURRENT LIABILITIES

This heading is presented in the table hereinafter:

HEADINGS		TOTAL AMOUNT	– 1 month	+1 month to 3 months	+3 months to 6 months	More than 6 months
Trade payable		**2 673 255 978,92**	**2 224 822 036,84**	**433 788 104,19**	**12 766 701,09**	**1 879 136,80**
Trade operating payables	7.1	839 376 653,53	405 073 280,05	419 927 223,59	12 497 013,09	1 879 136,80
Fixed assets suppiers	7.2	19 076 068,60	4 945 500,00	13 860 880,60	269 688,00	
Invoices not received	7.3	1 814 803 256,79	1 814 803 256,79			
Other payables		**217 969 905,33**	**210 840 529,00**	**2 023 360,00**	**5 106 016,33**	
Human resources		198 347 346,33	191 217 970,00	2 023 360,00	5 106 016,33	
Provision for local leave		19 622 559,00	19 622 559,00			
Social securities & taxes		**925 272 226,29**	**925 000 341,28**	**235 029,93**	**36 855,09**	
CNAPS		57 067 890,30	57 067 890,30			
OMSIE		6 513 202,01	6 241 317,00	235 029,93	36 855,09	
VAT collected on sales		563 241 352,96	563 241 352,96			
VAT to be adjusted		4 272 863,02	4 272 863,02			
CIT			227 337 800,00	227 337 800,00		
Provision for local leave on social securities		3 818 468,00	3 818 468,00			
IRSA			63 020 650,00	63 020 650,00		
TOTAL		**3 816 498 110,54**	**3 360 662 907,12**	**436 046 494,12**	**17 909 572,51**	**1 879 136,80**

7.1. Trade operating payables

This account is presented in the table hereinafter as at December 31, 2008:

	31-dec-2008
BRICOKOYTCHA	145 146 459,60
TAMABRICO TSARA	111 054 133,67
AIRLIQUIDE	101 366 005,32
OCEANTRADE	88 677 600,00
GEODYNAMICS	57 490 614,00
WU CHAO YING	55 517 994,00
BATPRO	46 814 139,50
HNM DIFFUSION	34 046 880,00
DCDM	21 128 070,00
TRANSBENJA	18 900 000,00
MADECASSE	18 598 200,00
RAKOTONIRINA	14 949 251,00
ARIOMADA	13 871 800,00
RAKOTOMALALA	11 599 200,00
OTHERS (<10 000 000,00)	100 216 306,44
TOTAL	**839 376 653,53**

7.2. Fixed assets suppliers

This heading is presented in the table hereinafter as at December 31, 2008:

	31-dec-2008
WUCHAOYING	6 182 169,00
LAMINFORMATIQUE	5 253 792,00
FRIGOTA	4 275 900,00
COURTS	1 989 688,00
BRICOKOYTCHA	1 224 999,60
NOVA	149 520,00
TOTAL	**19 076 068,60**

7.3. Invoices not received

It concerns mainly the invoices not billed by SNC LAVALIN Inc. regarding to the materials used by AFCONS.

8) TURNOVER

Hereinafter the detail of this account as at December 31, 2008:

	31-déc-2008
WORKS DONE	9 487 459 848,16
TOTAL	**9 487 459 848,16**

9) PURCHASES

This heading is presented in the table hereinafter as at December 31, 2008:

	31-déc-08
RAW MATERIALS	1 095 929 583,56
IN STOCKS	98 757 998,43
SERVICES	3 000 000,00
PURCHASES FOR WORK	545 760 600,54
ELECTRICITY AND WATER	42 290 539,38
GAZ AND FUELS	513 937 583,45
OTHERS	22 209 924,47
GROSS TOTAL	**2 321 886 229,83**
DISCOUNT	**-6 482 390,00**
NET TOTAL	**2 315 403 839,83**

10) EXTERNAL SERVICES

This heading is presented in the table hereinafter as at December 31, 2008:

	31-déc.-2008
SUBCONTRACTING	254 860 427,96
RENTALS	1 690 138 563,71
REPAIRS AND MAINTENANCES	10 089 542,69
DOCUMENTATIONS	2 425 600,00
EXTERNAL HR	12 397 397,00
HONORARIES	138 537 929,00
TRANSPORTS	14 664 016,05
MISSIONS AND TRAVELLING	471 401 336,90
TELECOMMUNICATIONS	40 865 010,69
BANK CHARGES	15 329 353,46
GROSS TOTAL	**2 650 709 177,46**
DISCOUNT	**-800 000,00**
NET TOTAL	**2 649 909 177,46**

AFCONS MADAGASCAR OVERSEAS SARL

11) PERSONNEL EXPENSES

This heading is presented in the table hereinafter as at December 31, 2008 :

		31-déc.-2008
SALARIES		1 968 875 582,00
SOCIAL SECURITIES		119 197 325,34
OTHERS		55 690 029,00
	TOTAL	**2 143 762 936,34**

12) OTHER OPERATING CHARGES

This heading is presented in the table hereinafter as at December 31, 2008 :

		31-déc-08
RESIDENTIAL CARD		210 568 603,71
PENALTIES		1 359 184,00
OTHERS		14 238 635,59
	TOTAL	**226 166 423,30**

The residential cards refer to the expatriate staffs employed by the company.

13) FINANCIAL INCOMES

This heading is presented in the table hereinafter as at December 31, 2008:

		31-déc-08
GAIN ON EXCHANGE		281 873 010,90
BANK INTERESTS		1 150 319,80
	TOTAL	**283 023 330,71**

14) FINANCIAL COSTS

This heading is presented in the table hereinafter as at December 31, 2008:

		31-déc-08
LOSS ON EXCHANGE		146 031 790,48
BANK INTERESTS		10 948 417,09
	TOTAL	**156 980 207,57**

15) CORPORATE INCOME TAX

The net income revenue for the financial year ended December 31, 2008 is Ar 2,042,769,558.88.

The net income revenue for the financial year ended December 31, 2008 without the corporate income tax is 2,273,378,199.35. So, the corporate income tax is 227,337,800.00.

The tax department has the possibility to check back all the financial statements deposited up to 3 years.

As one of the most important suppliers of the project SHERITT, AFCONS MADAGASCAR OVERSEAS SARL can benefit special advantages regarding to the mining investment law in force in the territory of Madagascar (LGIM).

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF AFCONS INFRASTRUCTURE LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AFCONS INFRASTRUCTURE LIMITED AND ITS SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES (AFCONS GROUP).

1. We have audited the attached Consolidated Balance Sheet of Afcons Group as at 31st March, 2009, the Consolidated Profit and Loss account and also the Consolidated Cash flow Statement for the period 1st April, 2008 to 31st March, 2009 annexed thereto. These financial statements are the responsibility of the management of Afcons Infrastructure Limited and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of all material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 the subsidiaries, and joint ventures for the year ended 31st March, 2009, whose financial statements reflect total assets of the group Rs.1,877.65 Lacs as at 31st March, 2009, total revenues of the group Rs. 7,109.75 Lacs for the year ended and total cash flows of the group Rs. 7,626.28 Lacs for the year then ended. 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, and joint ventures is based solely on reports of the respective auditors except that in the case of Subsidiaries viz. Afcons Madagascar Overseas SARL, Afcons Infrastructure International Limited and Afcons Construction Mideast LLC for the period 1st January 2009 to 31st March 2009, Afcons Emirates Financial Services FZE, and Joint Venture viz. Al-Saeed Afcons Joint Venture (SMCC) for the year ended 31st March, 2009, our opinion is based on the unaudited separate financial statements prepared by the subsidiaries and Joint Venturer and included in the consolidated financial statements. The unaudited Financial Statements of the subsidiaries and joint venturer reflect total Assets of Rs. 9,164 Lacs as at 31st March, 2009, total revenues of Rs. 11,312 Lacs for the year ended 31st March, 2009 and total cash flows of Rs. 7,348 Lacs for the year then ended.

4. We report that the Consolidated Financial Statements have been prepared by the management of Afcons Infrastructure Limited in accordance with the requirements of Accounting Standard (AS 21) Consolidated Financial Statements, Accounting Standard (AS 23) Accounting for investments in Associates in Consolidated Financial Statements and Accounting Standard (AS 27) Financial Reporting of Interests in Joint Ventures issued by the Institute of Chartered Accountants of India and notified under Companies (Accounting Standards) Rules, 2006.

5. Our audit report of previous year was modified for the manner of determination of projected losses in respect of contracts in progress for which we had relied upon the management's current estimates of costs to completion owing to their technical nature and due to uncertainties of future. The said matter has been resolved during the year after considering the improvements in the estimation process over the past years.

6. *Attention is invited to the following in Schedule 19, all of which were also the subject matter of our report similarly modified in the previous financial year ended 31st March, 2008:*
   - *(i) Non-provision for probable non-recovery of dues by a Partnership firm; (Refer note no.III(3)).*
   - *(ii) Non-provision for unbilled revenue; (Refer note no.III(4)).*
   - *(iii) The manner of accounting for outstanding arbitration awards and interest accrued thereon; (Refer note no.III(5)).*
   - *(iv) Non-provision for certain debts and advances; (Note no.III(7))*

   In view of the fact that in respect of items mentioned under clauses (i) to (iv) above, the probable loss on account of non-recovery or partial recovery of debts, loans and advances, other receivables, fall in the value of investments, Arbitration awards in appeal etc. are not capable of being estimated and quantified with reasonable accuracy based on the evidence and information available which includes, inter alia, a review of events occurring after the Balance Sheet date and management's experience of similar transactions, the overall effect of the aforesaid matters on the financial statements for the year ended 31st March, 2009 and on the figures for the previous financial year ended 31st March, 2008, could not be determined.

7. *Subject to the foregoing referred to in paragraph 6 above,* based on our audit and on consideration of reports of other auditors on separate financial statements and on the unaudited separate financial statements of Afcons Construction Mideast LLC, Afcons Infrastructure International Limited and Afcons Madagascar Overseas SARL for the period 1st January 2009 to 31st March, 2009, Afcons Emirates Financial Services FZE, Afcons Infrastructure International Limited, and Al-Saeed Afcons Joint Venture (SMCC) for the year ended 31st March 2009 and other financial information of the components, and to the best of our information and according to explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Afcons Group as at 31st March, 2009;
   - (ii) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
   - (iii) in the case of the Consolidated Cash flow Statement, of the cash flows for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

R. Laxminarayan
Partner
Membership No.33023

J. C. Bhatt
Chartered Accountant
Membership No.10977

Place: Mumbai
Dated: 29th June, 2009

CONSOLIDATED FINANCIAL STATEMENTS OF AFCONS INFRASTRUCTURE LIMITED AND ITS SUBSIDARIES, ASSOCIATE AND JOINT VENTURES (AFCONS GROUP)

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH,2009

	SCHEDULE	Rupees in Lacs	Rupees in Lacs	AS AT 31st March, 2008 Rupees in Lacs
I. SOURCES OF FUNDS				
(1) Shareholders' Funds				
(a) Share Capital	1	**42,140.44**		42,152.50
(b) Reserves and Surplus	2	**16,422.65**		10,349.84
			58,563.09	52,502.34
(2) Minority Interest			**73.72**	82.66
(3) Loan Funds				
(a) Secured Loans	3	**31,923.68**		24,412.23
(b) Unsecured Loans	4	**37,127.72**		27,330.71
			69,051.40	51,742.94
(4) Deferred Tax Liability (net)			**4,344.83**	3,672.39
TOTAL			**132,033.04**	108,000.33
II. APPLICATION OF FUNDS				
(1) Fixed Assets:	5			
Gross Block		**59,598.79**		48,877.60
Less: Depreciation/Amortisation		**(20,947.82)**		(18,678.91)
Net Block		**38,650.97**		30,198.69
Capital Work in Progress		**1,978.28**		1,532.36
			40,629.25	31,731.05
(2) Investments	6		**69.84**	593.07
(3) Current Assets, Loans and Advances				
Inventories	7	**20,768.65**		11,153.01
Work-in-progress		**165.36**		158.37
Unbilled Revenue ((net of advance of Rs.18,552.45 lacs) (Previous year Rs.17,183.23 lacs)		**70,289.22**		66,222.52
Sundry Debtors	8	**33,730.26**		22,293.90
Cash and Bank Balances	9	**9,213.46**		5,507.72
Loans and Advances	10	**10,022.00**		8,227.94
		144,188.95		113,563.46
Less:				
Current Liabilities and Provisions:				
Liabilities	11	**51,484.44**		37,631.10
Provisions	12	**1,551.24**		617.51
		53,035.68		38,248.61
Net Current Assets			**91,153.27**	75,314.85
(4) Miscellaneous Expenditure (to the extent not written off or adjusted)				
Deferred Revenue Expenditure			**180.68**	361.36
TOTAL			**132,033.04**	108,000.33

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. LAXMINARAYAN
Partner

J.C.BHATT
Chartered Accountant

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: 29th June, 2009

CONSOLIDATED FINANCIAL STATEMENTS OF AFCONS INFRASTRUCTURE LIMITED AND ITS SUBSIDARIES, ASSOCIATE AND JOINT VENTURES (AFCONS GROUP)

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULE	Rupees in Lacs	Rupees in Lacs	Previous Year Rupees in Lacs
I. INCOME :				
Income from Operations	13		**217,789.31**	173,504.77
Other Income	14		**3,474.00**	5,132.52
TOTAL			**221,263.31**	178,637.29
II EXPENDITURE :				
Cost of Construction/Materials	15		**156,669.33**	131,022.35
Payments to and Provision for employees	16		**21,652.87**	15,382.70
Other Expenses	17		**21,451.39**	14,438.59
Financial Lease Rentals			**8.73**	24.95
Interest and Financial charges	18		**9,775.82**	8,648.63
Depreciation / Amortisation		**3,075.36**		2,601.79
Less : Depreciation on the amount added on Revaluation transferred from Revaluation Reserve		**(86.28)**		(139.40)
			2,989.08	2,462.39
TOTAL			**212,547.22**	171,979.61
Profit Before Tax			**8,716.09**	6,657.68
Provision for Taxation:				
Current Tax		**(1,905.54)**		(740.35)
{Including Rs 0.80 lacs (previous year Rs.0.80 lacs) for Wealth Tax}				
Deferred Tax		**(672.44)**		(1,804.81)
Fringe Benefit Tax		**(140.25)**		(116.52)
MAT Entitlement		-		412.50
Foreign Taxes		**(118.81)**		-
Excess Provision for Tax in respect of earlier years		**139.56**		0.70
			(2,697.48)	(2,248.48)
Profit after Taxation before Minority Interest			**6,018.61**	4,409.20
Minority Interest			**(9.87)**	(0.80)
Profit after Tax and Minority Interest			**6,008.74**	4,408.40
Balance Brought Forward from Previous Year			**3,182.63**	(1,224.85)
Amount available for appropriations			**9,191.37**	3,183.55
APPROPRIATIONS:				
Transfer to Capital Redemption Reserve Account			**(12.50)**	-
Proposed Dividend on Preference Shares			**(3.50)**	(0.79)
Tax on Dividend			**(0.59)**	(0.13)
Balance Carried to Balance Sheet			**9,174.78**	3,182.63
-Basic Earnings per share (Face value Rs.10)			**8.41**	6.17
-Diluted Earnings per share (in Rs.)			**1.79**	3.43
(Refer Note 19 of Schedule 19(III))				
Significant Accounting Policies and Notes on Accounts	19			

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. LAXMINARAYAN
Partner

J.C.BHATT
Chartered Accountant

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: 29th June, 2009

CONSOLIDATED FINANCIAL STATEMENTS OF AFCONS INFRASTRUCTURE LIMITED AND ITS SUBSIDARIES, ASSOCIATE AND JOINT VENTURES (AFCONS GROUP)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

	2008-09 Rs. in lacs	2007-08 Rs. in lacs
A. Cash flow from operating activities		
Net Profit before prior period adjustments,extra ordinary items and tax	**8,716.09**	6,657.68
Adjustments for :		
Depreciation	**2,989.08**	2,462.39
(Profit) / Loss on sale / discard of fixed assets (net)	**(40.89)**	(883.83)
Dividend income	**(2.42)**	(21.38)
Interest income	**(772.82)**	(1,521.03)
Interest expense	**9,775.82**	8,648.63
Lease rentals expense	**8.74**	24.95
Bad/irrecoverable Debtors /Unbilled Revenue /Advances w/off	**393.04**	90.42
Excess Provision for expenses of earlier years written back	**(646.19)**	(229.23)
(Profit) on sale / disposal of short term investments- Others	**(114.25)**	(76.28)
Amount received on transfer of tenancy rights	**(35.00)**	-
Deferred revenue expenditure written off	**180.68**	180.69
Provision for projected losses	**399.77**	-
Operating profit before working capital changes	**20,851.65**	15,333.01
(Increase)/Decrease in trade receivables	**(10,703.60)**	3,804.43
(Increase)/Decrease in inventories	**(9,622.63)**	(2,434.05)
Increase/(Decrease) in leave encashment and gratuity provision	**202.40**	(31.79)
(Increase) in unbilled revenue	**(4,066.70)**	(14,242.45)
(Increase)/Decrease in loans and advances	**(2,277.82)**	4,366.69
Increase / (Decrease) in trade,other payables and provisions	**14,452.36**	(3,939.41)
Cash generated from / (used in) Operations	**8,835.66**	2,856.43
Direct taxes (paid)/refund received	**(1,482.88)**	(1,501.25)
Net cash generated from/(used in) operating activities	**7,352.78**	1,355.18
B. Cash flow from investing activities		
Purchase of fixed assets	**(12,118.61)**	(12,115.10)
Sale of fixed assets	**185.94**	1,411.34
Purchase of Investments	-	(149.93)
Sale of investments	**637.48**	93.02
Dividend received	**2.42**	21.38
Dividend Paid	**(0.79)**	-
Dividend Tax Paid	**(0.13)**	-
Interest received	**46.49**	81.96
Amount received on transfer of tenacy rights	**35.00**	-
Net cash (used in) investing activities	**(11,212.20)**	(10,657.33)
C. Cash flow from financing activities		
Proceeds from issue of Equity Shares	**0.74**	-
Proceeds from issue of Preference share	-	25,000.00
Repayment of Convertible Preference shares	**(13.75)**	-
Proceeds from long-term borrowings	**22,345.25**	25,428.54
Repayment of long-term borrowings - net	**(11,675.14)**	(28,509.99)
Repayment / Proceeds from short term borrowings - net	**6,637.26**	(2,173.45)
Interest paid	**(9,728.65)**	(8,772.90)
Lease Rentals Paid	-	(24.95)
Issue expenses transferred to Share premium Account	-	(625.67)
Net cash generated from financing activities	**7,565.71**	10,321.58
Net increase in cash and cash equivalents	**3,706.29**	1,019.43
Cash and cash equivalents at the beginning of the year	**5,506.91**	4,487.78
Cash and cash equivalents at the end of the year	**9,213.20**	5,506.91
Reconciliation of cash and cash equivalents		
As per Balance sheet - schedule 9	**9,213.46**	5,507.72
less : interest accured on bank deposits	**(0.26)**	(0.81)
As per Cash flow statement	**9,213.20**	5,506.91

For and on Behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

K. SUBRAHMANIAN
Managing Director

S. PARAMASIVAN
Executive Director
(Finance & Commercial)

R. LAXMINARAYAN
Partner

J. C. BHATT
Chartered Accountant

P. R. RAJENDRAN
Company Secretary

Place: Mumbai
Dated: 29th June, 2009

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

		Rupees in Lacs	As at 31st March, 2008 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			
71,404,380(Previous Year 71,400,000) Equity Shares of Rs.10 each		**7,140.44**	7,140.00
50,000,000 0.01% Redeemable Cumulative Non-Convertible Preference Shares of Rs.10 each (Refer Note 2 below)		**5,000.00**	5,000.00
50,000,000 0.01% Redeemable Cumulative Non-Convertible Preference Shares of Rs.10 each (Refer Note 2 below)		**5,000.00**	5,000.00
Nil (Previous Year 125,000) Zero coupon Redeemable Preference shares of Rs.10 each (Refer Note 3 below)		-	12.50
250,000,000 0.01% Fully and Compulsorily Convertible Non-Cumulative, Non Participatory Preference shares of Rs. 10 each. (Refer Note 4 below)		**25,000.00**	25,000.00
	TOTAL	**42,140.44**	42,152.50

1. Of the above Equity Shares :-
   - (a) 200,000 Shares of Rs.10 each have been issued as Fully paid for Consideration other than Cash.
   - (b) 3,500,000 Shares of Rs.10 each are issued as Fully Paid Bonus Shares by Capitalization of Rs. 35,000,000 out of General Reserve.
   - (c) 24,075,389 Equity Shares are held by Cyrus Investments Limited (CIL), which is a subsidiary of Shapoorji Pallonji & Company Limited (SPCL), the holding company.
   - (d) 24,075,389 Shares are held by Sterling Investment Corporation Private Limited (SICPL), a subsidiary of SPCL.
   - (e) 13,015,929 shares are held by Floreat Investments Limited (FIL) , a subsidiary of SPCL.
   - (f) 4,016,250 shares are held by Afcons BOT Constructions Pvt. Ltd. a subsidiary of Shapoorji Pallonji Infrastructure Capital Co. Ltd (SPICCL), which is the subsidiary of SPCL.
   - (g) 4,016,250 shares are held by Afcons Dredging & Marine Services Ltd a subsidiary of Shapoorji Pallonji Infrastructure Capital Co. Ltd (SPICCL), which is the subsidiary of SPCL.
   - (h) 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 (initially allotted to CIL, but transferred to 'SICPL on 22nd December 2006) into equity shares at par.
   - (i) 4,380 shares have been issued under ESOP scheme 2006.

2. The 0.01% Non Cumulative and Non Profit Participatory Convertible Preference Shares of Rs.10 each are held by Floreat Investment Ltd. (Initially, upon issue consisting of 7.50% 50,000,000 and 7.25% 50,000,000 Redeemable, Cumulative Non-Convertible Preference Share of Rs. 10/- each)

   Pursuant to the issue of 0.01% Fully and Compulsorily Convertible Non Cumulative, Non Participatory Preference Shares as stated in note 4 below, the terms of the existing Non Convertible Preference Shares as mentioned above were modified as per the resolution passed at the extra ordinary general meeting held on 29th December, 2007 as under:
   - (a) The Preference Shares shall be 0.01% non- cumulative and non profit participating convertible Preference 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 4 (b) below.

3. Zero coupon Redeemable shares are allotted to the shareholders of Afcons Pauling India Ltd pursuant to the scheme of amalgamation approved by High Court of Bombay. These shares were redeemed on 29th June 2008 at a premium of 10%.

4. 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 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 at the price to be ascertained at the relevant point of time.
   - (c) The Preference Shares shall rank senior to all types of shares issued or to be issued by the Company.

5. Particulars of Option on Unissued Share Capital (Refer Note 18 of Schedule 19(III)).

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

	Rupees in Lacs	Rupees in Lacs	As at 31st March, 2008 Rupees in Lacs
SCHEDULE 2			
RESERVES AND SURPLUS:			
CAPITAL RESERVE (ON INVESTMENT IN SUBSIDIARIES)			
Balance as per Last Balance Sheet	**10.61**		16.75
Less: Goodwill on acquisition/(sale) of subsidiaries	-		(6.14)
Add :Adjustment on purchase of shares in subsidiary	**24.80**		-
		35.41	10.61
CAPITAL REDEMPTION RESERVE ACCOUNT			
Amount transferred from Profit & Loss Account		**12.50**	
SHARE PREMIUM ACCOUNT			
Balance as per Last Balance Sheet	**989.33**		1,615.00
Add : Received on shares issued during the year	**0.30**		-
Less:Utilized on redemption of Zero Coupon Redeemable Preference shares.	**(1.25)**		-
Less: Applied for writing off Preference Share issue expenses	-		(625.67)
		988.38	989.33
REVALUATION RESERVE			
Balance as per Last Balance sheet	**410.78**		550.18
Amount withdrawn from the Reserve and credited to Profit and Loss Account	**(86.28)**		(139.40)
		324.50	410.78
CONTINGENCIES RESERVE			
Balance as per last Balance Sheet		**800.00**	800.00
FOREIGN EXCHANGE TRANSLATION RESERVE			
Balance as per last Balance Sheet	**(4.56)**		(0.59)
Add: Amount transferred on account of resulting exchange differences on	**130.59**		(3.97)
conversion of Foreign Subsidiaries / Joint Ventures		**126.03**	(4.56)
GENERAL RESERVE			
Balance as per last Balance Sheet	**4,961.05**		4,985.53
Adjustment for share of losses in Subsidiaries / Joint Ventures	-		(24.48)
		4,961.05	4,961.05
Balance in profit and loss account		**9,174.78**	3,182.63
TOTAL		**16,422.65**	10,349.84

	NOTES		
SCHEDULE 3			
SECURED LOANS			
a) Loans and Advances From Banks:			
i) Cash Credit Accounts and Working Capital Demand Loans	1	**12,662.39**	11,124.06
ii) Equipment/ Car Loan	2	**18,006.98**	13,260.83
iii) Term Loan	3	**1,250.00**	-
SUB TOTAL		**31,919.37**	24,384.89
b) Other Loans and Advances			
Equipment / Car Loan	2	**4.31**	27.34
(Amount due within one year Rs. 4.31 lacs (Previous year Rs. 23.03 lacs))			
TOTAL		**31,923.68**	24,412.23

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 raw materials, stores and work in progress, all other movable properties, plant and machinery and book debts on a pari-passu basis.

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

3 Secured by charge on receivable older than 6 months.

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

	Rupees in Lacs	Rupees in Lacs	As at 31st March 2008 Rupees in Lacs
SCHEDULE 4			
UNSECURED LOANS			
Fixed Deposits		**-**	6.92
[Amount repayable within one year Rs.Nil Lacs (Previous Year Rs. 6.92 Lacs)]			
Short Terms Loans and Advances			
From Banks		**23,287.72**	16,446.07
Other Loans & Advances			
From Banks	**13,750.00**		10,787.72
From Others	**90.00**		90.00
		13,840.00	10,877.72
TOTAL		**37,127.72**	27,330.71

SCHEDULE 5
FIXED ASSETS

Rupees in Lacs

	GROSS BLOCK				DEPRECIATION / AMORTISATIONS				NET BLOCK	
Particulars	**As at 01.04.2008***	**Additions**	**Deductions**	**As at 31.03.2009**	**Upto 31.03.2008**	**For the Year**	**Deductions**	**Upto 31.03.2009**	**As at 31.03.2009**	**As at 31.03.08**
TANGIBLE ASSETS										
Land - Freehold	1.58	-	-	**1.58**	-	-	-	**-**	**1.58**	1.58
Land - Leasehold	16.58	-	-	**16.58**	-	0.16	-	**0.16**	**16.42**	16.58
Buildings	1,781.46	82.89	10.81	**1,853.54**	1,058.39	58.77	11.06	**1,106.10**	**747.44**	723.07
Plant and Machinery	42,553.22	9,881.39	716.38	**51,718.23**	14,978.98	2,694.24	610.93	**17,062.29**	**34,655.94**	27,574.24
Leasehold Improvements	279.22	-	-	**279.22**	279.22	-	-	**279.22**	**-**	-
Floating Equipments etc.	2,479.43	1,103.07	-	**3,582.50**	1,702.13	185.11	-	**1,887.24**	**1,695.26**	777.30
Laboratory Equipments	116.80	19.66	-	**136.46**	47.65	9.38	-	**57.03**	**79.43**	69.15
Office Equipments	1,106.24	284.27	63.80	**1,326.71**	356.08	89.02	58.94	**386.16**	**940.55**	750.16
Furniture and Fixtures	270.75	170.79	86.82	**354.72**	152.65	19.18	84.28	**87.55**	**267.17**	118.10
Motor Vehicles	223.37	112.11	73.69	**261.79**	90.67	12.62	41.24	**62.05**	**199.74**	132.70
Sub Total	**48,828.65**	**11,654.18**	**951.50**	**59,531.33**	**18,665.77**	**3,068.48**	**806.45**	**20,927.80**	**38,603.53**	**30,162.88**
INTANGIBLE ASSETS										
Software - Acquired	28.95	3.01		**31.96**	13.14	6.88		**20.02**	**11.94**	15.81
Goodwill	20.00	15.50	-	**35.50**	-	-	-	**-**	**35.50**	20.00
Sub Total	**48.95**	**18.51**	**-**	**67.46**	**13.14**	**6.88**	**-**	**20.02**	**47.44**	**35.81**
Total	**48,877.60**	**11,672.69**	**951.50**	**59,598.79**	**18,678.91**	**3,075.36**	**806.45**	**20,947.82**	**38,650.97**	
Previous Year	37,192.92	12,983.13	1,298.45	48,877.60	16,848.06	2,601.79	770.94	18,678.91		30,198.69
Capital Work in Progress (Including advances)									**1,978.28**	1,532.36
Total									**40,629.25**	**31,731.05**

(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 val- uation made by the external valuers resulting in net increase of Rs. 4551.21 lacs being surplus on revaluation.

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

i) Plant & Machinery Rs.4261.48 lacs (Gross)
ii) Laboratory Equipments Rs. 124.45 lacs (Gross)
iii) Workshop & Godown Rs. 466.02 lacs (Gross)
iv) Buildings Rs. 1260.00 lacs (Gross)
v) Barges (Floating Equipments) Rs. 899.78 lacs (Gross)

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

(4) Gross Block as at 31st March, 2009 includes assets of Rs. 45.82 Lacs (previous year Rs.45.82 Lacs) where the title is yet to be transferred in the name of the Company.

(5) Foreign Exchange gain (net) of Rs.22.20 lacs (previous year Rs. 20.77 lacs) on acquisition of Fixed Assets is credited to the Profit & Loss account during the year.

(6) The Vendors have lien on Assets acquired under Hire Purchase Arrangements.

(7) Previous years figures are regrouped/rearranged wherever necessary.

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

	Rupees in Lacs	Rupees in Lacs	As at 31st March 2008 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 Lac (Previous year Rs.0.55 lac) (matured)		**0.55**	0.55
[Out of the above Securities of the face value of Rs. 0.54 Lac have been lodged with Government Authorities and Clients.]			
B) OTHER INVESTMENTS			
(I) Quoted :			
(i) 80,072 (Previous year 2,41,056) Equity Shares of Rs.10 each fully paid up in HINDUSTAN OIL EXPLORATION COMPANY LIMITED.	**58.63**		176.52
(ii) 1,000 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/- (Previous year Rs. 10) 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
		59.18	**177.07**
(II) Unquoted :			
(i) Equity Share of Rs.100 each fully paid up in Afcons (Mideast) Constructions and Investments Private Limited.	**0.11**		0.11
(ii) Nil (Previous year 4,05,337) 6.75% Tax free bonds of Rs.100 each of the Unit Trust of India [3,80,100 Units are pledged with banks]	-		405.34
		0.11	405.45
(III) In units of Mutual Fund:			
(i) 50000 units of Rs. 10 each of SBI Infrastructure Fund		**5.00**	5.00
(ii) 50000 units of Rs. 10 each of UTI Infrastructure Fund		**5.00**	5.00
TOTAL		**69.84**	593.07

NOTES:-

1. Aggregate Value Of Investments		
Unquoted - Cost	**10.66**	416.00
Quoted - Cost	**59.18**	177.07
Market Value	**49.11**	257.24
2. Details of Investments purchased & sold during the year	**Nil**	
3. Details of Investments purchased & sold during the previous year		
Particulars		Cost
29,850,212 units of SBI Magnum Insta Cash Fund		5,000.00
24,987,506 units of SBI SHF Liquid Plus		2,500.00
8,656,561 units of SBI Magnum Insta Cash Fund		1,450.00
24,980,016 units of Reliance Monthly Interval Fund - Series 1		2,500.00

SCHEDULE 7			
INVENTORIES:			
INVENTORIES:(At cost or Net Realisable Value whichever is lower)			
Stores and Spare Parts		**3,990.60**	2,466.23
Closing stock of consumables		**0.82**	1.11
STOCK IN TRADE			
Construction Materials		**16,777.23**	8,685.67
TOTAL		**20,768.65**	11,153.01
SCHEDULE 8			
SUNDRY DEBTORS:			
(Unsecured)			
Debts Outstanding for a period exceeding 6 months			
a) Arbitration Awards	**7,934.43**		7,317.69
b) Others*	**8,575.10**		6,691.73
		16,509.53	14,009.42
Other Debts			
a) Arbitration Awards	**759.27**		309.22
b) Others*	**16,900.05**		8,139.62
		17,659.32	8,448.84
		34,168.85	22,458.26
Less : Provision for Doubtful debts		**438.59**	164.36
TOTAL		**33,730.26**	22,293.90

Notes:

1) *Includes Retention Money / Security Deposit aggregating to Rs.7,639.19 lacs (Previous Year Rs.4,471.78 lacs) of which Rs. 3,415.30 lacs (Previous year Rs. 2,101.67 lacs) is outstanding for more than six months.

2) Debtors include :

Considered Good	**33,730.26**	22,293.90
Considered Doubtful	**438.59**	164.36
	34,168.85	22,458.26

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

	Rupees in Lacs	Rupees in Lacs	As at 31st March 2008 Rupees in Lacs
SCHEDULE 9			
CASH AND BANK BALANCES			
(a) Cash on hand		**63.80**	49.94
(b) Bank Balances :			
(i) In Current Accounts	**8,630.25**		5,130.51
(ii) In Deposit Accounts	**167.01**		53.92
(iii) In B.G. Margin Accounts	**277.39**		-
[Including Rs.21.92 Lacs (Previous Year Rs.21.92 Lacs) over which Banks and Clients have lien] (including interest accrued Rs.0.81 Lacs (Previous year Rs.0.81 lacs)].		**9,074.65**	5,184.43
With Others (Refer Note below)			
In Current Account with Foreign Banks	**92.52**		290.86
Less : Provision	**(17.51)**		(17.51)
		75.01	273.35
TOTAL		**9,213.46**	5,507.72

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

	Rupees in Lacs	Rupees in Lacs	As at 31st March 2008 Rupees in Lacs
SCHEDULE 10			
LOANS AND ADVANCES			
(Unsecured, considered good)			
Joint Ventures in which Company is a joint venturer		**71.40**	-
Deposit with a company		**10.29**	11.44
{including interest accrued Rs.0.29 Lacs (Previous year Rs.1.44 Lacs)}			
Advances recoverable in cash or in kind or for value to be received		**8,028.72**	6,057.33
Interest accrued on deposits / investments		**1.81**	9.82
Advance Tax (net of provision)		**1,179.28**	1,389.88
MAT Credit Entitlement		**758.04**	758.04
Other Deposits		**3.85**	1.43
		10,053.39	8,227.94
Less: Provision for doubtful advances		**31.39**	-
TOTAL		**10,022.00**	8,227.94
Note :			
Advances include :			
Considered good		**10,022.00**	8,227.94
Considered doubtful		**31.39**	-
		10,053.39	8,227.94
SCHEDULE 11			
LIABILITIES :			
Acceptances		**891.74**	1,641.01
Sundry Creditors			
(i) Total outstanding dues to micro, small and medium enterprises	**117.09**		11.52
(ii) Total outstanding dues to creditors other than micro, small and medium enterprises	**40,982.26**		29,868.02
		41,099.35	29,879.54
Advances from Clients		**5,285.20**	4,311.82
Interest accrued but not due on Loans		**115.82**	68.65
Unclaimed matured fixed deposits		**8.19**	12.36
Other Liabilities		**4,084.14**	1,717.72
TOTAL		**51,484.44**	37,631.10
SCHEDULE 12			
PROVISIONS			
Provision for Fringe Benefit Tax (Net of Advance Tax)		**15.22**	4.90
Provision for Tax (Net of Advance Tax)		**473.88**	152.64
Provision for Compensated Absences		**349.90**	230.06
Provision for Gratuity		**221.21**	138.65
Provision for Estimated losses		**491.03**	91.26
TOTAL		**1,551.24**	617.51
SCHEDULE 13			
INCOME FROM OPERATIONS :			
Contract Revenue		**216,597.98**	172,567.08
Sale of Services		**140.72**	142.76
Sale of Goods		**44.26**	58.56
Survey WIP		**17.45**	-
Sale of Scrap		**988.90**	736.37
TOTAL		**217,789.31**	173,504.77

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Rupees in Lacs	Rupees in Lacs	As at 31st March 2008 Rupees in Lacs
SCHEDULE 14			
OTHER INCOME:			
Dividend (Long Term Investments):			
From Others	**2.42**		21.38
Interest Income:			
On Arbitration awards	**736.04**		1,437.90
On Other Investments (Long Term Investments)	**5.40**		28.17
On Deposit with Banks	**19.84**		11.25
On Income Tax Refund	**278.14**		28.97
On Others	**11.54**		14.74
		1,053.38	1,542.41
Service Charges		-	0.48
Excess provision for expenses in respect of earlier years		**646.19**	229.23
Profit on sale of fixed assets		**40.89**	883.83
Profit on sale of long term Investment (Non trade)		**114.25**	76.28
Gain on Exchange (net)		-	175.46
Duty Scrip Credit Availed		**753.74**	1,183.20
Insurance Claim Received		**272.64**	642.17
Miscellaneous Income		**592.91**	399.46
TOTAL		**3,474.00**	5,132.52
SCHEDULE 15			
COST OF CONSTRUCTION			
Construction Materials Consumed		**102,330.64**	89,385.58
{Net of sales Rs. 4,350.42 Lacs (Previous year Rs. 1,370.74 Lacs)}			
Subcontract and Hire Charges		**44,131.48**	32,473.27
Stores and Spares Consumed		**1,947.42**	1,596.87
{Net of sales Rs. 161.86 Lacs (Previous year Rs. 5.10 Lacs)}			
Power and Fuel		**5,529.99**	5,636.31
Site Installation Expense		**1,232.55**	1,088.34
Freight, Packing, Forwarding and Transport Expenses		**1,497.25**	841.98
TOTAL		**156,669.33**	131,022.35
SCHEDULE 16			
PAYMENTS TO AND PROVISION FOR EMPLOYEES			
Salaries, Wages, Bonus and Allowances		**18,948.32**	13,388.83
Contribution to Provident and other Funds		**1,337.05**	947.38
Staff Welfare Expenses		**1,367.50**	1,046.49
TOTAL		**21,652.87**	15,382.70
SCHEDULE 17			
OTHER EXPENSES			
Electricity		**194.62**	146.12
Rent		**1,974.61**	1,053.25
Rates and Taxes		**5,057.05**	4,429.24
Insurance		**1,673.92**	1,149.68
Repairs :			
Plant and Machinery	**177.61**		230.10
Building	**66.99**		83.20
Others	**671.46**		560.52
		916.06	873.82
Travelling and Conveyance Expenses		**3,480.91**	2,367.99
Communication Costs		**403.68**	329.22
Legal and Professional Fees		**3,303.63**	1,871.47
Directors Sitting Fees		**7.90**	5.51
Provision for Projected Loss		**399.77**	-
Donations		**8.61**	9.17
Bad debts/Advances W/off		**87.42**	90.42
Provision for doubtful debtors and advances		**305.62**	-
Loss on Exchange (Net)		**763.88**	-
Deferred revenue expenditure Written off		**180.68**	180.69
Miscellaneous Expenses		**2,062.06**	1,875.67
Auditors' Remuneration		**85.06**	56.34
Visa Charges		**545.91**	-
TOTAL		**21,451.39**	14,438.59
SCHEDULE 18			
INTEREST AND FINANCIAL CHARGES			
On Fixed Loans		**5,527.08**	5,123.29
On Bank Cash Credit Working Capital Demand Loans Etc.		**1,595.96**	1,303.86
Bank Charges Including Bank Guarantee Commission		**1,175.30**	764.66
Interest on Advance from Clients		**1,078.53**	1,139.91
Other Interest		**398.95**	316.91
TOTAL		**9,775.82**	8,648.63

SCHEDULE NO. 19

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

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 subsidiary companies 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.
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%
SSS Electricals (India) Private Limited.	India	60%
Afcons Arethusa Offshore Services Limited (Previous year 60%)	India	100%
Afcons Infrastructure International Limited	Mauritius	100%
Afcons Construction Mideast LLC*	United Arab Emirates	49%
Afcons Madagascar Overseas SARL #	Madagascar	100%
Afcons Emirates Financial Services FZE #	United Arab Emirates	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) Constructions 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
Afcons Pauling Joint Venture	95%
Al – Saeed Afcons Joint Venture (SMCC)	50%

II. Significant Accounting Policies:

Basis of Accounting

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with generally accepted accounting principles {GAAP} and in compliance with the applicable accounting standards and provisions of the Companies Act, 1956.

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. . 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 or book value and include amounts added on revaluation less accumulated depreciation and impairment loss, if any.

Leasehold improvements have been capitalized and are written off over the primary lease term from the date(s) of installation 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.

Repairs capitalized are 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

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.

Unbilled Contract Revenue

Work done remaining to be certified/ billed is treated as Unbilled Revenue in the accounts. The same is valued at the realizable value.

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 period 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.

e. Revenue from survey activity is recognized as per the terms of the contract. Revenue from annual maintenance contracts is recognized in the ratio of the period expired to the total period of the contract. Revenue from repairs work carried out under such contracts is recognized at contractual rates for materials used in such repair works.

f. Other revenue is recognized when no significant uncertainty as to determination or realization exists.

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 Company’s Provident Fund/ 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) 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.

Deferred revenue expenditure

The expenditure on voluntary retirement compensation is treated as 'Deferred Revenue Expenditure' and amortized over a period upto 31st March, 2010 on straight line basis.

Leases

Lease rentals in respect of assets acquired under operating lease are charged to Profit and Loss Account on a 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.

Provision for Fringe Benefits Tax (FBT) is made in accordance with chapter XIIH of the Income Tax Act, 1961.

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. 751.27 lacs (As at 31st March 2008, Rs. 1,302.77 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) Liquidated damages against the company	331.32	764.69
	b) Differences with sub-contractors in regard to rates and quantity of materials.	713.92	680.62
	c) Proposed Recovery by the Government of Andhra Pradesh towards Sales Tax on B.T. escalation.	218.19	218.19
	d) Labour and other matters.	1.00	2.00
	The above claims are pending before various authorities. The Company is confident that the cases will be successfully contested.		
2.	a. Bank Guarantees given on behalf of Subsidiaries and Joint Ventures.	20,480.60	1,685.29
	b. Corporate Guarantees given on behalf of Subsidiaries and Joint Ventures	82,406.40	-
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.	1,658.23	2,387.49
4.	Income Tax Represents demands raised by Income tax authorities, in matters of disallowance of In terest free loan given to subsidiaries, for which appeals are pending before various appellate authorities. The Company has been advised that no further provision for tax is required over and above the existing provision.	-	584.81
5.	Excise Duty Represents demands raised by Central Excise Department for Excisability of girders. The Company is confident that the cases will be successfully contested.	307.69	307.69

Note:- In respect of items mentioned under Paragraphs 1, 3, 4 and 5 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'. An amount of **Rs. 1,462.98 lacs** (As at 31st March, 2008 Rs.1,463.53 lacs) is due from this Firm. The Firm has made claims aggregating to **Rs. 1,798 lacs** as at 31st March, 2009 (as at 31st March, 2008 Rs.1,798 lacs) against its clients that are subject matters of arbitration where the Firm has obtained awards in favour in some cases amounting to **Rs.1,037.05 lacs** till 31st March, 2009 (As at 31st March, 2008 Rs 1,037.05 lacs) and expects favourable results in other pending cases. No provision has been made for the amount, if any that would ultimately become irrecoverable, as it cannot be quantified with reasonable accuracy at this stage.

4. Current Assets, Loans and Advances includes unbilled revenue (net of advances) of **Rs. 70,289.22 lacs** (as at 31st March 2008 Rs. 66,222.52 lacs). Of this, **Rs. 478.82 lacs** (as at 31st March 2008 Rs. 478.82 lacs) are outstanding for a long period. These pertain to variations in contracts, which are subject matter of arbitration, in view thereof no provision is considered necessary for the said amount of **Rs.478.82 lacs** (as at 31st March'2008 Rs. 478.82 lacs).
5. Debtors include outstanding arbitration awards of **Rs. 5,532.82 lacs** (as at 31st March 2008 Rs. 5,086.17 lacs) unanimously decided in the Company's favour and interest accrued on these awards aggregating to **Rs. 3,160.88 lacs** (as at 31tst March 2008 Rs. 2,540.74 lacs), calculated from the date of awards till the year end/date of payment at the rate mentioned in the award. Though these awards are subject matters of appeal, the Company considers them to be good as it is hopeful of succeeding in the appeals.
6. Interest on arbitration awards (awards) includes interest of:
   a) **Rs. 620.14 lacs** (as at 31st March 2008 Rs. 1,221.05 lacs) accrued in respect of unpaid awards decided in favour of the Company, at the rates mentioned in the awards from the dates of awards till the dates of payment or year end as the case may be.
   b) **Rs. 103.44 lacs** (as at 31st March 2008 Rs. 216.85 lacs) accrued in respect of awards decided in favour of the Company during the year.
7. No provision has been made for debts and advances, aggregating to **Rs. 323.64 lacs** (as at 31st March 2008 Rs. 581.90 Lacs) outstanding for a long time. Out of these, substantial amounts are due from various Government departments/agencies and are subject matters of arbitration/ litigation where the Company has obtained awards in favour in some cases and expects favorable results in other cases, and hence, the amounts, if any, that would ultimately become irrecoverable cannot be quantified with reasonable accuracy at this stage.
8. The Company has entered into a Co-operation Agreement with Dyckerhoff & Widmann Aktingesellschaft, Germany (DYWIDAG) for the execution of the Worli-Bandra Outfalls project of the Municipal Corporation of Greater Mumbai. The relationship of the Company with DYWIDAG is that of a sub-contractor. Nevertheless, in terms of the Agreement that envisages supplementing the resources of each other on mutually agreed basis, both DYWIDAG and the Company had raised debit notes on each other. Accordingly, in earlier years, debit notes for expenses were raised by the Company on DYWIDAG, aggregating to **Rs. 175.15 lacs** (as at 31st March, 2008 Rs. 175.15 lacs) and by DYWIDAG on the Company, aggregating to **Rs. 160.99 lacs** (as at 31st March, 2008 Rs. 160.99 lacs). Adjustments, if any, in respect of these debit notes will be made on completion of arbitration proceedings between MCGM and DYWIDAG.
9. The difference of **Rs. 86.28 lacs** (Previous year ended 31st March, 2008 Rs.139.40 lacs inclusive of Rs.52.23 lacs relating to earlier years) between depreciation provided for the year on revalued cost of assets and that calculated on original cost of assets for the year has been withdrawn from Revaluation reserve and credited to the Profit and Loss account.
10. 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	100.45	16.71
Stores and spares consumed	310.89	121.16
Repairs	102.48	41.17
Others	15.33	0.25
Total	529.15	179.29

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

Particulars	**Rupees in (lacs)**	**Previous year Rupees in (lacs)**
a) Contract Revenue	216,597.98	172,567.08
b) Disclosure for contracts in progress:		
(i) Aggregate amount of costs incurred	504,919.67	309,281.89
(ii) Recognized profits (less recognized losses)	58,075.40	30,772.99
(iii) Advances Received	34,519.49	19,589.26
(iv) Retention Money	6,752.63	3,587.79
c) Gross amount due from customers for contract work	22,820.44	38,235.83
d) Gross amount due to customers for contract work	14,645.75	5,439.36

12. Cost of fixed assets taken on operating lease till 31st March, 2001 and future lease rental obligations there against are as follows:

	Rupees (in lacs)	Previous year Rupees (in lacs)
Plant and machinery (cost)	11.28	20.56
Future lease rental obligations	0.02	0.20

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 :

		Current Year	Previous Year
A.	**Assumptions**	**Current Year**	**Previous Year**
	Discount Rate	7.75%	8%
	Rate of Return on Plan Assets	8%	8%
	Salary Escalation	4.50%	4.50%
	Mortality Table	LIC(1994-96) Ultimate	LIC(1994-96) Ultimate
B.	**Changes in the Benefit Obligation**	**Current Year**	**Previous Year**
	Liability at the Beginning of the year	630.26	550.95
	Interest Cost	52.84	47.04
	Current Service Cost	77.82	60.80
	Past Service Cost	-	-
	Benefit Paid	(90.90)	(46.00)
	Actuarial Loss/ (Gain) on obligations	132.40	17.47
	Liability at the end of the year	802.43	630.26
C.	**Fair Value of the Plan Asset**	**Current Year**	**Previous Year**
	Fair Value of Plan Asset at the beginning of the year	491.61	361.58
	Expected Return on Plan Asset	46.49	38.31
	Contributions	135.00	140.24
	Benefit paid	(90.90)	(46.00)
	Actuarial Loss on Plan Assets	(0.98)	(2.52)
	Fair value of Plan Assets at the end of the year	581.22	491.61
	Total Actuarial Loss to be Recognized	(133.38)	(19.95)
D.	**Actual Return on Plan Assets:**	**Current Year**	**Previous Year**
	Expected Return on Plan Assets	46.49	38.31
	Actuarial loss on Plan assets	(0.98)	(2.52)
	Actual Return on Plan Assets	45.51	35.79
E.	**Amount Recognized in the Balance Sheet:**	**Current Year**	**Previous Year**
	Liability at the end of the year	802.43	630.26
	Fair Value of Plan Assets at the end of the year	581.22	491.61
	Unrecognized Past Service Cost	-	-
	Amount recognized in the Balance Sheet	(221.21)	(138.65)
F.	**Expense Recognized in the Profit and Loss Account:**	**Current Year**	**Previous Year**
	Current Service Cost	77.83	59.60
	Interest Cost	52.84	47.04
	Expected Return on Plan Assets	(46.49)	(38.31)
	Past Service Cost	-	-
	Net Actuarial Gain / Loss to be recognized	133.38	19.95
	Expense recognized in the Profit and Loss Account under staff expenses	217.56	88.28
G.	**Reconciliation of the Liability recognized in the Balance Sheet:**	**Current Year**	**Previous Year**
	Opening Net Liability	138.65	189.37
	Expense recognized	217.56	88.28
	Employers Contribution	135.00	140.24
	Amount recognized in the Balance Sheet under “Provision for Retirement Benefits”	221.21	138.65
(b)	**Compensated Absences (Non funded) :**		
	Actuarial Assumptions	**Current Year**	**Previous Year**
	Mortality Table	LIC (1994-1996) Ultimate	LIC (1994-1996) Ultimate
	Discount Rate	7.75%	8.00%
	Salary Escalation	4.50%	4.50%
	Withdrawal Rate	2.00%	2.00%

“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.”

14. 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	**186,476.59** (158,424.22)	**31,312.72** (15,080.55)	**217,789.31** (173,504.77)
B	Carrying amount of assets (Excluding Taxes on Income and Investments)	**159,775.05** (138,814.71)	**23,105.83** (4,424.55)	**182,880.88** (143,239.26)
C	Addition to fixed assets	**11,353.19** (11,954.92)	**749.92** (160.18)	**12,103.11** (12,115.10)

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 (Ultimate Holding Company)
Fellow Subsidiary(s)
Sterling Investments Corporation Private Limited
Floreat Investments Limited
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 Entity
Afcons SMCC Joint Venture
Afcons Aarsleff Joint Venture (upto 5th November 2007)
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 (Business Development)

Details of transactions with related parties during the year

	Ultimate Holding Company	Associate Company	Key Management Personnel	Enterprises Exercising Significant Influence	Total
Managerial Remuneration paid	- (-)	- (-)	189.32 (156.06)	- (-)	189.32 (156.06)
Sitting Fees paid	- (-)	- (-)	0.90 (0.30)	- (-)	0.90 (0.30)
Finance Lease charges	- (-)	0.74 (0.74)	- (-)	` (-)	0.74 (0.74)
Purchase of Fixed assets	154.66 (-)	- (-)	- (-)	- (-)	154.66 (-)
Interest paid on loan	- (-)	5.85 (5.85)	- (-)	- (-)	5.85 (5.85)
Hire charges and other expenses	- (4.70)	- (-)	- (-)	- (-)	- (4.70)
Outstanding amount of guarantee given/ (taken)	- (-)	- (-)	- (-)	-5000.00 (6,500.00)	-5000.00 (6,500.00)
Outstanding amount Dr/(Cr)	-387.32 (-4.70)	-90 (-90.00)	- (-)	- (-)	-477.32 (-94.70)
Utilisation of Duty Credit Scrip	-386.70 (-)	- (-)	- (-)	- (-)	-386.70 (-)
Purchase of Assets	- (154.66)	- (-)	- (-)	- (-)	- (154.66)

Figures in parenthesis are those of the year ended 31st March, 2008.

16. 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	(2,248.17)	(1,597.28)
Depreciation	0.09	0.06
Provision for Gratuity	0.69	0.42
Financial lease rentals	-	(8.48)
Deferred revenue expenditure	(58.74)	(118.58)
Arbitration Awards	(2,518.76)	(2,068.21)
Others	480.06	119.68
Net deferred tax liability	(4,344.83)	(3,672.39)

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17. Derivative Instruments:

Secured Loan taken in foreign currency as at the balance sheet date not covered by forward contracts are in Euro 2,098,192 equivalent to Rs.1,445.86 lacs (Previous year Euro 2,098,192 equivalent to Rs. 1,334.45 lacs).

Payables and Receivables in foreign currency as at the balance sheet date not covered by forward contracts are Rs.7,462.07 lacs (as at 31st March 2008 Rs. 1,875.91 lacs) and Rs.11,234.99 lacs (as at 31st March 2008 Rs. 3,904.60 lacs) respectively

18. 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 sub sidiaries 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:

Particulars	Quantity	Previous Year Quantity
Authorised to be Granted	1,785,000	1,785,000
Granted and outstanding at the beginning of the year	645,550	701,870
Granted during the year	Nil	Nil
Forfeited during the year	Nil	Nil
Exercised during the year	4,380	Nil
Lapsed during the year	20,670	47,320
Granted and outstanding at the end of the year	629,500	654,550
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. 59.24 lacs (Previous Year Rs. 61.59 lacs). Consequently profit after tax would have been lower by like amount and Basic Earning per share would have been lower by Rs.0.08 per share (Previous Year Rs. 0.09) and Diluted Earnings per share would have been lower by Rs. 0.02 (Previous Year Rs. 0.05) 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 next four years from 31st March, 2007, the relevant Balance Sheet Date

19. 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.

	Rs. (in lacs)	Previous year Rs. (in lacs)
Profit after tax	**6,008.74**	4,408.40
Less: Dividend on 0.01% Fully Compulsorily Convertible Non Cumulative Non Participatory Preference shares (including dividend tax)	**4.09**	0.92
Profit for the year attributable to equity shareholders	**6,004.65**	4,407.48
Weighted average number of shares outstanding during the year	**Numbers**	**Numbers**
For basic EPS	**71,402,244**	71,400,000
For diluted EPS (refer note below)	**336,054,258**	128,441,774
Earnings per share	**Rupees**	**Rupees**
Basic	**8.41**	6.17
Diluted	**1.79**	3.43
Nominal value per share	**10.00**	10.00

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

	Numbers	Previous Year Numbers
Weighted average number of shares outstanding during the year – for calculating basic EPS (numbers)	**71,402,244**	71,400,000
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**	53,278,689
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)	**7,326,007**	1,881,543
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)	**7,326,007**	1,881,543
Total	**336,054,258**	128,441,774

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

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

(Rupees in acs)

Name of the Associate	Carrying Amount of Investment as at 1st April, 2008	Amount of Capital Reserve	Accumulated Profit / -Loss	Carrying Amount of Investment as at 31st March, 2009
Afcons (Mideast) Constructions and Investments Private Limited	0.11 (0.11)	- (-)	0.01 (0.01)	0.11 (0.11)

Figures in parenthesis are those of the previous year ended 31st March, 2008

21. 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:

Name of Subsidiary	Gross Value of Fixed Assets Rupees in lakhs
SSS Electricals (India) Private Limited	55.53 (53.75)

Figures in parenthesis are those of the previous year ended 31st March, 2008

22. 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

As per our attached report of even date
For Deloitte Haskins & Sells
Chartered Accountants

R. LAXMINARAYAN
Partner

J.C.BHATT
Chartered Accountant

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: 29th June, 2009